



Helphire Group plc
Annual Report and Accounts 2009

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INTRODUCTION

Operational and financial highlights

The financial year ended 30 June 2009 has been one of significant challenge and change for the Group.

The new team, appointed over the second half of the year, is approaching the end of the Group's initial restructuring phase, which has aligned the business properly with marketplace activity and positioned it to operate profitably and cash-positively going forward. We are now embarking on the forward-looking phases of the Group's recovery.

Operational highlights

- New Board of Executive and Non-Executive Directors
- Completion of a comprehensive and objective assessment of the business, focusing on core activities
- Sale of E-Register and closure of Spanish operation announced
- Significant restructuring programme underway focused on creating value for Business Partners and Shareholders
- Considerable improvements achieved in areas of ABI cash collection and cost reduction

Financial highlights

- ABI Cash recovery increased by 39.0% to £354.7m (2008: £255.1m)
- Debtor days reduced by 13.2% to 223 days (2008: 257 days)
- Increase in cash and cash equivalents net of revolving working capital facility of £39.4m (2008: £29.6m decrease)
- Fleet revenue utilisation recovered to 81.8% in three months to August (2008: 72.9%)
- Net debt reduced by £122.8m to £239.5m (2008: £362.3m)
- Successful placing and open offers to raise £89.1m net of expenses

	2009	2008	% movement
Operational			
Hire cases	187,040	191,763	(2.5)
– Credit hire	162,489	175,614	(7.5)
– Standard hire	24,551	16,149	52.0
Repair cases	71,658	73,961	(3.1)
% of credit hire cases	44.1%	42.1%	2.0
PI cases	34,473	34,832	(1.0)
% of credit hire cases	21.2%	19.8%	1.4
Hire days	3,986,893	4,689,717	(15.0)
Financial			
Adjusted* revenue (£'000)	368,496	404,935	(9.0)
Adjusted* gross margin	26.7%	34.9%	(8.2)
Direct fleet holding costs as a % of net hire revenue	28.3	26.2	(2.1)
Adjusted* operating margin	1.3%	13.7%	(12.4)
Adjusted* operating profit (£'000)	4,663	55,384	(91.6)
Exceptional costs (£'000)	(143,834)	(3,649)	–
(Loss)/profit before tax (£'000)	(149,004)	43,035	–
Debtor days (hire, repair, PI)	223	257	(13.2)
Credit cash collected (£'000)	354,702	255,098	39.0

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

INTRODUCTION

Business profile

Founded in 1992, Helphire Group plc is a UK market leader in the provision of accident assistance to not-at-fault drivers involved in road accidents. In partnership with the insurance and motor industries, Helphire provides accident management solutions to motorists, ensuring that they remain mobile until their own vehicles are repaired, or until they are put in a position to obtain a replacement.

Our services

The Group offers a comprehensive package of motor claims accident management services, including vehicle replacement and repair management, full claims-handling assistance, uninsured loss recovery and personal injury management, as well as other bespoke services. It is positioned to provide its key business partners with a range of services, from direct assistance to the not-at-fault motorist, through to partial or fully outsourced case-handling facilities.

The Company is a first tier supplier under the ABI General Terms of Agreement and aims to be the preferred claims outsourcing partner for UK motor insurers, by providing claims solutions which reduce internal expenditure and administration.

Our operations

Helphire provides replacement vehicle services, repair management services and legal expenses insurance. The business partners of the Helphire UK, Angel Assistance and Albany Assistance brands are insurance companies, brokers and other motoring organisations. The Helphire Automotive business unit serves customers of the automotive sector, such as car dealerships, motor manufacturers and repair centres. The Group also operates through smaller subsidiary companies, providing specialised services in the field of accident and insurance claims management, namely Total Accident Management and Cab Aid.

These customer-facing brands are supported by the Fleet Services Division which manages the Group's fleet of approximately 16,500 vehicles.

Our locations

Helphire Group plc employs over 2,900 people across operational sites in Bath, Epsom, Northwich and Peterlee. With a national network of 30 branches and a fleet of over 16,500 vehicles, the Group is well-placed to ensure that replacement vehicles can be delivered to customers within four hours if required.

Main operational sites

Bath
Epsom
Northwich
Peterlee

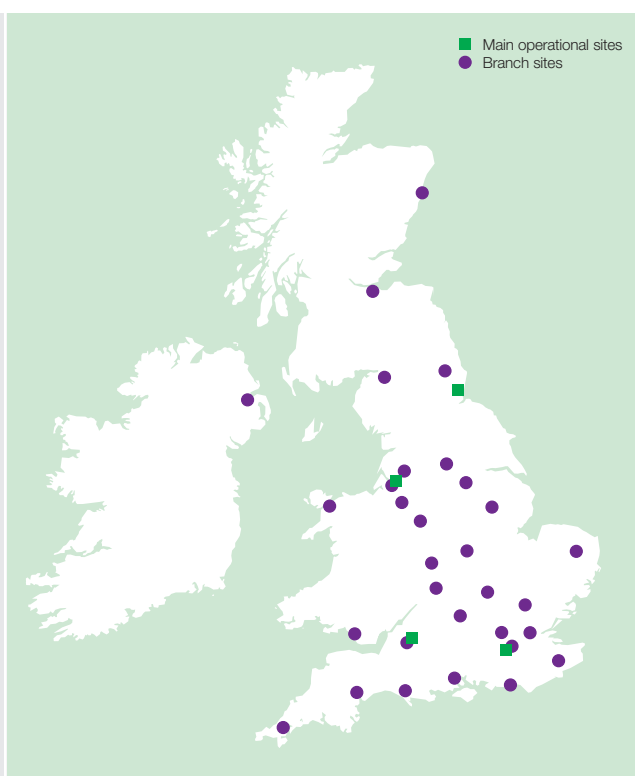
Brighton
Birmingham
Belfast
Bridgend
Carlisle
Doncaster
Dorchester
Edinburgh

Branch sites

Aberdeen
Ashford
Bangor
Bristol/Bath

Epsom
Exeter
Haydock
Leicester
Leeds

Lincoln
London/Acton
Long Marston
Milton Keynes
Newcastle
Northwich
Norwich
Oxford
Rainham
Southampton
Stansted
Stoke
Truro



INTRODUCTION

Chairman's statement



Richard Rose
Chairman

The clear message this year has been one of challenge and change. The Group is reporting a statutory pre-tax loss of £149.0m for the year ended 30 June 2009 (2008: £43.0m profit), largely resulting from a number of non-cash exceptional charges as detailed in this report.

Adjusted* operating profit for the year was £4.7m (2008: £55.4m).

Entering into the role of Chairman in January of this year, it quickly became clear that there was an urgent need to take strong action to bring about change. We appointed a new management team, constructed an entirely new Board, with relevant experience, and focused on the critical issues resulting in our turnaround plans. Key decisions have been, and are being taken to restore stability to the business and to bring about a step change in performance.

I am pleased to report that thus far we have made considerable progress, especially in cash recovery, lower debt and overhead reduction. We implemented our Project Century plan to reduce working capital by £100.0m by June 2010, and had already achieved a reduction of approximately £70.0m by the end of August 2009. As a result of our focus on cash collection, debtor days have also continued to fall and at 30 June 2009 stood at 223 days (2008: 257 days). Total net debt has fallen significantly and at 30 June 2009 was £239.5m (2008: £362.3m).

We have embarked upon a major business restructuring programme aimed at significantly cutting fixed overheads and improving productivity and efficiency. I am pleased to report that thus far we are ahead of our plans both in terms of timescale and quantum.

The changes needed as a result of the multitude of legacy issues faced have resulted in a number of exceptional charges as detailed later in this report.

Improved working capital contributed to cash generation from operations of £57.2m (2008: £22.3m). After other operating outflows of interest and tax paid, together with cash flows from investing and financing activities, including the equity fundraising of £89.1m, there was an increase of £39.4m (2008: £29.6m decrease) in cash and cash equivalents, net of the revolving working capital facility.

Within our marketplace we have consolidated our position to focus on quality, with the right economic returns, rather than quantity. This has meant taking some tough decisions on break points for business retention and being prepared to walk away from unprofitable accounts.

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

Despite the economic situation, the underlying market for our service remains strong and, whilst insurers have historically resisted settling of cases, we are seeing more engagement with insurers in shaping a way forward that eliminates frictional costs. These developments are at an early stage and require commercial balance, but nonetheless represent a directional change in our marketplace. The acceptance of the role some credit hire organisations play can potentially broaden the size of our market as the services provided become established and expected by the driving public.

Dividend

Given the results reported for the year, the Board is not declaring a dividend. It remains the Board's intention to pay dividends in the future, as profit and cash flow generated from operations permit.

Outlook

Although, as previously reported, we have lost a significant referrer, we have renewed contracts with others and are actively seeking opportunities for growth, albeit at the right level of return.

The lower cost base is enabling us to trade profitably despite the lower case volumes. So far, the current year has started with trading in line with our expectation and we are continuing to generate operating cash.

Our people

The Group's restructuring has resulted in more than 700 people leaving the Group this year, many through voluntary redundancy and we are sorry to have had to make these difficult decisions. Despite this, our people have continued to serve our business partners well with no disruption to service and have been very supportive during our difficult times. Going forward, we will continue to strengthen our position and complete our restructure to achieve our goal of being a low-cost provider. I would like to express my thanks to all our people for continuing to support the greater success of the Group.

Annual General Meeting

The Group's Annual General Meeting will be held on 27 November 2009. The Notice of the Meeting is detailed on page 79 of this Report and Accounts.

Richard Rose
Chairman

1 October 2009



BUSINESS REVIEW

Group Managing Director's report

Martin Ward
Group Managing Director

The year ended 30 June 2009 was one in which Helphire acknowledged and responded robustly to some very considerable challenges facing the business. This process began in the first half of the financial year but it was not until the second half of the year, following the appointment of the current Board, that we developed strategies to address all the issues facing the business.

The new Board has performed a completely objective assessment of the business and has implemented a wide-ranging restructuring, impacting all areas of the business from customer relationships at the front end, through fleet policy, IT systems and management of claims, to pursuit and settlement of claims. The Group now has a completely new Board, and a new regime of management built on bringing financial, organisational and operational discipline to the Group. This has resulted in a more tightly managed Group with the acute awareness of all our people of what we need to do to generate value.

The financial consequences of the very tough measures which we have taken are evident in our financial statements. Adjusted* operating profit has fallen to £4.7m (2008: £55.4m) and, after the impact of the exceptional charges related to the actions taken by management, the Group has reported a statutory pre-tax loss of £149.0m (2008: profit of £43.0m).

I will come on to describe the three-phase plan that we are following to cement the recovery of the business. We are approaching the end of the first restructuring programme linked to our Focus phase, which has aligned the business properly with the marketplace and positioned it to operate profitably and cash-positively, and we are now embarking on the more forward-looking phases.

Marketplace

There has been a significant change in the factors which drive revenue and profit and the Group has had to adjust to deal with that change. Our insurance company partners are finding that competition in the personal lines insurance market is extremely challenging and they have become more reliant on accident management-related income, putting upward pressure on referral commissions. This has undermined the margin in some of our contracts and has resulted in our parting company with some referrers. We have, however, won new significant accounts and secured the renewal of others by playing on our strengths and position in the market.

Motoring activity has remained subdued. Fewer car journeys are being taken and accident frequencies remain low. Repair groups are reporting markedly reduced turnaround times, such that hire durations have dropped significantly from historical levels. These changes have exposed the fixed nature of many of our costs and the need, in future, to tie the economics of referrals to profitability.

Recovery

The new Board is implementing a three-phase plan to 'Focus', 'Drive' and then 'Broaden' the business.

The delivery of the plan will ensure that the Group is able to compete from a low cost-base with an effective operational service delivery that exceeds customer expectation and creates economic value to our Partners and to our Shareholders.

'Focus'

The new Board is focused without sentiment or preconception on the drivers of value in the business. Cash, costs and customers are three areas that we are prioritising and there has been significant progress on each count.

Receivables

In February, we initiated a plan under the heading of Project Century to reduce working capital, including fleet, by £100.0m by June 2010. We are well on course to deliver this, with a reduction of approximately £70.0m through August 2009. The plan is centred around cash recovery on our GTA debt which in turn reduces our debtor days. To the period ended 30 June 2009 debtor days have fallen to 223 days (2008: 257 days) and the open claims case count reduced from approximately 116,000 cases in June 2008 to approximately 109,000 cases at June 2009.

ABI cash generation was up 39.0% at £354.7m (2008: £255.1m) as a result of our determined focus in this area. We have engaged the insurer community to outline our strategy on dealing with claims, making clear to insurers that if we are unable to make a timely recovery, the claim will be passed to solicitors to commence proceedings. As a result, we now have 27,632 cases with a value of £47.1m in the hands of our solicitors and our in-house case count has reduced from 99,277 cases in June 2008 to 81,650 cases in June 2009.

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

The cases that we have passed to solicitors, and which have been issued into court, tend to be highly successful in making a recovery at a rate significantly higher than the discounted 'in-house' rate. However, one or both parties are burdened with the legal costs which inflate the claim and the time to achieve recovery can be lengthy. We have recently made some changes to improve the rate of issue once a case is passed to the solicitor and, as newer cases attract contractual interest, we hope that insurers will be deterred from running cases to court without proper cause.

Non-core businesses

A strategic decision was taken in 2007 to give the Group direct exposure to the management of personal injury cases via CS2 Lawyers Limited and Fishers Solicitors Limited. In view of the developments in that market, the costs of maintaining this strategy and the highly capital-intensive nature of the business, we are unwinding our arrangements on these positions and, instead, focusing on cash and profit generation with reduced risk, using a specialist solicitor panel. In the same vein, the Group has terminated its start-up operation in Spain and disposed of, by way of sale, the E-Register business in May 2009 for the consideration of £0.3m.

IT

Long-term shareholders will also be aware that the Group has been engaged in an in-house IT project called Expedite which aimed to deliver a proprietary case-handling software system. A thorough review of this system and the alternatives that have become available concluded that development should stop and another more widely supported solution, better suited to the restructured, simplified business and already in use within the Group, should be deployed. This decision has reduced the IT headcount substantially and resulted in a £11.6m impairment charge.

Fleet

Reduced business levels during the period impacted utilisation and resulted in an excess of rental vehicles of approximately 8,750 units. The excess units were addressed through 4,000 units being marked for disposal and 4,750 units placed on long-term corporate rental of between six and 12 months. Of the disposal units, only 50 remain to be disposed as at 30 September 2009. Utilisation has since been improved from a low of 64.0% in March and April 2009 to a three-month average of 81.8% to August 2009 (2008: 72.9%).

The fleet size is now approximately 16,500 units (2008: 19,000). The split of owned vehicles to contract hire is 85:15 (2008: 83:17). The Group has recently taken on a new Fleet Director who is currently reviewing a number of strategic options with a view to maximising value and customer satisfaction. Falling residual values contributed to the reduced profitability for the period under review but we are pleased to report that values have recovered quite strongly in recent months.

Administration

The organisational structure of the Group has been revamped. We have streamlined management and right-sized the Group's workforce based on internal and external best practice benchmarks and as a consequence, our Bristol operation has been consolidated into our Bath site. Far tighter control of expenditure and investment across the Group has increased productivity and led to overhead cost savings in excess of our target of £15.0m on an annualised basis, with the majority of the benefits falling into the new financial year.

'Drive'

We plan to achieve controlled, profitable growth from a solid platform, with a flexible, low-cost base. We aim to extract greater value from each case we transact, by forming better strategic partnerships with other organisations in the supply chain, that can deliver additional value to the Group. We are also seeking to work more closely with some insurers who have expressed a desire to use the Group's services, particularly credit hire, on alternative terms. This provides clear benefits to the Group in terms of shorter cash flow cycles and cost benefits to the insurer. The Group is piloting this initiative now and sees this as an alignment of interests with at-fault insurers that are attempting to manage their own expense and loss ratios.

'Broaden'

Whilst our efforts are focused on the present, we are at a very early stage of exploring new concepts that are related to our core activities which may provide avenues of growth for the future. Given the early nature of the activities, there is little in the way of update at this time. The Board intends to seek opportunities to develop growth prospects where these make good sense and are related to our market activities.

BUSINESS REVIEW

Group Managing Director's report

continued

CSR key performance indicators

The following KPIs have been developed to support the five main areas of the CSR strategy outlined in previous years. Where certain KPIs have been monitored internally

for some time, data is readily available; others are in progress and procedures are being implemented to measure our performance in these areas.

	2009	2008
Our business partners and customers		
Customer Satisfaction Index Score	95%	97%
Average length of business partner relationships (years)*	6	5
Our people		
Percentage of people engaging in Employee Survey	48%	59%
Percentage of survey respondents who believe Helphire contributes to the local community to an appropriate level	52%	44.3%
Percentage of survey respondents who believe that people are treated fairly and equally regardless of their age, race, gender etc.	***n/a	82.3%
Incident rate for all reportable accidents (per '000 employees**)	0.68	2.25
The environment		
Group Office energy usage (tonnes CO2 per head**)	0.83	0.83
Fleet carbon footprint		
– Customer fleet (tonnes CO2 per car hire day)	0.014	0.015
Office paper		
– Quantity purchased (reams per head**)	18	15.30
– Sourced from sustainable sources (%)	100	New
Recycling		
– % of total waste recycled ****	41	New
Our suppliers		
Strategic suppliers audited against Group standards (%)	In progress	New
Our communities		
Total community and charitable investment (£'000)	24	14

* Based on Helphire's ten leading business partners, in terms of case volumes.

** Headcount based on average number of employees for the year (2,922).

*** Due to a change in Survey for 2008/09 this question was not asked.

**** Sites for which data is unavailable are not included.

Corporate social responsibility

The Board and the senior management team fully recognise the requirement of the Group to balance the diverse interests of its stakeholder groups, including its employees, business partners, customers, shareholders, the wider community and the environment in which it operates.

Business partners and customers

During the last year, over 3,000 customers provided us with valuable feedback about our call-handling and replacement vehicle services. The Group is pleased to maintain a customer satisfaction rate of 95%, as reported by customers who said that they were satisfied or very satisfied with their experience of our services.

We have restructured our relationship management teams to ensure that we have a consistent approach across the Group and that our services meet the needs of our partners and their customers. Our relationships are supported with service level agreements and management information that transparently tracks our performance against these criteria.

Helphire and the environment

We recognise that our business has an unavoidable impact on the environment and that we need to minimise these effects wherever and whenever practicable. Over the last 12 months we have been constantly evolving the size and composition of our fleet to match the requirements of the business, so have been unable to gain an accurate measure of our fleet based emissions, but we remain committed to minimising these.

Helphire in the community

The Group believes it can and should make a positive contribution to the local communities in which it operates, and has over the last financial year focused on maintaining its support for local communities whilst minimising the associated financial impact on the Group.

In 2008/09, the business units across the Group continued to support a number of charitable causes, raising in excess of £24,000 from monthly, 'dress-down' Friday charity collections and one-off initiatives led by our people.

Managing our supply chain responsibly

Helphire manages a diverse range of suppliers and contractors, operating a selection policy that always considers quality, delivery and warranty elements of proposals, as well as cost. We maintain, and regularly review, service level agreements with our strategic suppliers, ensuring the highest possible service standards for our internal and external customers. Our supplier policy is currently under review, with a process being implemented to audit our strategic suppliers against wider ethical and environmental considerations.

We have policies and processes in place to ensure that our people reject any attempt at improper business practice and avoid using their position for personal gain.

Outlook

We believe the restructuring programme will enable the business to operate more profitably and, with close attention to management of working capital, generate cash. Our actions will continue to drive down costs and working capital requirements, although we will need to allow for new business gains.

Our approach to insurers remains one of open-mindedness to find better ways to reduce unnecessary costs whilst securing our interests. The initiatives in place to engage with insurers will help to achieve this. We are, however, in control of our own plans and will execute a strategy that brings value to our shareholders in a timely manner.

The legal standing of the Group's activities was further strengthened through a Court of Appeal decision in the case of *Copley v Lawn*, (June 2009), where the intervention of insurers proved ineffective in extinguishing our claim to recover hire charges. This has further shaped the attitude of some insurers to seek a more productive dialogue.

We are satisfied with progress thus far in the current financial year. Business activity is in line with our expectation. Vehicle residual values are continuing to rise and we continue to make good progress with our restructuring and cash collection.

We will be actively seeking to grow the business from its new, more productive base as opportunities arise, albeit with a focus on quality and profitability.

Martin Ward

Group Managing Director



BUSINESS REVIEW

Chief Financial Officer's review

Ian Wardle
Chief Financial Officer

Performance

As already highlighted, the financial results for the year to 30 June 2009 reflect the significant changes that the Group has experienced during the year.

Due to the level of exceptional financial items that have occurred during the period, these have been disclosed separately on the face of the Income Statement in order to provide clarity as to their nature and relative impact on the results for the financial year ended 30 June 2009. For the same reason, I comment separately on these exceptional items in the review of financial performance. The income statement captions excluding these exceptional items more properly reflect the comparable operational performance of the business experienced in the prevailing market and economic environment and, for ease of reference, these are referred to as 'adjusted'.

Adjusted revenue has declined by 9.0% or £36.4m to £368.5m (2008: £404.9m), principally reflecting the 2.5% reduction in hire cases, together with the decline in hire length experienced across the credit hire industry, plus the impact upon associated revenues in credit repair and personal injury referrals.

Adjusted gross profit of £98.4m (2008: £141.2m) has declined by £42.8m, reflecting the lower revenue, together with the effect of increased commissions due to referrers of business to the Group, together with the additional holding cost of fleet, principally increased depreciation which reflects the decline in residual values. Vehicle holding costs within gross margin include the interest cost of fleet related financing.

Adjusted gross margin has declined from 34.9% to 26.7%, reflecting both the reduction in revenue and the higher direct costs.

Adjusted administrative expenses increased by £7.2m to £99.3m (2008: £92.1m) reflecting the full year effect of previous year increases in overheads, prior to the reduction programme implemented mid-year, the full effect of which will only be realised in the current financial year. The reduction in overhead, measured in the month of June 2009 versus the October to December 2008 quarter, represents an annualised saving of approximately £16.0m.

Adjusted operating profit declined to £4.7m from £55.4m with adjusted operating margin falling to 1.3% from 13.7%.

Adjusted finance costs increased to £9.8m from £8.7m, reflecting the higher average debt across the period, together with an increase in borrowing margin under the new finance facilities implemented during the period.

Adjusted loss before tax of £5.2m was an overall reduction of £51.9m from the previous year's adjusted profit before tax of £46.7m.

The adjusted tax charge of £nil (2008: £12.7m) reflects an effective credit rate of 0% versus the prior year adjusted effective charge rate of 27.2%.

Adjusted diluted EPS is a 2.6p loss (2008: 24.2p profit).

No final dividend is payable (2008: 5.8p) following the earlier decision not to pay an interim dividend (2008: 6.5p).

Exceptional items

The new Board, which was only appointed in full following the publication of the Interim results in February 2009, has conducted a further review of the Group's financial position, which has resulted in additional exceptional items to those reported at the half year to give full year exceptional items as follows:

	2009 £'000	2008 £'000
Exceptional items comprise the following:		
Revised estimate of settlement of receivables	62,363	–
Fleet charges	8,352	–
Goodwill impairment charge	27,189	–
Intangible asset impairment charge	11,611	–
Restructuring costs	11,773	–
Share-based payment (credit)/charge	(622)	2,253
Amortisation of intangible assets	687	1,463
Loss on deconsolidation	19,005	–
Impact on operating (loss)/profit	140,358	3,716
Change in fair value of derivative financial instruments	2,165	(67)
Write off of bank arrangement fees	1,311	–
Impact on loss before taxation	143,834	3,649
Tax effect of exceptional items	(13,658)	(79)
	130,176	3,570

Costs or gains are treated as exceptional costs or gains when they are associated with normal activities but are of a non-recurring nature and/or exceptional magnitude, such that if they were not shown separately, the accounts would not present a true and fair view.

Revised estimate of settlement of receivables

At the beginning of the 2009 calendar year, the previous Board reviewed the estimated settlement value of ABI receivables and made an exceptional charge of £34.5m relating to settlement rates on an historical and expected net recovery basis.

The new Board has undertaken a comprehensive analysis of open claims, assessing their status against various criteria, including their age, in the context of recent

recovery performance on newer claims. Whilst the more recent claims recovery experience on the majority of our GTA receivables is slightly better than current provisions, certain categories of legacy claims, in many cases comprising claims going back a number of years, are demonstrating a lower estimated settlement value or may be, in the Board's judgement, uneconomic to pursue. Consequently, the Board has adjusted its estimated settlement provision for these categories in particular, with a resultant exceptional impairment charge of £27.9m.

The total charge in the period for the impact of the revised approach to, and assessment of, the level of adjustments arising on the settlement of claims is £62.4m and reduces trade receivables accordingly. Consistent with accounting policy, these adjustments have been recorded against revenue on the basis that the adjustment represents a change in estimate.

BUSINESS REVIEW

Chief Financial Officer's review

continued

Fleet charges

During the financial year, the Group experienced a significant reduction in the hire days generated by referrers, including the impact of a reduced length of hire, which resulted in an excess of approximately 8,750 rental vehicles relative to the Group's future requirements. The Group addressed this over-capacity by placing approximately 4,750 units on long-term corporate rental for contracted periods of between six and 12 months and marked another 4,000 units for disposal, of which less than 50 currently remain unsold in the Group at 30 September 2009. The net loss on sale, together with the provision for reduced estimated net proceeds on the remaining vehicles at 30 June 2009, has resulted in an exceptional charge of £7.7m. The benefit of these actions has been to improve revenue generating utilisation from a low of 64.0% in March and April to an average 81.8% in the three months through August 2009 (2008: 72.9%).

Loss on deconsolidation

The Group had previously consolidated the financial results of CS2 Lawyers Limited and Fishers Solicitors Limited as part of its Legal Services business under the requirements of IAS27, due to their contractual arrangements with the Group. In conjunction with the strategic review referred to in the Group Managing Director's report, we reviewed these arrangements, together with further advice received, following the Solicitors Regulatory Authority's recent clarification of their interpretation of acceptable arrangements between solicitors' practices and corporate bodies. As a result of these reviews, the Board has decided to deconsolidate these entities with effect from 30 June 2009 and to record an exceptional charge to reflect the impairment of certain related assets in the Group. The effect of deconsolidation is an exceptional profit of £0.6m together with an exceptional impairment of £19.6m, a total exceptional charge of £19.0m.

Goodwill impairment charge

We are required by IAS 36 ('Impairment of Assets') to review the carrying value of the goodwill arising on consolidation as a result of business combinations for any impairment, at least annually or when there are indications that the goodwill might be impaired. As a result of our review and the current and anticipated performance of the businesses the Group has acquired in the past, we have impaired the value of the goodwill relating to these businesses by £27.2m.

Intangible asset impairment charge

The previous Board had adopted a strategy of developing a single IT system platform (Expedite) for the operation of the Group's credit hire businesses. Following a detailed financial, system capability and requirements review of the Group's IT platforms for its credit hire operations, the new Board has concluded that there is an alternative proprietary platform solution already operating within the Group, which provides significant cost and functionality benefits over the previously preferred Expedite platform. Accordingly, further development and deployment of the Expedite platform has been discontinued and the previously capitalised development costs have been written off, incurring an exceptional charge of £11.6m.

Restructuring costs

During the period, the Group has implemented a significant restructuring programme reducing headcount, consolidating operations and announcing the closure of its Spanish operations. Redundancy and closure costs incurred are £4.9m together with a vacant property impairment charge reflecting the net present value of future lease related obligations of £6.9m, giving a total exceptional charge of £11.8m.

Finance costs

The Group agreed new Facility Agreements with its banking group in April 2009 and so has written off the unamortised fees relating to its previous facilities, an exceptional charge arising of £1.3m.

As part of the refinancing and in order to take advantage of more favourable interest rates, the Group entered new interest rate swaps to hedge a proportion of its future interest liability. Consequently, it terminated its previous swaps and, due to the lower market interest rates, incurred a settlement charge of £2.2m.

As was the case in previous years, the adjusted results exclude the share-based payment credit of £0.6m (2008: £2.3m charge) and the amortisation of intangible assets charge of £0.7m (2008: £1.5m). Including these, the total pre-tax exceptional charges are £143.8m which together with a tax credit of £13.7m results in a post-tax exceptional loss of £130.1m.

Statutory pre-tax losses are £149.0m (2008: £43.0m profit) and statutory post-tax losses are £135.3m (2008: £30.4m profit).

Statutory diluted EPS is 68.3p loss (2008: 21.6p profit).

Balance sheet

The Group has focused on reducing its working capital (including fleet) to de-leverage the balance sheet and improve liquidity. During the year, fleet assets have reduced by £57.5m and net trade receivables have reduced by £91.4m (including the effect of the additional estimated settlement provision for ABI receivables of £62.4m).

At 30 June 2009, debtor days were 223 days (2008: 257 days) reflecting the improved performance in ABI trade receivable collection and cash generation.

Net assets at 30 June 2009 were £85.5m, a reduction of £55.2m across the period, due principally to the net loss of £135.3m and the dividend paid of £7.9m offset by the equity fundraising of £89.1m.

Cash flow

As a result of the focus on reducing working capital, cash generated from operations was £57.2m (2008: £22.3m). After other operating outflows of interest and tax paid,

together with cash flows from investing and financing activities, which included the equity fundraising of £89.1m, there was an increase of £39.4m (2008: £29.6m decrease) in cash and cash equivalents net of the revolving working capital facility.

Financing

Total net debt at 30 June 2009 was £239.5m (2008: £362.3m) comprising fleet related funding of £142.1m (2008: £187.6m) and other corporate borrowings of £97.4m (2008: £174.7m). In April 2009, the Group renewed its principal bank-related borrowing facilities through until April 2012, certain conditions of which were amended in September 2009, such that at 30 September 2009 the Group's bank-related facilities comprised revolving working capital, fleet, term and mortgage related facilities of £168.0m (2008: £192.7m).

Ian Wardle

Chief Financial Officer

GOVERNANCE

Board of Directors



Richard S Rose
Chairman



Martin Ward
Group Managing Director



Ian Wardle
Chief Financial Officer

Richard S Rose Chairman

Richard, 53, was appointed Chairman of Helphire Group plc in January 2009 and became an executive director in April 2009. He is Non-Executive Chairman of Booker Group plc and also holds a number of other Chairmanships including both Crawshaw Group and Kiotech International, AIM listed businesses. Richard has substantial experience in delivering significant shareholder value as CEO of listed businesses and also as a Chairman operating in turnaround situations across a diverse range of sectors.

Martin Ward Group Managing Director

Martin, 42, joined Helphire Group plc in August 2005 as Managing Director of its subsidiary business, Albany Assistance Limited. In February 2009, Martin became Managing Director of the Group's combined Accident Management business and in April of the same year was appointed to Group Managing Director.

Martin has extensive insurance industry experience, having jointly founded the Rarrigini & Rosso Group in 1994, a leading independent wholesale motor fleet, property and risk management insurance business, where he was commercial and operations director. This business built a membership network of over 500 leading commercial insurance brokers throughout the UK and marketed schemes on behalf of insurance companies, as well as securing significant outsourced risk management contracts with leading brand plc's within their motor divisions. The business was later acquired by an AIM listed plc in 2003. Martin has an MBA from Durham University.

Ian Wardle Chief Financial Officer

Ian, 51, joined Helphire in May 2009 from Camden Group Services, a Barclays Private Equity sponsored business where he was Chief Executive. Ian is a Chartered Management Accountant and has held a number of senior finance and general management roles within various business sectors. Prior to Camden Group Services, Ian was Chief Operating Officer of Vanguard EMEA (operators and franchisor of the Alamo Rent a Car, National Car Rental and the Guy Salmon rent a car businesses in Europe, Middle East and Africa) having joined as Senior Vice President of Finance for International Operations. Vanguard EMEA was successfully grown and subsequently sold to the Europcar Group having been acquired as part of Vanguard Rental Group by funds of Cerberus Capital Management. Prior to that he was Director of Group Financial Control for Lex Service and Director of Finance and Deputy MD for Avis Rent a Car UK.



Michael Howard QC MP
Non-Executive Director

Andrew Cripps
Non-Executive Director

Mark McCafferty
Non-Executive Director

Avril Palmer-Baunack
Non-Executive Director

Michael Howard QC MP
Non-Executive Director

Michael, 68, joined the Board as Senior Independent Director in March 2009. Having entered Parliament in 1983 and the Cabinet as Secretary of State for Employment in 1990, he became Home Secretary from 1993 to 1997. Michael went on to become Shadow Foreign Secretary, Shadow Chancellor and in 2003 was elected Leader of the Opposition. He brings to the Board extensive experience both as a QC and a statesman which, in addition to his role as a non-executive director, will assist in managing the Company's key external relationships. Michael was a distinguished barrister and, for a time, specialised in personal injury and accident cases. He is currently Chairman of Northern Racing Ltd., Luup Ltd. and Deputy Chairman of Entrée Gold, Inc.

Andrew Cripps
Non-Executive Director

Andrew, 52, joined the Board as Non-Executive Director and Chairman of the Audit Committee in March 2009. Andrew qualified as a Chartered Accountant with KPMG, before spending over 20 years with BAT plc and Rothmans International in a variety of finance, management and M&A roles. He currently serves as Deputy Chairman of Swedish Match AB, the Stockholm listed international consumer goods group, and is a non-executive director of Booker Group plc, where he chairs the Audit Committee. Andrew brings extensive experience in business restructuring and corporate finance from a background in consumer facing businesses. He is also a non-executive director of Molins plc and was previously a non-executive director of Trifast plc and Carreras Group.

Mark McCafferty
Non-Executive Director

Mark, 50, joined Helphire's Board as Non-Executive Director and Chairman of the Remuneration Committee, having been appointed in March 2009. He brings with him extensive sector management and commercial experience, having spent six years as CEO of Avis Europe PLC. Prior to Avis, Mark was Managing Director of Thomas Cook's global travel businesses, and previous to that had seven years with Midland Bank International in corporate finance and international operations. He is currently CEO of Premier Rugby and a non-executive director of the Horserace Totalisator Board (Tote). He has previously held non-executive directorships with HMV Group plc and UMBRO plc.

Avril Palmer-Baunack
Non-Executive Director

Avril, 45, joined the Board as Non-Executive Director in April 2009. She brings extensive experience from a background in the automotive industry and, in particular, the insurance and hire related sectors. Avril has predominately led turnaround companies and subsequently growth strategy within the automotive industry. She is currently Chief Executive Officer of Autologic plc and was previously CEO of Universal Salvage plc, where she successfully re-engineered the business out of a significant loss-making situation, returning it to profit and growth, before selling the group to a US company, and delivering a significant increase in shareholder value. Prior to that, she was Divisional Managing Director of FMG group, the largest independent fleet claims company in the UK. Avril has also held positions with Cauldwell Group, Europcar, Northgate Motor Holdings plc and Kennings.

Directors' report

The Directors present their Annual Report and the audited financial statements for the year ended 30 June 2009.

Principal activities

The principal activities of the Group are the provision of non-fault accident management assistance and related services. The main income is derived from replacement vehicle hire, the financing of vehicle repairs and the management of personal injury claims for the innocent parties involved in motor accidents.

Business review

To the extent not set out in this report the business review required by section 417 of the Companies Act 2006 can be found at the following pages and is incorporated into this report by reference:

- review of the business and operating and financial review on pages 4 to 11;
- key performance indicators on page 1;
- environmental, employee and social community matters on pages 6 and 7;

Information about the use of financial instruments by the Company is given in note 31 to the financial statements.

Details of significant events since the balance sheet date are contained in note 33 to the financial statements.

Results and dividends

The loss before tax for the year ended 30 June 2009 was £149.0m (2008: profit of £43.0m) and a loss for the period of £135.3m was transferred to reserves (2008: profit of £30.4m).

The Directors are not recommending payment of a final dividend (2008: final dividend of 5.8p per share).

Principal risks and uncertainties

In seeking to grow and develop the business, the Group faces a range of risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described in the Corporate Governance report. Set out below are those specific risks and uncertainties that the Directors believe could have the most significant adverse impact on the Group's business. The risks and uncertainties described below are not intended to be an exhaustive list.

Adverse economic conditions

The recession in the United Kingdom continues to affect the Group's performance. Continued or further changes to driving patterns, speed and car usage and ownership may result in fewer accidents (reducing the number of potential accident management opportunities) and reduce business volumes. Adverse effects on the Group's business might affect its relationship and/or terms of business, with and ultimately even the loss of, some key business partners. The adverse effects of the recession might affect its key trading partners and referrers and/or generally have an adverse impact on the insurance industry or other industries in which the Group's key trading partners and referrers operate. This might lead to the imposition on the Group of more onerous business terms or the inability of the Group's debtors to pay sums due. The state of the economy might have an adverse effect on the Group's lending banks or lead to a further deterioration of the banking industry which may affect the Group's relationship with debt providers or its ability to obtain or maintain finance (including on the expiry of current arrangements) on suitable terms.

Principal risks and uncertainties continued

Competition

Barriers to entry into the general credit hire and credit repair markets are relatively low. There is also the potential for referrers of business to the Group and/or providers of services to motorists or other consumer groups, either alone or in collaboration with others, to adopt alternative business models for the provision of replacement vehicles or the repair of damaged vehicles. If the Group is unable to respond adequately to the competitive challenges faced, it may lose market share and/or there may be pressure on the Group's prices.

Customer and referrer relationships

Whilst not dependent on any one particular referrer, a number of individual referrers generate a significant proportion of the Group's business. Some referrals come from insurance companies who may choose tactically to withhold business from the Company or the credit hire industry altogether. The cost of acquiring business may continue to rise.

Insurance industry protocols

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

Regulation

Certain of the Group's activities and arrangements are subject to regulation. Whilst the Group seeks to conduct its business in compliance with all applicable regulations, there remains a risk that regulators will find that the Group has not complied fully with such regulations.

Legal

There are a number of existing and historic cases relating to the provision of credit hire and related services which have affected and may in the future affect the credit hire market. The Group believes that its credit hire and repair arrangements are enforceable. Nevertheless, there remains a risk that insurance companies may bring further challenges to the legality of credit hire and repair arrangements or the rates payable.

Recovery of receivables

The Group's accident management business involves the provision of services on credit. The sum receivable by the Group relates to the outcome of a customer's claim; there is a risk that the sum is not fully recoverable from the party at fault and/or there may be significant delays in the receipt of payment. The amount of the receivable is estimated by reference to the assessment of liability for the accident and the customer's need for a vehicle. The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process.

Fleet costs and residual values

The cost to the business of holding vehicles is dependent on a number of factors including purchase price of vehicles, the level of discounts available from dealers and manufacturers, financing costs and the residual value at the date of disposal. There is a risk that changes in any of these factors could mean that the Group's fleet costs are increased. The Group's fleet management system enables the business to manage the fleet effectively and to maximise the utilisation of its vehicles in order to minimise the cost to the business of holding vehicles. Risk is further mitigated by managing vehicle holding periods.

Operational systems and risks

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

Financial

The principal financial risks and uncertainties include capital risk, interest rate risk and credit risk. Further details of these risks and their management are contained in note 31 to the consolidated financial statements on page 63.

Directors' report

continued

Principal risks and uncertainties continued

Going concern

The Group's business activities, analysis of its financial performance and position, and factors likely to affect its future development, are set out in the reports of the Group Managing Director and Chief Financial Officer. The financial resources available to the Group are discussed in detail in the Chief Financial Officer's review and in note 18 to the financial statements. The forward risks faced by the Group are also discussed in the section on principal risks and uncertainties above. In addition, note 31 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group agreed minor amendments to its bank facilities on 25 September 2009, which included a phased reduction of the total facility limits, from £168.0m at 30 September 2009 to £115.6m at March 2012, following which the facilities are due for repayment in full on 30 April 2012. The Directors have assessed the future funding requirements of the Group and the Company, and have compared them to the level of available borrowing facilities. The assessment included a review of current financial projections for the 18 months from the balance sheet date, and a review of the forecast performance against the financial covenants contained in the Group's banking arrangements. Recognising the considerable uncertainty surrounding financial projections in the current economic environment, in particular with regard to the demand for the Group's services and the cash collection profiles from insurers, the Directors considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences.

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

Directors

Details of the Directors of the Company who served during the year, their dates of appointment and resignation, their titles, roles and committee memberships and chairmanships are set out in a table on page 19 of this Annual Report.

As all the current Directors were appointed during the year, they will all offer themselves for election at the Annual General Meeting.

The names and biographies of the Directors appear on pages 12 and 13.

Directors' interests

The Directors who held office at 30 June 2009 had the following interests in the ordinary shares of the Company.

Martin Ward	42,803
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No changes took place in the interests of Directors between 30 June 2009 and the date of this report.

Details of Directors' share options are contained in the Directors' remuneration report on pages 24 to 33.

Directors' indemnities

The Company has made a qualifying third party indemnity provision for the benefit of Peter Holding (a Director until 1 September 2009).

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 30 June 2009, the Group's trade creditors, expressed as a number of days, was 31 days (2008: 27 days).

Charitable and political donations

Charitable donations made during the year totalled £24,000 (2008: £14,000). There were no political donations (2008: £nil).

Substantial shareholdings

As at 29 September 2009, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules that the following persons are interested directly or indirectly in 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	% of voting rights and issued share capital
Invesco Limited	98,771,182	29.81
Schroders plc	60,891,356	18.38
Aviva plc	37,989,945	11.47
Jupiter Asset Management	21,096,953	6.37
R H Moore LP	16,611,749	5.01
Moore Macro Fund LP	16,293,953	4.92
Legal and General Group plc	12,970,693	3.91
HSBC Investments Limited	12,914,513	3.90

Share capital and rights attaching to the Company's shares

As at 30 June 2009, the Company's issued share capital consisted of a single class of ordinary shares with a nominal value of 5p each. At a general meeting of the Company, every member has one vote on a show of hands and, on a poll, one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting. Details of the authorised and issued share capital of the Company and of shares issued during the year can be found in note 21 on page 58.

Sanne Trust Company Limited holds 2,493,768 shares in the Company to satisfy awards under various long-term incentive and share option schemes; these shares abstain from voting and dividends are waived.

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

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, newsletters, informal meetings and Company notice boards. The Group also consults with its Staff Association made up of elected representatives from the whole business. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employee share schemes have been running since their inception in 1997 and open to all employees after completion of one year of service; there were no grants this year. In 2002 the Group commenced a share save scheme. There have been three grants under this scheme, which is widely supported by all levels of staff.

Auditors

A resolution will be put forward at the Annual General Meeting to re-appoint Deloitte as auditors for the year ending 30 June 2010.

Directors' report

continued

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Subsequent events

As referred to in the going concern statement on page 16 of this report the Company agreed amendments to its banking facilities on 25 September 2009.

Annual General Meeting

The Annual General Meeting will be held on 27 November 2009. The Notice convening the meeting and information about the proposed resolutions is contained in the Notice of Meeting on pages 79 to 83.

By order of the Board

Nicholas P Tilley

Company Secretary

1 October 2009

Corporate governance

Statement of Compliance with, and the application of, the Combined Code on Corporate Governance

The Board of Directors is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 ('Code').

The Company has, throughout the financial year ended 30 June 2009, complied with the provisions of Section 1 of the Code except that since 9 April 2009 it has had an executive chairman and between 14 November and 31 December 2008 and 9 and 16 April 2009 non-executive directors did not make up at least half of the Board.

Save as set out above, the Company has applied both the main and supporting principles of Section 1 of the Code and an explanation of how these principles have been applied is set out both below and in the Directors' Remuneration, Audit Committee and Internal Control sections below.

The Board

The entire composition of the Board has been changed in the 2008/09 financial year (in this Corporate governance report 'Year'). The table below sets out details of all directors who have served during the Year (current directors' names in bold), the dates during the Year of their appointment and/or resignation and their membership of Board committees. There is a separate attendance statement at the end of this report in respect of directors' attendance at the seven scheduled Board meetings and the scheduled committee meetings held during the Year.

Director	Date during Year appointed (A) or resigned (R)	Role	Committees (C = current chairman)	Additional Comments
Richard Rose	08/01/09 (A)	Chairman	Nomination	Chairman's role became executive on 08/04/09. Chairman of Nomination Committee until 08/04/09
Martin Ward	08/04/09 (A)	Group Managing Director	N/A	
Ian Wardle	06/05/09 (A)	Chief Financial Officer	N/A	
Michael Howard QC MP	01/03/09 (A)	Senior Independent Director	Nomination (C) Audit Remuneration	Member of committees and SID from 01/03/09. Chairman of Nomination Committee from 08/04/09
Andrew Cripps	01/03/09 (A)	Non-Executive Director	Audit (C) Remuneration Nomination	Audit Committee Chairman and member of other committees from 01/03/09
Mark McCafferty	01/03/09 (A)	Non-Executive Director	Remuneration (C) Audit Nomination	Remuneration Committee Chairman and member of other committees from 01/03/09
Avril Palmer-Baunack	16/04/09 (A)	Non-Executive Director	Audit Nomination	Member of both committees from 29/05/09
Mark Adams	28/04/09 (R)	Chief Executive Officer	Nomination	FD until 13/11/08, CEO 13/11/08 to 28/04/09 and Nomination Committee member from 13/11/08 until 28/04/09
Charles Lambert	01/01/09 (A) 06/05/09 (R)	Group Finance Director (Interim)	N/A	

Corporate governance

continued

The Board continued

Director	Date during Year appointed (A) or resigned (R)	Role	Committees (C = current chairman)	Additional comments
Mark Jackson	01/01/09 (R)	Chief Executive Officer	Nomination	Ceased as Nomination Committee member on 01/01/09
David Robertson	01/01/09 (R)	Group Commercial Director	N/A	
Peter Holding	01/01/09 (R)	Group Legal Director	N/A	
David Lindsay	08/07/08 (R)	Group Finance Director	N/A	
Rodney Baker-Bates	01/03/09 (R)	Non-Executive Chairman	Nomination	Chairman and member of Nomination Committee until 07/01/09
Roger Taylor	13/11/08 (R)	SID	Remuneration Audit Nomination	SID, Remuneration Committee Chairman and member of other committees until 13/11/08
Richard Burrell	13/11/08 (R)	Non-Executive Director	Audit Remuneration	Membership of committees ended on 13/11/08
Michael O'Leary	01/03/09 (R)	SID	Remuneration Audit Nomination	SID and Remuneration Committee Chairman from 14/11/08 to 01/03/09; membership of other committees ended on 01/03/09
David Paige	01/03/09 (R)	Non-Executive Director	Audit Remuneration	Audit Committee Chairman and member of Remuneration Committee until 01/03/09
Reiner Hagemann	01/03/09 (R)	Non-Executive Director	Audit Remuneration Nomination	Committee member all committees from 13/11/08 until 01/03/09

Given the exceptional position in which the Company has found itself this Year, the Board has appointed Richard Rose as its Executive Chairman. This step was taken following discussion with, and with the support of, major shareholders and was felt necessary to lead the restructuring of the management team and repositioning of the Group's business.

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

The Board has formally reserved specific matters for determination and has approved terms of reference for all other Board committees; these are available on request and are published on the Company's website at www.helphire.co.uk/helphire/ir/boardgov/termsofreference/

The non-executive directors' terms and conditions of appointment are available for inspection as required by the Code.

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

Chairman, Managing Director and Senior Independent Director

The roles of Executive Chairman (Richard Rose) and Group Managing Director (Martin Ward) are separated. The division of responsibilities is clearly defined in writing and has been approved by the Board.

Richard Rose is non-executive Chairman of Booker Group plc, a Company listed on the main market, and also holds a number of other Chairmanships including the AIM listed companies Crawshaw Group and Kiotech International.

The non-executive directors met regularly in the absence of Executive Directors. The current Senior Independent Director is Michael Howard QC MP but Roger Taylor and Michael O'Leary also held this role at times during the Year.

Board balance

As is described in the table on pages 19 and 20 the size and composition of the Board has varied through the Year ranging from a maximum of five and a minimum of two executive directors together with a maximum of five and a minimum of three non-executive directors. Exceptionally, for two periods, between announcement and departure of Mark Jackson (14 November to 31 December 2008) and announcement and appointment of Avril Palmer-Baunack (9 to 16 April 2009) there were not at least as many non-executive as executive directors as is required by the Code. All of the non-executive directors who have served during the Year 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. The Board noted that Richard Rose and Andrew Cripps both sit on the board of Booker Group plc but have satisfied themselves that this does not compromise their independence as they demonstrate independence of action and judgment.

Nomination Committee

Board appointments and succession planning is the responsibility of the Nomination Committee. This committee currently comprises Michael Howard QC MP (chairman), Andrew Cripps, Mark McCafferty, Avril Palmer-Baunack and Richard Rose. There was one scheduled meeting in the Year.

In view of the need for urgent change, neither external agencies nor open advertising were used to recruit new directors. The Chairman was appointed in consultation with major shareholders with a view to changing the ailing performance of the Company. The Chairman, supported by those leading shareholders, has used his own research to create a Board with the skills and experience that is suited to the period of change and reconstruction that the Company is now undertaking.

Performance evaluation

A full evaluation of the Board and its Committees was conducted by an external consultant in 2007 and a summary evaluation made by the same consultant in 2008. The Company commenced an internal review using confidential internal questionnaires to evaluate the then Board and its committees. In view of the significant Board changes that were made during the Year and as the questionnaires related only to former directors this process was not concluded. The Non-Executive Directors have also met during the Year without the presence of executive Directors during which the performance of executive directors (including the Chairman) was assessed.

Election and re-election

All Directors must submit themselves for re-election at least every three years. As all current directors were appointed during the Year the Nomination Committee has recommended to the Board that all directors should stand for election at the Annual General Meeting. The Board believes that the Non-Executive Directors standing for election collectively have the correct mix of financial (Andrew Cripps), legal (Michael Howard QC MP), vehicle rental (including credit hire) (Mark McCafferty and Avril Palmer-Baunack) and (together) general business experience.

Remuneration Committee

The Remuneration Committee currently comprises Mark McCafferty (chairman), Andrew Cripps and Michael Howard QC MP. The Committee held two meetings during the Year.

Corporate governance

continued

Remuneration Committee continued

The Committee's role is to set the Chairman's remuneration and to determine remuneration packages for Executive Directors to enable the Group to attract, retain and motivate executives of the necessary calibre without paying more than is necessary for this purpose. Further information is given in the Directors' remuneration report and other parts of this Annual Report and Accounts.

A public statement regarding the use of remuneration consultants is available on the Company's website at www.helphire.co.uk/helphire/ir/boardgov/termsofreference/

The remuneration of the Non-Executive Directors is a matter reserved for the whole Board.

Relations with Shareholders

The Company is committed to maintaining good relations with all its shareholders through the provision of regular Interim and Annual Reports, other trading statements and the Annual General Meeting. The Company also arranges individual and Group meetings with its institutional shareholders. The views of analysts, brokers and major shareholders are relayed to the Board through the Chairman.

Constructive use of the Annual General Meeting

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

Financial Reporting

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

Internal Control

The Board is responsible for the Group's system of internal control and has, during the period covered by this report, applied principle C2 of the Combined Code by maintaining an ongoing and planned process, which has identified, evaluated, reported and managed the significant risks faced by the Group during this financial period up to the date of approval of this report. The process is in accordance with the Financial Reporting Council's guidance: Internal Control, Revised Guidance for Directors on the Combined Code.

The Group's Risk Committee supervises the Group's ongoing operational risk management processes to see that they were operated in accordance with the Group's Risk Management policy, and this is reported to and reviewed by the Board.

In accordance with provision C2.1 of the Combined Code, the Board confirms that it has reviewed the effectiveness of the Group's system of internal controls for assessing significant operational and strategic risks. The controls reviewed cover the financial, operational, compliance, fraud and risk management systems. The review considered all significant aspects of the internal controls and did not find significant failings or weakness.

The identification, management and monitoring of strategic risks remained the sole responsibility of the Board. The Group's senior managers immediately below Board level were responsible for assessing, monitoring and managing operational risks. These senior managers submitted regular risk management reports to the Group Operating Board, which comprises those senior managers and the Executive Directors.

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

In the period under review, the Group had to re-finance the business urgently. New management now reports monthly to Directors and the Operating Board on financial facility headroom and covenant compliance.

Consolidated accounts

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

Audit Committee

The Board has, through the Audit Committee, established formal and transparent arrangements for financial reporting, the review of formal announcements relating to the Company's financial performance, financial control and external auditing. As required by DTR 7.1.3, the Committee (i) monitors the financial reporting process, (ii) monitors the effectiveness of the Group's internal financial control and internal audit functions, (iii) monitors the preparation and audit of the Annual Report and Accounts, and (iv) monitors and reviews the independence of the auditors, including the provision of non-audit services to the Group. The operational risk management systems referred to above are monitored by the Board.

The Audit Committee currently comprises Andrew Cripps (Chartered Accountant with recent and relevant financial experience and committee chairman), Michael Howard QC MP, Mark McCafferty and Avril Palmer-Baunack. The committee held four scheduled meetings in the Year. Further details about, and the qualifications of, the Committee Chairman and the other committee members can be found in their biographies on page 13 of this Annual Report.

The Committee has reviewed the interim and final results published during the Year. It has also reviewed the internal auditors' findings for the period under review and approved their current programme of work.

The Company has a formal policy regarding the use of Auditors for non-audit work. During the year the Auditors undertook non-audit work of a total value of £1.2m, principally in relation to the Company's two fundraising exercises and which was approved in line with the Company's policy. The Committee has reviewed the scope and results of the audit services, the cost effectiveness, independence and objectivity of the Auditors and has approved their fees. The Company currently has no policy of requiring audit services to be put out to tender at fixed intervals. The Committee intends to re-examine its policy for appointment of auditors next year. In the meantime, and in view of other changes in governance of the Company, the Committee recommends that Deloitte be reappointed as auditors.

The Committee has also reviewed the Company's arrangements to enable employees to raise confidentially concerns about possible improprieties. Since last year the Company has used a specialist, independent organisation to which employees can report their concerns.

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

Board and Committee Attendance

No director who served in the Year has been a director for the full 12 months.

All the current directors have a complete attendance record at all scheduled Board and (where they are members) committee meetings held whilst they have been in office.

Of the directors who have resigned during the year there has been full Board and (as appropriate) committee attendance whilst they held office except that Mark Adams, Charles Lambert, Richard Burrell and Reiner Hagemann each missed one Board meeting and Rodney Baker-Bates missed three. Richard Burrell missed one meeting each of the Audit and Remuneration Committees.

By order of the Board

Andrew Cripps

Chairman Audit Committee on its behalf
1 October 2009

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 un-audited 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.

Information in this report relates to the 2008/09 financial year ('Year') unless otherwise stated.

Unaudited information

Remuneration Committee

The Remuneration Committee operates under written terms of reference approved by the Board. It meets as and when required (but at least twice a year) and currently comprises Mark McCafferty (Committee Chairman), Andrew Cripps and Michael Howard QC MP, all Non-Executive Directors who are considered by the Company to be independent.

No Committee member has any personal financial interest, conflicts of interest arising from cross directorships (save that the Company's Chairman, Richard Rose, and Andrew Cripps both sit on the board of Booker Group plc: see the Corporate governance report section on Board balance) or any day-to-day involvement in the running of the business. The Committee makes recommendations to the Board. No Director plays a part in any discussion about his or her own remuneration.

The Committee took advice from the Company's solicitors, Slaughter and May, on the structure of the Executive Directors' bonus and incentive schemes.

Remuneration Policy

The Company's remuneration policy remains that executive remuneration packages are designed to attract, motivate and retain the high calibre directors (from what is a small pool of candidates with relevant experience at this level) needed to maintain the Company's position as a leading credit hire 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 Committee has responsibility for the remuneration packages of the Chairman, the Executive Directors and executives immediately below Board level. The Board sets the remuneration of the Non-Executive Directors.

The main elements of the Executive Directors' remuneration packages for the Year (which are set out in more detail below) were:

- 1 Basic salary and benefits;
- 2 Annual bonus payments;
- 3 Long Term Incentive Plan; and
- 4 Pension arrangements.

The Committee currently intends that the same will be true of the 2009/10 financial year.

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

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

Richard Rose held a number of non-executive roles elsewhere at the time of his appointment as Executive Chairman. In view of the part-time nature of Richard Rose's executive role within the Company, he continues to serve as a non-executive director elsewhere and retains his earnings from such appointments which were £108,000 during the Year.

Unaudited information continued

Basic salary

Executive Directors' salaries are determined by the Committee and generally take effect from the start of each financial year. The Committee approved the current Executive Directors' salary immediately prior to their appointments. Before setting these basic salaries, the Committee considers pay conditions in the Group as a whole and individual performance during the Year. In general, the basic pay of Executive Directors has been reduced from the levels of recent years.

Basic salaries of all Executive Directors were not increased at the normal review date during the Year.

Basic salaries for the current Executive Directors during the Year were: executive Chairman £200,000; Group Managing Director £250,000; and Chief Financial Officer £280,000. Further details of Directors' remuneration appear in the audited part of this report.

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 salaries, Martin Ward and Ian Wardle receive certain benefits. These comprise a car (or cash allowance in lieu), fuel card, private medical, life, loss of income and permanent health insurances and pension contributions (or cash in lieu of such contributions). For Richard Rose these comprise use of a car and driver for business use only. The Company is reimbursed for any non-business use of the car and driver.

Annual bonus payments

The Executive Directors are entitled to participate in the annual bonus scheme. The bonuses paid to the current Executive Directors in respect of the Year were calculated in respect of the second half of the Year only. The bonuses were payable subject to the achievement of challenging operating cash flow targets which were set by the Committee and included a minimum EBITDA component. The Executive Directors were eligible for aggregate bonuses under the scheme of £352,000. Richard Rose was eligible to receive 28.57% of the fund and Martin Ward and Ian Wardle were each eligible to receive 35.72% of the fund, subject to an adjustment for their length of service during the bonus period.

The bonus fund was increased by 0.67% for every 1%, by which operating cash flow exceeded the minimum target. Any bonus is subject to a cap of 200% of the Director's base salary at the end of the bonus period.

The Committee will set appropriately challenging bonus targets based on operating cash flow and EBITDA to be applied in the forthcoming financial year with the same maximum bonus potential of 200% of salary applying.

Share-based incentives

The Company's current share-based incentive arrangements comprise principally the Executive Share Incentive Scheme ('the Executive Scheme'). The Equity Partnership Plan 2002 ('EPP'), the Helphire Performance Share Plan 2006 ('PSP') and the Helphire Executive Share Option Scheme 2002 (the '2002 Scheme') are still available for use but, save in exceptional circumstances, it is unlikely that any further options will be granted to Executive Directors under these schemes. No such awards were made during the Year; and Martin Ward waived his rights in respect of options under existing schemes at the time of the first grant under the new Executive Scheme. The Company has also operated an all-employee Share Save Scheme ('SAYE') in previous years, however, it was decided not to make any grants under this in the Year under review.

Details of share options granted to Executive Directors appear in the audited section of this report.

Pension arrangements

Executive Directors other than Richard Rose 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 have contracts which are subject to one year's notice.

Directors' remuneration report

continued

Unaudited information continued

Details of the Executive Directors' contracts are summarised below:

Name	Date of appointment	Notice period
Richard Rose	8 January 2009	One year (rolling) (subject to election)
Martin Ward	8 April 2009	One year (rolling) (subject to election)
Ian Wardle	6 May 2009	One year (rolling) (subject to election)

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 account of independent surveys of fees paid to Non-Executive Directors of similar companies and of the time commitment of the Non-Executive Directors. Non-Executive Directors cannot participate in any of the Company's incentive schemes. Dates of the current Non-Executive Directors' original letters of appointment are set out below:

Name	Date of appointment	Unexpired term
M Howard QC MP	1 March 2009	One year (rolling) (subject to election)
A Cripps	1 March 2009	One year (rolling) (subject to election)
M McCafferty	1 March 2009	One year (rolling) (subject to election)
A Palmer-Baunack	16 April 2009	One year (rolling) (subject to election)

All Non-Executive Directors have a contractual notice period of 12 months.

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 All Small Cap Index and has also been for the substantial part of the last five years (entry into FTSE 250 was on 22 September 2005 and the Company left the FTSE 250 in March 2008), this index is at present considered an appropriate form of 'broad equity market index' against which the Company's performance should be compared (although this approach will be kept under review). 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 June 2009, of £100 invested in Helphire on 1 July 2004 compared with the value of £100 invested in the FTSE Small Cap Index.

Helphire's Total Shareholder Return against The FTSE Small Cap Index (Normalised)



Audited information

Aggregate Directors' remuneration

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

	2009 £'000	2008 £'000
Emoluments	3,920	2,134
Gains on exercise of options	–	1,269
Money purchase pension contributions	217	187
Total remuneration	4,137	3,590

Directors' emoluments*

Name of Director	Fees/Basic salary £'000	Bonus £'000	Taxable benefits £'000	Compensation payments £'000	Total 2009 £'000	Total 2008 £'000
Executive:						
R Rose	96	132	26	–	254	–
M Ward	182	138	45	–	365	–
I Wardle	43	83	–	–	126	–
M A Adams	276	–	36	472	784	98
C R Lambert	116	–	6	–	122	–
M B Jackson	540	–	24	–	564	587
D E Lindsay	24	–	4	505	533	371
D A Robertson	287	–	19	35	341	371
P F Holding	287	–	17	188	492	366
Non-Executive:						
M Howard QC MP	16	–	–	–	16	–
A Cripps	34	–	–	–	34	–
M McCafferty	16	–	–	–	16	–
A Palmer-Baunack	9	–	–	–	9	–
R Baker-Bates	88	–	–	–	88	128
R J Taylor**	63	–	–	–	63	73
R C M Burrell	21	–	–	–	21	42
M O'Leary	31	–	–	–	31	42
D Paige	33	–	–	–	33	49
R Hagemann	28	–	–	–	28	7
Total emoluments	2,190	353	177	1,200	3,920	2,134

* No Director served for the entire year. Please see the table set out on page 20 of in the Corporate governance report for the relevant dates of appointment and resignation of Directors who served during the Year. Martin Ward's remuneration includes basic salary payable in respect of the period from the beginning of the Year, until his appointment as a Director on 8 April 2009 while he was a senior manager of subsidiary undertakings.

** Roger Taylor was retained as a consultant to the Board for six months from 13 November 2008. He received payments in a total amount of £36,383 in respect of this consultancy.

Directors' remuneration report

continued

Audited information continued

Directors' Share Options

The aggregate emoluments disclosed do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by Directors.

The Directors no longer hold any HM Revenue & Customs approved options.

Details of the Directors' options under the Executive Scheme approved by shareholders at the General Meeting held on 28 April 2009 are as follows:

Name	Options held at 1 July 2008 '000	Options granted in the year '000	Options exercised in the year '000	Options lapsed in the year '000	Options held at 30 June 2009 '000 (or cessation of employment)	Exercise price	Date from which exercisable	Expiry date
R Rose	–	8,300	–	–	8,300	£0.33*	07/05/2009	30/04/2019
M Ward	–	4,980	–	–	4,980	£0.33*	07/05/2009	30/04/2019
I Wardle	–	4,980	–	–	4,980	£0.33*	07/05/2009	30/04/2019
Total	–	18,260	–	–	18,260	£0.33*	07/05/2009	30/04/2019

- (i) Tranche A – 10% of the options are exercisable on the Company's Share Price reaching £0.75;
(ii) Tranche B – a further 30% of the options are exercisable on the Company's Share Price reaching £1.00;
(iii) Tranche C – a further 30% of the options are exercisable on the Company's Share Price reaching £1.25;
(iv) Tranche D – a further 15% of the options are exercisable on the Company's Share Price reaching £1.50; and
(v) Tranche E – the final 15% of the options are exercisable on the Company's Share Price reaching £1.75.
The price must remain at or above the strike price for at least 10 consecutive dealing days before exercise.

Details of Gains under the 2002 Scheme:

Name	Scheme	Number of options	Exercise price £	Market price at exercise date £	Gains on exercise 2009 £'000	Gains on exercise 2008 £'000
R Rose	–	–	–	–	–	–
M Ward	–	–	–	–	–	–
I Wardle	–	–	–	–	–	–
M B Jackson	Unapproved	272,000	2.09	3.65	–	424
	Unapproved	279,700	2.14	3.65	–	420
M A Adams	–	–	–	–	–	–
D A Robertson	Unapproved	70,000	1.06	4.255	–	223
P F Holding	Unapproved	65,000	1.06	4.16	–	202
Total gains on exercise					–	1,269

Audited information continued

Details of the Directors' options under the 2002 Scheme and the Company's previous Executive Share Option Scheme are as follows:

Name	Options held at 1 July 2008 '000	Options granted in the year '000	Options exercised in the year '000	Options lapsed in the year '000	Options held at 30 June 2009 '000 (or cessation of employment)	Exercise price	Date from which exercisable	Expiry date
M Ward**	18.45	–	–	(18.45)	–	£3.92	02/10/09	02/10/16
	(unapproved scheme)							
	7.65	–	–	(7.65)	–	£3.92	02/10/09	02/10/16
	(approved scheme)							
Total	26.1	–	–	(26.1)	–			
D E Lindsay**	*36	–	–	(36)	–	£2.23	20/05/02	20/05/09
	292	–	–	(292)	–	£1.06	19/07/05	19/07/12
	167	–	–	(167)	–	£2.09	08/07/06	08/07/13
	196	–	–	(196)	–	£2.15	13/12/07	13/12/14
Total	691	–	–	(691)	–			
D A Robertson	222	–	–	–	222	£1.06	19/07/05	19/07/12
	162	–	–	–	162	£2.09	08/07/06	08/07/13
	196	–	–	–	196	£2.15	13/12/07	13/12/14
Total	580	–	–	–	580			
P F Holding**	120	–	–	(120)	–	£1.06	19/07/05	19/07/12
	162	–	–	(162)	–	£2.09	08/07/06	08/07/13
	196	–	–	(196)	–	£2.15	13/12/07	13/12/14
Total	478	–	–	(478)	–			

R Rose, I Wardle, M B Jackson, M A Adams held no options under the 2002 Scheme or any previous schemes during the Year and are therefore not included in the table above.

Entries marked with an * were grants under the pre-2002 Scheme; all other entries were grants made under the 2002 Scheme.

** M A Adams and D E Lindsay gave up their rights under all share option schemes on termination of their employment with the Company. P F Holding's employment terminated on 30 June 2009 and his rights under all schemes are stated as terminated as at that date. Martin Ward waived his rights in respect of options under existing schemes at the time of the first grant under the new Executive Scheme. All options shown in the previous table were granted under the unapproved part of the 2002 Scheme.

Directors' remuneration report

continued

Audited information continued

Directors' Share Options continued

The exercise of the options granted under the Company's previous Executive Share Option Scheme 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 which are exercisable between 8 July 2006 and 8 July 2013 was dependent on the achievement of a sliding scale of absolute EPS targets as follows:

EPS for financial year ending 31 March 2006*	Proportion of option exercisable
Less than 6p	–
6p	One third
9p	Two thirds
12p	All

The exercise of the options granted under the 2002 Scheme which are exercisable between 13 December 2007 and 13 December 2014 was dependent on the achievement of a sliding scale of absolute EPS targets as follows:

EPS for financial year ending 31 March 2007*	Proportion of option exercisable
Less than 15.5p	–
15.5p	One third
17.0p	Two thirds
18.7p	All

* N.B. Although there was no financial year ending on 31 March 2006 or 31 March 2007, the target was set before any change in the year end was known and as EPS was measured to this date, and on the most diluted calculation exceeded the highest target, the Committee assessed these targets as having been met in full.

There were no grants under the 2002 Scheme during the Year and no gains on exercise.

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

Name	Options held at 1 July 2008 '000	Options granted in the year '000	Options exercised in the year '000	Options lapsed in the year '000	Options held at 30 June 2009 '000 (or cessation of employment)	Exercise price	Date from which exercisable	Expiry date
R Rose	–	–	–	–	–			
Total	–	–	–	–	–			
M Ward**	6	–	–	(6)	–	£1.56	01/06/11	01/12/11
Total	6	–	–	(6)	–			
I Wardle	–	–	–	–	–			
Total	–	–	–	–	–			
M B Jackson**	6	–	–	–	6	£1.56	01/06/11	01/12/11
Total	6	–	–	–	6			
M A Adams **	–	–	–	–	–			
Total	–	–	–	–	–			
D E Lindsay**	6	–	–	(6)	–	£1.56	01/06/11	01/12/11
Total	6	–	–	(6)	–			
D A Robertson**	6	–	–	–	6	£1.56	01/06/11	01/12/11
Total	6	–	–	–	6			
P F Holding**	6	–	–	(6)	–	£1.56	01/06/11	01/12/11
Total	6	–	–	(6)	–			
Total	30	–	–	(18)	12			

Audited information continued

Details of the awards made under the EPP are as follows:

Name	Nos. shares over which awards held at 1 July 2008 '000	Nos. shares over which awards granted in the year '000	Awards exercised in the year '000	Awards lapsed in the year '000	Awards held at 30 June 2009 '000 (or cessation of employment)	Share price at date of award – pence	Date from which exercisable	Expiry date
R Rose	–	–	–	–	–			
Total	–	–	–	–	–			
M Ward	27	–	–	(27)	–	433.50	20/12/09	20/06/10
	16	–	–	(16)	–	413.83	02/11/10	02/05/11
Total	43	–	–	(43)	–			
I Wardle	–	–	–	–	–			
Total	–	–	–	–	–			
M B Jackson*	390	–	–	–	390	381.50	20/12/09	20/06/10
	248	–	–	–	248	413.83	02/11/10	02/05/11
Total	638	–	–	–	638			
M A Adams	120	–	–	(120)	–	179.41	02/04/11	02/10/11
Total	120	–	–	(120)	–			
D E Lindsay	273	–	–	(273)	–	381.50	20/12/09	20/06/10
	158	–	–	(158)	–	413.50	02/11/10	02/05/11
Total	431	–	–	(431)	–			
D A Robertson	273	–	–	–	273	381.50	20/12/09	20/06/10
	158	–	–	–	158	413.83	02/11/10	02/05/11
Total	431	–	–	–	431			
P F Holding	273	–	–	(273)	–	381.50	20/12/09	20/06/10
	103	–	–	(103)	–	413.50	02/11/10	02/05/11
Total	376	–	–	(376)	–			
Total	2,039	–	–	(970)	1,069			

Directors' remuneration report

continued

Audited information continued

Directors' Share Options continued

Details of the awards made under the PSP are as follows:

Name	Nos. shares over which awards held at 1 July 2008 '000	Nos. shares over which awards granted in the year '000	Awards exercised in the year '000	Awards lapsed in the year '000	Awards held at 30 June 2009 '000 (or cessation of employment)	Share price at date of award – pence	Date from which exercisable	Expiry date
R Rose	–	–	–	–	–			
Total	–	–	–	–	–			
M Ward	16	–	–	(16)	–	187.5	20/12/09	20/06/10
Total	16	–	–	(16)	–			
I Wardle	–	–	–	–	–			
Total	–	–	–	–	–			
M B Jackson*	43	–	–	–	43	436.0	13/04/10	13/10/10
	109	–	–	–	109	433.5	02/11/10	02/05/11
	123	–	–	–	123	187.5	02/04/11	02/10/11
Total	275	–	–	–	275			
M A Adams	355	–	–	(355)	–	187.5	02/04/11	02/10/11
Total	355	–	–	(355)	–			
D E Lindsay	30	–	–	(30)	–	436.0	13/04/10	13/10/10
	69	–	–	(69)	–	433.5	02/11/10	02/05/11
	79	–	–	(79)	–	187.50	02/04/11	02/10/11
Total	178	–	–	(178)	–			
D A Robertson	30	–	–	–	(30)	436.0	13/04/10	13/10/10
	69	–	–	–	(69)	433.5	02/11/10	02/05/11
	79	–	–	–	(79)	187.50	02/04/11	02/10/11
Total	178	–	–	–	178			
P F Holding	30	–	–	(30)	–	436.0	13/04/10	13/10/10
	69	–	–	(69)	–	433.5	02/11/10	02/05/11
	79	–	–	(79)	–	187.50	02/04/11	02/10/11
Total	178	–	–	(178)	–			
Total	1,180	–	–	(727)	453			

* M B Jackson had served notice to terminate his employment before 30 June 2009, however, under the rules of the EPP and the PSP schemes, his rights were retained as at 30 June 2009 pending termination of his employment after 30 June 2009. M B Jackson is currently on gardening leave and will continue to receive his salary and benefits until 16 November 2009.

Audited information continued

No awards were made under EPP or PSP during the Year. The performance conditions to which existing EPP and PSP awards were made are detailed in previous accounts.

EPP and PSP awards are structured as options with a nil or nominal (not exceeding £1 for the entire award) exercise price.

Nothing has been paid by any Director for the award of any share awards (although the requirement to pledge Investment Shares for the purposes of the EPP should be taken into account as participation and the pledging of Investment Shares is voluntary).

All share options are in respect of ordinary shares. The market price of the ordinary shares at 30 June 2009 was 36.5p and the range during the year was 19.5p to 153.0p.

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

Sanne Trust Company Limited currently holds 2,493,768 shares in the company which are available to satisfy awards under the EPP or PSP.

Directors' pension entitlements

Martin Ward and Ian Wardle are members of personal money purchase schemes. Contributions paid by the Group in respect of such Directors were as follows:

Name of Director	2009 £'000	2008 £'000
R Rose	–	–
M Ward	36	–
I Wardle	9	–
M A Adams	53	16
D E Lindsay	5	57
D A Robertson	57	57
P F Holding	57	57
Total	217	187

The pension entitlement of Mark Jackson was dealt with by way of a salary supplement.

Richard Rose is not entitled to a pension contribution from the Group.

By order of the Board

Mark McCafferty

Chairman Remuneration Committee on its behalf

1 October 2009

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- 1 the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- 2 the management report, which is incorporated into the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Martin Ward
Group Managing Director
1 October 2009



Ian Wardle
Chief Financial Officer
1 October 2009

Independent auditors' report

to the members of Helphire Group plc

We have audited the financial statements of Helphire Group plc for the year ended 30 June 2009 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 51. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2009 and of the Group's loss and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Directors' report in relation to going concern; and
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

S.N. Woodward

Stuart Woodward FCA Senior Statutory Auditor
for and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditors, Bristol, United Kingdom
1 October 2009

Consolidated income statement

for the year ended 30 June 2009

		Year ended 30 June 2009 Adjusted*	Year ended 30 June 2009 Exceptional items*	Year ended 30 June 2009	Year ended 30 June 2008 Adjusted*	Year ended 30 June 2008 Exceptional items*	Year ended 30 June 2008
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations							
Revenue		368,496	–	368,496	404,935	–	404,935
Revised estimate of settlement of receivables	4	–	(62,363)	(62,363)	–	–	–
Total revenue	3	368,496	(62,363)	306,133	404,935	–	404,935
Cost of sales		(270,095)	–	(270,095)	(263,704)	–	(263,704)
Fleet charges	4	–	(8,352)	(8,352)	–	–	–
Total cost of sales		(270,095)	(8,352)	(278,447)	(263,704)	–	(263,704)
Gross profit/(loss)		98,401	(70,715)	27,686	141,231	–	141,231
Administrative expenses							
Goodwill impairment charge	4	–	(27,189)	(27,189)	–	–	–
Intangible assets impairment charge	4	–	(11,611)	(11,611)	–	–	–
Restructuring costs	4	–	(11,773)	(11,773)	–	–	–
Share-based payment credit/(charge)	4	–	622	622	–	(2,253)	(2,253)
Amortisation of intangible assets	4	–	(687)	(687)	–	(1,463)	(1,463)
Loss on deconsolidation	4	–	(19,005)	(19,005)	–	–	–
Other		(99,320)	–	(99,320)	(92,089)	–	(92,089)
Total administrative expenses		(99,320)	(69,643)	(168,963)	(92,089)	(3,716)	(95,805)
Other operating income	3	5,582	–	5,582	6,242	–	6,242
Operating (loss)/profit	5	4,663	(140,358)	(135,695)	55,384	(3,716)	51,668
Finance costs	4, 7	(9,833)	(1,311)	(11,144)	(8,700)	–	(8,700)
Change in fair value of derivative financial instrument	4	–	(2,165)	(2,165)	–	67	67
(Loss)/profit before tax		(5,170)	(143,834)	(149,004)	46,684	(3,649)	43,035
Tax credit/(charge)	8	(3)	13,658	13,655	(12,699)	79	(12,620)
(Loss)/profit for the year attributable to equity holders of the parent	25	(5,173)	(130,176)	(135,349)	33,985	(3,570)	30,415
(Loss)/earnings per share							
Basic	10	(2.61)	(65.70)	(68.31)	24.52	(2.58)	21.95
Diluted	10	(2.61)	(65.70)	(68.31)	24.17	(2.58)	21.63

* Adjusted profit excludes the impact of those items described as exceptional, namely the revised estimate of settlement of receivables, fleet charges, goodwill impairment charges, intangible assets impairment charges, restructuring costs, loss on deconsolidation and bank arrangement fees written off, and also excludes share-based payment credit/(charge), amortisation of intangible assets and change in fair value of derivative financial instruments. See note 4 for further details.

Consolidated statement of changes in equity

for the year ended 30 June 2009

	Share capital Note 21 £'000	Share premium account Note 22 £'000	Merger reserve* Note 25 £'000	ESOP reserve Note 23 £'000	Equity reserve Note 24 £'000	Hedging reserve Note 26 £'000	Retained earnings Note 25 £'000	Total £'000
Balance at 1 July 2007	6,910	68,664	–	–	6,206	–	50,260	132,040
Profit for the year	–	–	–	–	–	–	30,415	30,415
Issue of new ordinary shares	35	1,381	–	–	–	–	–	1,416
Credit to equity for equity settled share based payments Helphire Group plc shares acquired by ESOP	–	–	–	–	2,253	–	–	2,253
Deferred tax – share-based incentive plan	–	–	–	–	(1,180)	–	–	(1,180)
Current tax – share-based incentive plan	–	–	–	–	134	–	–	134
Dividend paid (note 9)	–	–	–	–	–	–	(16,852)	(16,852)
Balance at 30 June 2008	6,945	70,045	–	(7,499)	7,413	–	63,823	140,727
Loss for the year	–	–	–	–	–	–	(135,349)	(135,349)
Issue of new ordinary shares	9,620	37,078	42,424	–	–	–	–	89,122
Transfer to retained earnings	–	(20)	(42,424)	–	–	–	42,444	–
Credit to equity for equity settled share based payments	–	–	–	–	(622)	–	–	(622)
Fair value of hedging instruments	–	–	–	–	–	(292)	–	(292)
Deferred tax – share-based incentive plan	–	–	–	–	(126)	–	–	(126)
Dividend paid (note 9)	–	–	–	–	–	–	(7,918)	(7,918)
Balance at 30 June 2009	16,565	107,103	–	(7,499)	6,665	(292)	(37,000)	85,542

* Under the arrangement for the placing and open offer in April 2009, the Group issued shares in exchange for shares in Helphire Jersey Limited. No share premium was recorded in the Group's financial statements through the operation of merger relief provisions of the Companies Act 2006. The subsequent redemption of these shares gave rise to distributable profits of £42.4m which have been transferred from the merger reserve to retained earnings.

Consolidated balance sheet

as at 30 June 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Goodwill	11	44,626	74,445
Intangible assets	12	617	10,474
Property, plant and equipment (including vehicles)	13	143,491	214,514
Investments	14	300	300
Deferred tax asset	20	1,759	1,198
		190,793	300,931
Current assets			
Trade and other receivables	15	202,833	297,473
Assets held for sale	13	8,216	–
Current tax receivable		3,808	–
Other financial assets	31	–	67
Cash and cash equivalents		11,470	7,920
		226,327	305,460
Total assets		417,120	606,391
Current liabilities			
Trade and other payables	16	(71,175)	(75,703)
Current tax liability		–	(8,640)
Obligations under finance leases	17	(71,943)	(156,215)
Short-term borrowings and overdrafts	18	(7,509)	(110,619)
Provisions	19	(1,416)	–
		(152,043)	(351,177)
Net current assets/(liabilities)		74,284	(45,717)
Non-current liabilities			
Long-term borrowings and overdrafts	18	(114,764)	(60,845)
Obligations under finance leases	17	(56,709)	(42,582)
Other financial liabilities	31	(292)	–
Deferred tax liability	20	(2,020)	(11,060)
Long-term provisions	19	(5,750)	–
		(179,535)	(114,487)
Total liabilities		(331,578)	(465,664)
Net assets		85,542	140,727
Equity			
Share capital	21	16,565	6,945
Share premium account	22	107,103	70,045
ESOP reserve	23	(7,499)	(7,499)
Equity reserve	24	6,665	7,413
Hedging reserve	26	(292)	–
Retained earnings	25	(37,000)	63,823
Total equity		85,542	140,727

The financial statements were approved by the Board and authorised for issue on 1 October 2009. They were signed on its behalf by:

Ian Wardle

Chief Financial Officer
1 October 2009

Consolidated cash flow statement

for the year ended 30 June 2009

	Note	2009 £'000	2008* £'000
Cash flows from operating activities			
Operating (loss)/profit		(135,695)	51,668
Depreciation, amortisation and impairment charges	32b)	93,085	44,098
Gains on sale of tangible fixed assets		(838)	(373)
Share-based payment (credits)/charges		(622)	2,253
Decrease/(increase) in receivables	32c)	62,959	(94,633)
Increase in payables		12,116	19,259
Increase in provisions		7,166	–
Loss on deconsolidation		19,005	–
Cash generated from operations	32d)	57,176	22,272
Bank and loan interest paid		(8,189)	(7,817)
Interest element of finance lease rentals		(1,108)	(883)
Payment to exit interest rate swap		(2,098)	–
		(11,395)	(8,700)
Taxation paid		(6,748)	(3,044)
Net cash flow from operating activities		39,033	10,528
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,842)	(22,970)
Purchase of other intangible assets		(2,710)	(2,320)
Proceeds from sale of plant and equipment		54,928	93,392
Acquisitions		–	(14,922)
Cash and cash equivalents acquired		–	1,850
Cash balances deconsolidated		(751)	–
Net cash flow from investing activities		48,625	55,030
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		89,120	1,417
Net proceeds from issue of new loans*		5,282	93,882
Own shares purchased		–	(7,499)
Repayment of borrowings		(56,320)	(7,347)
Finance lease principal repayments		(114,272)	(126,134)
Dividends paid to shareholders		(7,918)	(16,852)
Net cash flow from financing activities		(84,108)	(62,533)
Net increase in cash and cash equivalents	32a)	3,550	3,025
Cash and cash equivalents at beginning of period*		7,920	4,895
Cash and cash equivalents at end of period		11,470	7,920
Cash and cash equivalents consists of:*			
Cash at bank and in hand		11,470	7,620
Cash held in restricted deposit		–	300
		11,470	7,920

* Amounts drawn down under a revolving credit facility have been reclassified out of cash equivalents and into bank loans in the current year. The prior year comparatives have been amended by £22.1m.

Notes to the consolidated financial statements

1 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Adoption of new and revised Standards

In the current year, two Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 12 – Service Concession Arrangements, IFRIC 13 – Customer Loyalty Programmes and IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (revised 2008)	Business Combinations
IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 32 (amended)/IAS 1 (amended)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distribution of Non-cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers
Improvements to IFRSs (May 2008)	

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Going concern

The consolidated financial statements have been prepared for the Group as a going concern on the basis, which assumes that the Group has adequate resources to continue in operational existence for the foreseeable future. An explanation can be found in the Director's report on page 16.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

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

Investments

Non-current investments in unlisted companies are included in non-current assets and stated at cost less any provision for impairment.

Goodwill

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

1 Significant accounting policies continued

Goodwill continued

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

Revenue recognition

Credit hire and credit repair

Credit hire and credit repair income is recognised, net of VAT and other sales taxes, as that which is estimated as recoverable on transactions that have been completed during the year, together with an appropriate proportion of estimated recoverable income in respect of hires and claims in progress at the year end and is measured at the fair value of the consideration receivable.

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

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

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles. Credit repair revenue is recognised when the work has been completed, invoiced and confirmed as recoverable. Credit repair income is recorded net of an estimation of the expected adjustment arising on settlement of claims.

The repair of customers' vehicles is performed by third party body shops. The Group records the related revenue on a gross basis as this best reflects the economic benefits that are received or receivable by the Group on its own account.

Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. As described above, the Group records revenue initially net of the expected adjustment arising on settlement of claims, which reflects the Group's estimate of the amounts claimed from insurers that it does not expect, to be ultimately recoverable. Where necessary, this estimate is revised at subsequent period end dates if and when further information becomes available.

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

Legal and insurance policy income

Legal income represents commission received by the Group for referral to a third party solicitor of cases where the customer has an apparent right to compensation, predominantly for personal injury. Legal commission is recorded, exclusive of VAT or other sales taxes, upon the provision of the referral to the third party.

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

Other accident management activities

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

Other operating income

Other operating income relates to fees earned for non-core accident management services that are not always provided in the normal course of business and is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes. Particular recognition policies applied are:

- Medical referral fees – on the provision of the referral to the third party; and
- Collision damage waiver (CDW) – over the period during which the claim is pursued.

Notes to the consolidated financial statements

continued

1 Significant accounting policies continued

Trade receivables and claims in progress

Credit hire and credit repair

Credit hire and credit repair trade receivables and claims in progress are stated at the amount of net revenue recognised for the relevant claims, which is after allowance, for an estimation of the extent to which insurers are entitled or expected to take advantage of settlement arrangements afforded under the terms of the ABI GTA and an estimation of the expected adjustments arising on settlement of claims, as described more fully in the revenue recognition accounting policy.

The estimation of the expected adjustment arising on settlement of claims is reviewed and if necessary revised at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Adjustments arising from subsequent revision of the Group's expected adjustments arising on the settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the income statement.

Other trade receivables

Other trade receivables are stated at amortised cost less any provision for impairment.

Operating (loss)/profit

Operating (loss)/profit is stated after charging administrative costs and costs of vehicle financing but before non-vehicle finance costs.

Exceptional items

The Group's accounting policy is that costs or gains are treated as exceptional costs or gains where they are of a non-recurring nature and/or exceptional magnitude such that if they were not shown separately the accounts would not present a true and fair view.

Leases

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

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

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

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred. Issue costs arising from the raising of borrowings are included in borrowing costs at a constant rate of charge on the outstanding borrowings.

Retirement benefit costs

The Group contributes to the personal pension plans of employees at a fixed percentage of basic earnings. The cost is charged to the income statement as the contributions fall due.

The Group has no defined benefits arrangements.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

1 Significant accounting policies continued

Taxation continued

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

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

Intangible assets

Intangible assets are recognised when a non-monetary asset is separable, or arises from contractual or other legal rights, and where it is probable that future economic benefits attributable to the asset will flow to the Group and the asset cost can be measured reliably. Intangible assets are amortised over their estimated useful economic lives on a straight-line basis as follows:

Customer contracts	23-48 months
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Property, plant and equipment

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

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

Freehold buildings	2%
Leasehold improvements	over the term of the lease
Furniture, fixtures and equipment	15% to 31.33%
Hire fleet	see below

Non-hire fleet

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

Hire fleet

Fleet vehicles are depreciated by equal monthly instalments to write down the cost of the vehicles to their estimated residual value over the expected holding period of up to 33 months. Residual value is based on current estimates of the net disposal value of the vehicle as if the vehicle were already of the age and in the condition expected at the date of disposal. Management review these estimates at each reporting date by reference to publicly available data on second-hand vehicle sales. The depreciation charge is adjusted prospectively to reflect movements in the residual value.

Impairment of tangible and intangible assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Notes to the consolidated financial statements

continued

1 Significant accounting policies continued

Non-current assets held for sale continued

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

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets, 'held to maturity' investments and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

Held to maturity investments

Investments in unlisted entities are classified as held to maturity investments and are recorded at amortised cost using the effective interest rate method less any impairment. Revenue is recognised on an effective yield basis.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in the active market are accounted as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or if it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Equity instruments

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

Financial liabilities

Financial liabilities are accounted as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

1 Significant accounting policies continued

Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative instruments are disclosed in note 31 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured at their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group's interest rate swaps are classified as financial assets held at fair value through profit or loss.

Share-based payments

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

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies described above, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The critical judgements affecting the Group's financial statements are depreciation of the vehicle fleet (see note 13), expected adjustments arising on settlement of insurance claims (see note 15), goodwill impairments (see note 11) and loss on deconsolidation (see note 27).

2 Segmental information

The financial statements are in respect of the Group's sole business segment of accident management services, conducted in the United Kingdom.

3 Revenue and other income

	2009 £'000	2008 £'000
An analysis of the Group's revenues and other income is as follows:		
Accident management assistance and related services, primarily vehicle hire	197,094	293,792
Vehicle repairs	109,039	111,143
Revenue	306,133	404,935
Other operating income	5,582	6,242
	311,715	411,177

As described in note 15, the estimation of the expected adjustment arising on settlement of claims is revised, where necessary, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claims. Adjustments arising from subsequent revision of the Group's expected adjustment arising on settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the income statement.

Notes to the consolidated financial statements

continued

3 Revenue and other income continued

Revenue recorded in the year ended 30 June 2009 includes amounts initially recorded on transactions together with subsequent revisions for the expected adjustment arising on settlement of claims, as follows:

	2009 £'000	2008 £'000
Revenue initially recorded on transactions	362,231	402,815
Revision of expected adjustment arising on settlement*	6,265	2,120
Exceptional revision of expected adjustment arising on settlement	(62,363)	–
Total	306,133	404,935

* The revision of expected adjustment arising on settlement includes £13.0m (2008: £10.6m) in respect of late payment charges recognised as revenue at the point of settlement of related claims.

4 Exceptional items

The Group's accounting policy is that costs or gains are treated as exceptional costs or gains when they are associated with normal activities but are of a non-recurring nature and/or exceptional magnitude such that if they were not shown separately the accounts would not present a true and fair view.

	2009 £'000	2008 £'000
Exceptional items comprise the following:		
Revised estimate of settlement of receivables	62,363	–
Fleet charges	8,352	–
Goodwill impairment charge	27,189	–
Intangible asset impairment charge	11,611	–
Restructuring costs	11,773	–
Share-based payment (credit)/charge	(622)	2,253
Amortisation of intangible assets	687	1,463
Loss on deconsolidation	19,005	–
Impact on operating (loss)/profit	140,358	3,716
Change in fair value of derivative financial instruments	2,165	(67)
Write off of bank arrangement fees	1,311	–
Impact on (loss)/profit before taxation	143,834	3,649
Tax effect of exceptional items	(13,658)	(79)
	130,176	3,570

Revised estimate of settlement of receivables

As described in note 15 an initial estimation of the expected adjustment on settlement of claims due is made at the time when revenue is recognised. Where necessary, this is revised at each balance sheet date to reflect the most recent estimation of the amounts ultimately recoverable. As explained further in the Chief Financial Officer's review, the Group's circumstances this year were such that a significant, further amendment was required to reassess the scale of adjustment required in the light of the Board's revised approach to collection generally and for specific claims which have been outstanding for a considerable period. The revision in the estimate of settlement of receivables comprises £34.5m charged in the first half of the financial year and £27.9m charged in the second half. The tax effect of this is a credit of £13.4m.

Fleet charges

The exceptional fleet charge of £8.3m (2008: £nil) comprises a £7.7m (2008: £nil) fleet impairment charge and £0.6m (2008: £nil) onerous fleet contract cost. The impairment charge has been reduced for the profit of £2.2m generated at the point of actual disposal of previously impaired assets in excess of the original impaired amount.

As a result of the marked downturn in the UK economy during the period, forecast hire volumes have reduced significantly from the levels on which the Group's fleet size was based, resulting in high levels of surplus vehicles within the fleet. The value of the approximately 4,000 surplus vehicles is expected to be realised through disposal rather than future use, causing a significant reduction in their recoverable amounts and giving rise to the fleet impairment charges for the year ended 30 June 2009. The tax effect of this is £nil.

Goodwill impairment charge

The goodwill impairment charge of £27.2m (2008: £nil) arose from an impairment review of all the Group's Cash Generating Units (CGU's), which was conducted in response to reduced expected industry growth rates due to the downturn in the UK economy. Further details are provided in note 11. The tax effect of this is £nil.

Intangible assets impairment charge

The intangible asset impairment charge relates to the discontinuation of the development of a new IT platform. Further information is provided in note 12. The tax effect is a credit of £0.3m.

4 Exceptional items continued

Restructuring costs

During the last 12 months, the economic environment and the recession have had a profound impact on business levels. As discussed in the Business review, the Board has instigated a cost reduction and restructuring programme. The restructuring expense includes £4.4m of redundancy severance costs, £6.5m onerous lease provision and related asset impairments and £0.5m restructuring costs in respect of the closure of operations in Spain and £0.4m of leasehold improvement impairments.

Share-based payment credit/(charge) and amortisation of intangible assets

As in previous periods, the share-based payment credit/(charge) and amortisation of intangible assets, together with the related tax impact, have been excluded in arriving at adjusted (loss)/profit for the period. Further details of the share-based payment credit are provided in note 29. The tax effect of these items was £nil (2008: £nil).

Loss on deconsolidation

As explained in the Chief Financial Officer's review the Group has deconsolidated CS2 Lawyers Limited and Fishers Solicitors Limited, whose results were previously included in the Group's financial statements, with effect from 30 June 2009. This decision has been made on the basis of further review of the substance of these companies' contractual arrangements with the Group and reflects advice received by the Directors on the acceptability of arrangements between solicitors' practices and corporate bodies. The losses arising on the deconsolidation of these entities, which include the impact of a fair value adjustments for related amounts following the strategic decision to revise our approach to legal services, total £19.0m. Further details are disclosed in note 27. The tax effect of this was £nil.

Change in fair value of derivative financial instruments

Following the refinancing in March 2009, the Group decided to break the interest rate swap agreement entered into during the previous financial year and replace this with a swap to hedge a substantial portion of the amount due under the new facilities. The cash payment to exit the swaps was £2.0m, being the fair value at the date of exit. The tax effect of this was £nil.

Bank arrangement fees

Bank arrangement fees of £1.3m were written off during the year as a result of the reorganisation of the Group's financing arrangements. This represents the unamortised balance of arrangement fees relating to the previous bank financing. The tax effect of this was £nil.

5 Operating (loss)/profit

	2009 £'000	2008 £'000
Operating (loss)/profit has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	43,026	42,635
Impairment of property, plant and equipment	12,072	–
Amortisation of intangible assets – from business combinations	687	1,463
Impairment of intangible assets – internally generated	11,611	–
Impairment of goodwill	27,189	–
Auditors' remuneration for audit services	393	257
Profit on sale of vehicle hire fleet	(838)	(373)
Loss on deconsolidation (note 27)	19,005	–
Operating lease rentals		
vehicles	8,197	10,718
property	3,790	3,392
Staff costs (note 6)	70,840	60,610
Share-based payment (credit)/charge (note 29)	(622)	2,253

A more detailed analysis of auditors' remuneration is provided below:

	2009 £'000	%	2008 £'000	%
Audit services				
statutory audit	253	16	217	75
other audit-related regulatory reporting	140	9	40	14
	393	25	257	89
Further assurance services – acquisition services	–	–	33	11
Further assurance services – stock exchange reporting for equity raising	1,150	71	–	–
Other services	73	4	–	–
	1,616	100	290	100

Of the auditors' remuneration for other services, £1.2m (2008: £nil) was charged to the share premium account.

Notes to the consolidated financial statements

continued

6 Staff costs

	2009 Number	2008 Number
The average number of employees (including Executive Directors) was:		
Operational	2,485	2,171
Office administration	270	392
Management	167	200
	2,922	2,763

	2009 £'000	2008 £'000
Their aggregate remuneration comprised:		
Wages and salaries	64,147	54,265
Social security costs	5,912	5,472
Other pension costs	781	873
Share-based payment (credit)/charge	(622)	2,253
	70,218	62,863

Wages and salaries include £4.4m (2008: £nil) in respect of exceptional severance costs (see note 4). The number of employees at the year-end was 2,449 (2008: 2,551).

7 Finance costs

	2009 £'000	2008 £'000
Interest on bank overdrafts and loans	10,036	7,807
Interest on loan notes	–	10
Interest on obligations under finance leases	13,134	15,663
	23,170	23,480
Transfer of interest on obligations under finance leases to cost of sales	(12,026)	(14,780)
	11,144	8,700

8 Tax

	2009 £'000	2008 £'000
Current tax		
UK corporation tax on (loss)/profit for the year	4,171	(10,055)
Adjustments in respect of prior years	(243)	379
Total current tax credit/(charge)	3,928	(9,676)
Deferred tax		
Origination and reversal of timing differences	8,808	(2,874)
Adjustments in respect of prior years	919	(70)
Total deferred tax credit/(charge)	9,727	(2,944)
Tax credit/(charge) on (loss)/profit on ordinary activities	13,655	(12,620)

	2009 £'000	2008 £'000
Reconciliation of tax credit/(charge)		
(Loss)/profit before tax	(149,004)	43,035
Tax at the weighted average UK corporation tax rate of 28.0% (29.5%)	41,721	(12,695)
Tax deductions not previously recognised	–	296
Unrecognised deferred tax assets	(18,031)	(207)
Release of deferred tax asset	(805)	213
Prior year adjustment	676	449
Impact of change in tax rate on loss carry back	213	–
Tax effect of expenses that are not deductible in determining taxable profit	(10,293)	(1,073)
Tax effect of utilisation of tax losses not previously recognised	174	397
Tax credit/(charge) for the period	13,655	(12,620)

8 Tax continued

As shown in note 20, in addition to the amount charged to the income statement of £551,000 (2008: charge of £197,000) in respect of deferred tax on share-based payments, a further charge of £126,000 (2008: £1,180,000) has been charged directly to equity.

Current tax receivable in the balance sheet represents UK corporation tax recoverable due to the carry back of trading losses incurred in 2009.

The tax effect of exceptional items is detailed in note 4.

9 Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 30 June 2008 of 5.8p per share (2008: 5.8p per share for the period ended 30 June 2007)	7,918	7,982
Interim dividend for the year ended 30 June 2009 of nil p per share (2008: 6.5p per share for the year ended 30 June 2007)	–	8,870
	7,918	16,852

There is no proposed final dividend for the period ended 30 June 2009 (2008: 5.8p per share).

10 (Loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2009 £'000	2008 £'000
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted earnings per share being net (loss)/profit attributable to equity holders	(135,349)	30,415
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	198,146,167	138,593,997
Effect of dilutive potential ordinary shares – share options	1,459,551	1,930,048
Effect of dilutive potential ordinary shares – other share plans	–	73,703
Weighted average number of ordinary shares for the purposes of diluted earnings per share	199,605,718	140,597,748

The dilutive potential ordinary shares relating to other share plans have been reduced by the number of shares held by the ESOP which are intended to be used to satisfy awards under these plans.

Details of the number of shares held by the ESOP are provided in note 23.

Adjusted (loss)/earnings per share

Adjusted (loss)/earnings per share is based on the weighted average number of shares as for the unadjusted (loss)/earnings per share and the (loss)/profit for the period adjusted for the following expense:

	2009 £'000	2008 £'000
Exceptional items (note 4)	143,834	3,649
Tax credits attributable to the above expenses	(13,658)	(79)
	130,176	3,570

Notes to the consolidated financial statements

continued

11 Goodwill

	£'000
Cost	
At 30 June 2007	68,505
Recognised on business combinations	7,393
At 30 June 2008	75,898
Deemed disposal (note 27)	(2,630)
At 30 June 2009	73,268
Accumulated impairment losses	
At 30 June 2007 and 30 June 2008	(1,453)
Charge for the year	(27,189)
At 30 June 2009	(28,642)
Carrying amount	
At 30 June 2009	44,626
At 30 June 2008	74,445

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

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

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

The Group prepares cash flow forecasts derived from the most recent financial budget approved by management for the next year and extrapolates cash flows for the remaining period based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets.

The goodwill impairment charge of £27.2m (2008: £nil) arose from an impairment review of all the Group's CGUs, which was conducted in response to reduced expected industry growth rates due to the downturn in the UK economy and, in the case of CS2, the review of contractual arrangements with this entity. The rate used to discount the forecast cash flows for all CGUs is 10%. The growth rate assumed is 1% per annum, beyond the period covered by specific forecasts, although this is considered by the Directors to be less than the long-term average growth rate for the industry.

Of the £27.2m impairment loss charged in the year ended 30 June 2009, £23.6m related to the Swift CGU, £2.0m to the CS2 CGU and £1.6m to the Cab Aid CGU.

The carrying amount of goodwill, split between each CGU, as at 30 June 2009 was as follows:

	Cost	Impairment losses	Goodwill elimination on disposal	Carrying amount
	£'000	£'000	£'000	£'000
Albany CGU	43,405	–	–	43,405
Swift CGU	23,647	(23,647)	–	–
CS2 CGU	4,579	(1,949)	(2,630)	–
Cab Aid CGU	2,814	(1,593)	–	1,221
Previous acquisitions segment (comprising several CGUs)	1,453	(1,453)	–	–
	75,898	(28,642)	(2,630)	44,626

The restructuring process in which the Group is currently engaged, together with the present uncertainty in financial markets, means the decision made as to the impairment of goodwill is subject to substantial uncertainty. The impairment of goodwill is thus a key source of estimation uncertainty and a critical accounting judgement.

12 Other intangible assets

	Customer contracts £'000	Software development £'000	Total £'000
Cost			
At 1 July 2007	7,135	7,987	15,122
Additions	–	2,320	2,320
Recognised on business combinations	2,115	–	2,115
At 30 June 2008	9,250	10,307	19,557
Additions	–	2,710	2,710
Deemed disposal (note 27)	(269)	–	(269)
At 30 June 2009	8,981	13,017	21,998
Accumulated amortisation and impairment losses			
At 1 July 2007	(6,214)	(1,406)	(7,620)
Amortisation charge	(1,463)	–	(1,463)
At 30 June 2008	(7,677)	(1,406)	(9,083)
Amortisation charge	(687)	–	(687)
Impairment loss	–	(11,611)	(11,611)
At 30 June 2009	(8,364)	(13,017)	(21,381)
Carrying amount			
At 30 June 2009	617	–	617
At 30 June 2008	1,573	8,901	10,474

Customer contracts acquired as part of business combinations are amortised over the expected useful life of each contract, which ranges from 23 to 48 months.

Software development related to the development of a new IT platform for the Group. Following a strategic review of the Group's IT requirements, the development of the platform has been discontinued and a full impairment loss has been recognised.

Notes to the consolidated financial statements

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13 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 July 2007	7,216	2,481	142,251	19,424	171,372
Additions	4,410	1,331	193,623	5,273	204,637
Acquisitions	–	–	629	793	1,422
Disposals	–	–	(116,608)	(2,732)	(119,340)
At 30 June 2008	11,626	3,812	219,895	22,758	258,091
Additions	5	504	43,626	2,836	46,971
Disposals	–	(590)	(78,421)	(31)	(79,042)
Transferred to assets held for sale	–	–	(14,964)	–	(14,964)
At 30 June 2009	11,631	3,726	170,136	25,563	211,056
Accumulated depreciation and impairment					
At 1 July 2007	(67)	(916)	(15,847)	(10,433)	(27,263)
Charge for the year	(169)	(271)	(38,041)	(4,154)	(42,635)
Disposals	–	–	23,759	2,562	26,321
At 30 June 2008	(236)	(1,187)	(30,129)	(12,025)	(43,577)
Charge for the period	(233)	(300)	(37,178)	(5,315)	(43,026)
Impairment charge	(1,050)	(1,094)	(9,928)	–	(12,072)
Disposals	–	–	24,360	2	24,362
Transferred to assets held for sale	–	–	6,748	–	6,748
At 30 June 2009	(1,519)	(2,581)	(46,127)	(17,338)	(67,565)
Carrying amount					
At 30 June 2009	10,112	1,145	124,009	8,225	143,491
At 30 June 2008	11,390	2,625	189,766	10,733	214,514
Leased assets included above:					
Carrying amount					
At 30 June 2009	–	–	120,616	3,198	123,814
At 30 June 2008	–	–	161,457	4,906	166,363

The impairment charges are included in the exceptional expense set out in note 4. An element of the impairment charges is reported within the loss on deconsolidation described in note 27. Assets held for sale of £8.2m comprise vehicles impaired as part of the restructuring which had not been sold at 30 June 2009.

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

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

14 Investments

The investment in the Consolidated balance sheet represents an investment in an unlisted entity.

A list of the significant investments in subsidiaries, including the name, country of incorporation, proportion of ownership interest, is given in note 40 to the Company's separate financial statements.

15 Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables – claims due from insurance companies	250,445	278,719
Trade receivables – amounts invoiced for services	10,520	18,483
Trade receivables – gross	260,965	297,202
Expected adjustment arising on settlement of claims	(81,561)	(28,068)
Provision for impairment of amounts invoiced for services	(2,898)	(1,228)
Trade receivables – net	176,506	267,906
Other debtors	8,943	8,801
Accrued income	7,160	12,342
Prepayments	9,688	7,932
VAT recoverable	536	492
	202,833	297,473

Total net trade receivables comprise claims due from insurance companies of £168.9m (2008: £250.7m) and amounts invoiced for the provision of services to customers of £7.6m (2008: £17.2m).

The Group's debtor days at 30 June 2009 were 223 (2008: 257). This measure is based on net trade receivables, other receivables and accrued income as a proportion of the related revenue multiplied by 365 days.

Claims due from insurance companies

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

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

The Group's initial estimation of the expected adjustment arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles, and analysis of the current profile of the claims due. As explained further in note 4 above, the Group's circumstances this year were such that a significant, further amendment was required to re-assess the scale of adjustment required in the light of the Board's revised approach to collection generally and specific claims which have been outstanding for a considerable period.

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

The Group manages this risk by ensuring that vehicles are only supplied and remain on hire and repairs to customers' vehicles are carried out after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. In the normal course of its business and in particular under the terms of the ABI GTA protocol, the Group uses two principal methods to conclude claims: by negotiation with the insurer of the at-fault party and, where a claim fails to settle within 120 days of billing, by litigation. A large proportion of these claims settle before or on the threat of litigation but, where they do not, formal proceedings are issued.

In view of the tripartite relationship between the Group, its customer and the at-fault party's insurer and the nature of the claims process, claims due from insurance companies do not carry a contractual 'due date', nor does the expected adjustment arising on settlement of trade receivables represent an impairment for credit losses. The circumstances of the insurance companies with which the Group deals are currently such that no provision for credit risk is considered necessary and so the disclosures required by IFRS 7 on provision for credit loss are not provided.

Instead the Directors review claims due from insurance companies according to the status of the claim through the Group's in-house and solicitor panel processes. In particular, for claims sent to solicitors, management consider whether proceedings have formally been issued. The Group's target is that trade receivables should be transferred from the in-house to the solicitor process when they have aged over 120 days. An analysis of claims due from insurance companies based on these circumstances is given on page 54.

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15 Trade and other receivables continued

	2009 £'m	%	2008 £'m	%
Work in progress and pending claims	18,880	100	61,991	100
Between 1 and 120 days old				
In-house	49,292	92	71,552	94
At solicitors				
Pre-issue	2,884	5	4,194	5
Proceedings issued	1,718	3	574	1
	53,894	100	76,320	100
More than 120 days old				
In-house	53,635	56	82,005	73
At solicitors				
Pre-issue	16,400	17	20,456	18
Proceedings issued	26,075	27	9,879	9
	96,110	100	112,340	100
Total				
Work in progress and pending claims	18,880	11	61,991	25
In-house	102,927	61	153,557	61
At solicitors				
Pre-issue	19,284	11	24,650	10
Proceedings issued	27,793	17	10,453	4
	168,884	100	250,651	100

An analysis of trade receivables split between credit hire and credit repair is shown below:

	2009 £'m	%	2008 £'m	%
Credit Hire				
In-house	87,640	70	163,769	86
At solicitors				
Pre-issue	16,089	13	19,040	10
Proceedings issued	22,322	17	8,433	4
	126,051	100	191,242	100
Credit Repair				
In-house	34,167	80	51,780	87
At solicitors				
Pre-issue	3,384	8	5,608	9
Proceedings issued	5,282	12	2,021	4
	42,833	100	59,409	100
Total				
In-house	121,807	72	215,549	86
At solicitors				
Pre-issue	19,473	12	24,648	10
Proceedings issued	27,604	16	10,454	4
	168,884	100	250,651	100

15 Trade and other receivables continued

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

Counterparty	30 June 2009		30 June 2008	
	£'m	%	£'m	%
Insurer 1	10,783	6	21,602	9
Insurer 2	10,250	6	16,327	6
Insurer 3	9,907	6	13,420	5
Insurer 4	5,307	3	12,839	5
Insurer 5	4,907	3	6,850	3
Other insurers	127,730	76	179,613	72
	168,884	100	250,651	100

Amounts invoiced for services

No interest is charged on receivables. The Group has provided for expected irrecoverable amounts specifically based on past default experience. The Group assesses the credit worthiness for each customer prior to commencing to trade with them. The largest customer represented 20% of the receivables at 30 June 2009 (2008: 13%). The most significant five customers represented 54% (2008: 44%) of receivables. No other customer represented more than 5% of outstanding receivables.

Included in this category of the Group's trade receivables balance are debtors with a carrying amount of £5.8m (2008: £10.4m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The cash collection period for these balances which represent mainly income from solicitors for claims referrals, is standard in the industry.

Ageing of past due but not impaired receivables.

	2009 £'000	2008 £'000
30-60 days	948	619
60-90 days	1,052	1,162
90-120 days	557	301
More than 120 days	2,638	8,295
Total	5,195	10,377

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

	2009 £'000	2008 £'000
At beginning of year	1,228	1,052
Impairment losses recognised	1,670	176
At end of year	2,898	1,228

The Directors consider that the carrying amount of this category of debtors approximates their fair value. The Directors consider that it is not practicable to disclose the utilisation of the allowance for doubtful debtors.

The carrying amount of trade and other receivables is denominated solely in sterling.

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16 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	26,496	23,034
Other taxation and social security	11,000	1,162
Accruals and deferred income	31,727	45,043
Other creditors	1,952	6,464
	71,175	75,703

Trade payables represent amounts payable for goods and services. The average credit period taken for trade purchases is 31 days (2008: 27 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

17 Obligations under finance leases

	2009 £'000	2008 £'000
Amounts payable under finance leases		
Within one year	71,943	156,215
Amount due for settlement within 12 months	71,943	156,215
Amounts payable under finance leases		
In the second to fifth years inclusive	56,709	42,582
Amount due for settlement after 12 months	56,709	42,582

It is the Group's policy to lease certain of its fixtures and equipment and motor vehicles under finance leases. The average lease term is 2.0 years (2008: 1.81 years). For the year ended 30 June 2009 the average effective borrowing rate was 7.55% (2008: 8.35%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

18 Other borrowings

	2009 £'000	2008 £'000
Bank loans	122,273	171,335
Loan notes	–	129
	122,273	171,464
The borrowings are repayable as follows:		
Within one year		
Bank loans	7,509	110,490
Loan notes	–	129
Amount due for settlement within 12 months	7,509	110,619
In the second year		
Bank loans	9,589	7,799
In the third to fifth years inclusive		
Bank loans	105,175	53,046
Amount due for settlement after 12 months	114,764	60,845

18 Other borrowings continued

The weighted average interest rates paid were as follows:

	2009 %	2008 %
Bank loans	9.41	6.87

At 30 June 2009 the Group's bank loans of £122.3m (2008: £171.3m) comprised a revolving credit facility of £39.1m (2008: £75.1m), a term loan of £46.9m (2008: £51.0m), a rolling fleet funding facility totalling £21.5m (2008: £27.6m), a term loan of £7.5m (2008: £7.5m) and mortgages totalling £10.4m (2008: £10.4m) secured on the Northwich, Stoke and Chesterfield offices less related loan issue costs.

The £46.9m term loan is repayable at a rate of £7.7m per annum with a final bullet payment of £25.8m due in April 2012.

The rolling fleet funding facility is repayable in full by 30 April 2012. The £7.5m term loan is repayable in full in April 2012. The mortgages of £10.4m are payable at a rate of £1.0m semi-annually commencing in October 2010 with a bullet payment due in April 2012.

The loan facilities were subject to interest at 1.70% to 2.15% above LIBOR dependent on the Net Debt to EBITDA ratio up to 9 April 2009.

Following an amended facility agreement on 9 April 2009 the interest applicable to the revolver working capital and term loan facilities was amended to 3.50% to 4.50% above LIBOR dependent on specific financial ratios. The fleet and mortgage facilities are subject to interest at 4% above LIBOR.

The combined bank facility is secured by a fixed and floating charge over the assets of the Group.

Amounts drawn down under the revolving credit facility at 30 June 2008 have been reclassified from bank overdraft into bank loans as the Directors consider this represents their substance more fairly.

The Directors consider that the fair value of the Group's borrowings is equal to their book value.

All obligations under finance leases are disclosed in note 17.

19 Provisions

	Redundancy provision £'000	Onerous leases provision £'000	Total £'000
At 1 July 2007 and 30 June 2008	–	–	–
Additional provision in the year	4,876	6,466	11,342
Utilised during the year	(4,176)	–	(4,176)
At 30 June 2009	700	6,466	7,166
Included in current liabilities	700	716	1,416
Included in non-current liabilities	–	5,750	5,750
	700	6,466	7,166

As explained in note 4, the Group vacated certain leasehold properties during the year as part of the restructuring of its operations. For the most significant property concerned, the lease expires in 2016. As the vacated properties remain empty at the year-end, they have been treated as onerous leases and the discounted cost of the leases, £6,466,000, has been accrued as a provision as at 30 June 2009.

Likewise the redundancy cost totalling £4,876,000 relating to the restructuring of operations has been included as a provision.

The expense of £11,342,000 arising from the provision has been included in the exceptional restructuring expenses for the year.

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20 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008: 28%).

The deferred tax liabilities and assets, and movements thereon, recognised by the Group are set out below:

	(Liability) Intangible assets £'000	(Liability) Accelerated tax depreciation £'000	(Liability) Other £'000	(Liability) Total £'000	Asset Tax losses £'000	Asset Share-based payments £'000	Asset Other timing differences £'000	Asset Total £'000
At 1 July 2007	(258)	(7,136)	–	(7,394)	–	2,054	–	2,054
Recognised on business combinations	(592)	–	–	(592)	–	–	194	194
Credit/(charge) to income	410	(3,465)	(19)	(3,074)	296	(197)	31	130
Charge to equity	–	–	–	–	–	(1,180)	–	(1,180)
At 30 June 2008	(440)	(10,601)	(19)	(11,060)	296	677	225	1,198
Credit/(charge) to income	267	8,754	19	9,040	1,463	(551)	(225)	687
Charge to equity	–	–	–	–	–	(126)	–	(126)
At 30 June 2009	(173)	(1,847)	–	(2,020)	1,759	–	–	1,759

At the balance sheet date the Group has unused trading losses of £60.3m (2008: £5.5m) available for offset against future trading profits. A deferred tax asset has been recognised in respect of £6.3m (2008: £1.0m) of this amount. No deferred tax asset has been recognised in respect of the remaining £54.0m (2008: £4.5m) due to the unpredictability of future profit streams.

21 Share capital

	2009 £'000	2008 £'000
Authorised		
400,000,000 ordinary shares of 5p each	20,000	10,000
Issued and fully paid		
331,347,667 (2008: 138,961,489) ordinary shares of 5p each	16,565	6,945

The movement in issued share capital during the period was as follows:

	2009 Shares 000s	2008 Shares 000s
At start of the period	138,961	138,219
Placing of shares	192,386	–
Exercise of share options	–	742
At end of the period	331,347	138,961

All shares issued during the year were paid for in cash. Shares issued during the year comprised 40,871,027 ordinary shares on 9 September 2008 at 110p per share and 151,515,151 ordinary shares on 29 April 2009 at 33 pence per share.

The Company has one class of ordinary share which carries no right to fixed income.

22 Share premium account

	£'000
At 1 July 2007	68,664
Premium arising on issue of equity shares	1,381
At 30 June 2008	70,045
Premium arising on issue of equity shares	42,912
Expense of issue of equity shares	(5,834)
Transfer to retained earnings	(20)
At 30 June 2009	107,103

23 ESOP reserve

	£'000
At 1 July 2007	–
Shares in Helphire Group plc acquired by ESOP during the year	(7,499)
At 30 June 2008 and 30 June 2009	(7,499)

The ESOP purchased 2,479,133 shares in Helphire Group plc at an aggregate cost of £7,499,000 during the year to 30 June 2008. The shares are intended to be utilised to satisfy awards under certain of the Group's share-based incentive schemes.

24 Equity reserve

	£'000
At 1 July 2007	6,206
Credit to equity for equity settled share based payments	2,253
Deferred tax – share-based incentive plan	(1,180)
Current tax – share-based incentive plan	134
At 30 June 2008	7,413
Credit to equity for equity settled share based payments	(622)
Deferred tax – share-based incentive plan	(126)
At 30 June 2009	6,665

25 Retained earnings

	£'000
At 1 July 2007	50,260
Profit for the year	30,415
Dividends	(16,852)
At 30 June 2008	63,823
Loss for the year	(135,349)
Dividends	(7,918)
Transfer from merger reserve	42,424
Transfer from share premium	20
At 30 June 2009	(37,000)

The transfer from merger reserve arose from the redemption of shares as disclosed in the Statement of Changes in Equity on page 37.

26 Hedging reserve

	£'000
At 1 July 2007 and 1 July 2008	–
Loss recognised as cash flow hedge	(292)
At 30 June 2009	(292)

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit and loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

No gains were transferred from equity into profit or loss during the period.

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27 Loss on deconsolidation

As explained in note 4, on 30 June 2009 the Group ceased to consolidate CS2 Lawyers Limited and Fishers Solicitors Limited. The deconsolidation of these entities represented deemed disposals for no proceeds.

There were also impairment losses arising on the Group's assets as a result of the decision to revise the Group's approach to the provision of legal services.

The profit/(loss) on deemed disposal, together with the related impairment losses, is detailed below. The loss on deconsolidation had no impact on the tax charge for the year.

The net liabilities of CS2 Lawyers Limited at the date of deemed disposal were as follows:

	£'000
Intangible assets	269
Other assets	9,459
Other liabilities	(13,783)
Attributable goodwill	2,630
Net liabilities	(1,425)
Profit on deemed disposal	1,425
Related impairment charge	(15,599)
Loss on deconsolidation	(14,174)

The net assets of Fishers Solicitors Limited at the date of deemed disposal were as follows:

	£'000
Other assets	5,510
Other liabilities	(4,635)
Net assets	875
Loss on deemed disposal	(875)
Related impairment charge	(3,956)
Loss on deconsolidation	(4,831)
Total loss on deconsolidation (note 4)	(19,005)

The calculation of the asset impairment charges arising from the deconsolidation of CS2 Lawyers Limited and Fishers Solicitors Limited is a key source of estimation uncertainty because the ultimate recoverability of the assets concerned is subject to commercial and other uncertainties in the future. The Directors will continue to monitor the expected eventual impairment and adjust the impairment charge as required. The impairment charges which form part of the loss on deconsolidation represent a critical accounting judgement.

28 Operating lease arrangements

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised in income for the period	11,987	14,110

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

	2009 £'000	2008 £'000
Within one year	9,666	7,385
In the second to fifth years inclusive	13,573	16,978
After five years	15,698	23,175
	38,937	47,538

Operating lease payments represent rentals payable by the Group for certain of its motor vehicles, plant and equipment and properties. Leases are negotiated for a weighted average term of 8.2 years (2008: 8.1 years) and rentals are fixed for an average of 7.6 years (2008: 7.6 years).

The onerous lease provision of £6.5m (see note 19) has been included within the above amounts.

29 Share-based payments

Equity-settled share option plans

The Group has granted options in the form of mainstream options and options under sharesave schemes.

Mainstream options

The Group grants options to certain Directors and employees.

For options granted prior to 2009, the vesting period is generally three years. If the options remain unexercised after a period of seven years from the date of grant, the options expire. For options granted in 2009, under the 'Executive Incentive Scheme 2009', the options expire on 30 April 2014 to the extent that they have not vested by that date.

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

	Number of options 000s	2009 Weighted average exercise price (£)	Number of options 000s	2008 Weighted average exercise price (£)
Outstanding at beginning of period	2,361	1.85	3,026	1.86
Granted during the period	18,260	0.33	–	–
Exercised during the period	–	–	(663)	1.92
Forfeited during the period	(167)	(1.89)	(2)	2.15
Outstanding at end of period	20,454	0.49	2,361	1.85
Exercisable at the end of the period	2,066	1.77	2,233	1.77

No share options were exercised during the current year. The weighted average share price at the date of exercise for share options exercised during the preceding period was 371.20p. The options outstanding at 30 June 2009 had a weighted average exercise price of £0.49 (2008: £1.85) and a weighted average remaining contractual life of 4.5 years (2008: 2.3 years).

In 2009 the options were granted on 7 May 2009 and their aggregate fair value was estimated at £459,000. These options are exercisable in the following tranches, conditional on the Company's share price reaching the specified target price.

Tranche	% agent of options vesting	Target share price condition £
A	10.0	0.75
B	30.0	1.00
C	30.0	1.25
D	15.0	1.50
E	15.0	1.75
	100.0	

The options granted in May 2009 have been valued using an appropriate valuation method.

Sharesave schemes

Under sharesave schemes, employees are granted options to acquire shares in the Company with funds deducted from their salaries on a monthly basis. The options must be exercised three years following the date of grant. The options generally lapse if the employee leaves within the three-year period.

	Number of options 000s	2009 Weighted average exercise price (£)	Number of options 000s	2008 Weighted average exercise price (£)
Outstanding at beginning of period	1,751	2	588	3
Granted during the period	–	–	1,234	2
Forfeited during the period	(1,217)	2	(71)	3
Outstanding at end of period	534	2	1,751	2
Exercisable at the end of the period	–	–	–	–

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29 Share-based payments continued

Sharesave schemes continued

The options outstanding at 30 June 2009 had a weighted average exercise price of £1.63 (2008: £2.06) and a weighted average remaining contractual life of 1.72 years (2008: 2.25 years).

In 2008 options were granted on 2 April 2008 and their aggregate fair value was estimated at £674,000. The assumptions used in the Black-Scholes model were as follows:

Weighted average share price	£1.87
Weighted average exercise price	£1.56
Expected volatility	31%
Expected life	3.25 years
Risk-free rate	4.04%
Expected dividends	3.5%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous four years, excluding periods of exceptional volatility. The expected useful life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Other equity-settled share plans

The Group also makes awards to Directors, senior managers and staff under the Equity Partnership Plan 2002 ('EPP') and the Performance Share Plan 2006 ('PSP').

Under the EPP, matching shares are awarded subject to co-investment by the participant. Under the PSP, nil cost options are awarded. Awards made under both plans vest after a three-year performance period, subject to satisfaction of performance conditions and continued employment with the Group. Half of each award under both plans is subject to an Earnings Per Share ('EPS') condition whereby an absolute adjusted EPS target for the financial year three years after that in which the award is made must be met for the award to vest fully. The other half of each award is subject to a Total Shareholder Return ('TSR') condition, which measures Helphire's TSR against a contractor group of listed companies over the three years commencing with that in which the award is made.

Details of awards made under these arrangements are as follows:

	2009 Number of matching shares 000s	2008 Number of matching shares 000s
Equity Partnership Plan ('EPP')		
Outstanding at beginning of period	2,233	1,393
Granted during the period	–	840
Forfeited during the period	(1,624)	–
Outstanding at end of period	609	2,233
Performance Share Plan ('PSP')		
	2009 Number of nil cost options 000s	2008 Number of nil cost options 000s
Outstanding at beginning of period	2,481	377
Granted during the period	–	2,104
Forfeited during the period	(1,084)	–
Outstanding at end of period	1,397	2,481

The matching shares outstanding under the EPP had a weighted average remaining contractual life of 0.8 (2008: 1.8) years. The outstanding nil cost options under the PSP had a remaining contractual life of 1.5 (2008: 2.5) years.

No awards were granted under EPP or PSP schemes during 2009. For awards during 2008, the weighted average fair value per share was £3.98 for the EPP awards and £2.43 for the PSP awards. For the 50% of EPP and PSP awards subject to the EPS condition, the fair value of the awards per share at the date of grant was the market price of the Company's shares at the date of the award. For the 50% of EPP and PSP awards subject to the TSR performance condition, this market-based condition was factored into the calculation of the fair value of the awards using the Stochastic Model, which applies the performance condition to a large number of possible share price movements and uses the average result to produce an estimated value for an option.

29 Share-based payments continued

The key assumptions input into the Stochastic Model for awards made in 2008 were as follows:

	EPP	PSP
Weighted average share price	£3.98	£2.43
Expected volatility	25.0%	29.4%
Expected life	3 years	3 years
Risk-free rate	4.04%	N/A
Expected dividends	Nil	Nil

There is no expected dividend yield because participants receive the value of dividends accruing over the vesting period. The risk-free rate of interest does not apply to the PSP awards because no payment is required from participants.

The Directors are now of the opinion that none of the awards made under the EPP or PSP is likely to vest, in view of the expected non-achievement of the target performance conditions for Earnings per Share and Total Shareholder Return.

The Group recognised total income of £0.6m related to equity-settled share-based payment transactions in 2009 (2008: expense of £2.3m). The credit to the income statement in 2009 arises due to the non-satisfaction of non-market based vesting conditions, resulting from the Group's reduced profitability and the cessation of employment of a number of the Group's executive directors.

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

Remuneration of the Directors, who are the key management personnel of the Group, is disclosed in the audited section of the Directors' remuneration report on pages 24 to 33.

31 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in notes 21 to 25.

The gearing ratio, defined as net debt divided by total capital, was as follows:

	2009 £'000	2008 £'000
Net debt	239,455	362,341
Total shareholders' equity	85,542	140,727
Total capital	324,997	503,068
Gearing ratio	73.7%	72.0%

Net debt is defined as borrowings and overdrafts less cash and cash equivalents.

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31 Financial instruments continued

Categories of financial instruments

	Carrying value	
	2009 £'000	2008 £'000
Financial assets		
Held to maturity investments	300	300
At amortised cost:		
Loans and receivables*	176,506	267,906
Cash and cash equivalents	11,470	7,920
Assets held at fair value through profit or loss	–	67
Assets held for sale	8,216	–
Financial liabilities		
At amortised cost:		
Trade payables	26,496	23,034
Obligations under finance leases	128,652	198,797
Other borrowings	122,273	171,464
Derivative financial instruments	292	–

* See comments in note 15.

Financial risk management objectives

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

Interest rate risk management

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

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.75% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.75% higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2009 would have decreased/increased by £0.6m (2008: £1.0m). This is mainly attributable to the Group's exposure on variable rate borrowings.

Interest rate swap contracts

Under interest rate swaps the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on issued variable rate debt held. The fair value of swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date.

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate	2009 Notional principal amount	Fair value	Average contract fixed interest rate	2008 Notional principal amount	Fair value
	%	£'000	£'000	%	£'000	£'000
Less than 1 year	–	–	–	5.52	55,000	203
1 to 2 years	2.37	17,501	(82)	–	–	–
2 to 5 years	4.38	44,999	(210)	5.68	128,752	(136)
5 years +	–	–	–	–	–	–
	2.90	62,500	(292)	5.63	183,752	67

31 Financial instruments continued

Credit risk management

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

The provision for expected adjustments arising on settlement of claims does not represent an impairment provision under IFRS 7. Nevertheless, for normal commercial reasons the Group ensures that vehicles are only placed on hire and repairs to vehicles are only carried out after the validation process has provided assurance that the liability for the accident rests with another party. As trade receivables for credit hire and credit repair carry no contractual 'due date', the term 'past due' used in IFRS 7 is not considered to be relevant to the Group's trade receivables or the way in which the Group manages credit risk. Trade receivables relating to amounts invoiced to customers for services provided are subject to credit risk in that a counterparty may default on its obligation to the Group.

Customers represent primarily legal firms and the Group's policy is to deal with an approved panel of such firms. The carrying value of these financial assets, net of impairment provisions, represents the Group's maximum exposure to credit risk.

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

Liquidity risk management

Liquidity risk arises primarily from the nature of the claims settlement process, which can prolong the period of collection of trade receivables.

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

Fair value of financial instruments

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

Maturity of financial assets

As explained in note 15, trade receivables for claims from insurers do not carry a contractual due date. Accordingly, the following table analyses the Group's estimated maturity in the case of claims from insurers and the remaining contractual maturity for all other financial assets, based on the remaining period at the balance sheet date to the contractual maturity date.

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. No material interest is expected to accrue on the interest bearing instruments, which represent cash deposits.

	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	5+ years £	Total £
2009						
Non-interest bearing	184,722	–	–	–	300	185,022
Variable interest rate instruments	11,470	–	–	–	–	11,470
	196,192	–	–	–	300	196,492
2008						
Non-interest bearing	267,973	–	–	–	300	268,273
Variable interest rate instruments	7,920	–	–	–	–	7,920
	275,893	–	–	–	300	276,193

Notes to the consolidated financial statements

continued

31 Financial instruments continued

Maturity of financial liabilities

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

	Weighted average effective interest rate %	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	5+ years £	Total £
2009							
Non-interest bearing	–	26,946	–	–	–	–	26,946
Variable interest rate instruments:							
Finance lease liability	7.6	2,133	4,097	14,236	15,603	–	36,069
Other	5.2	528	3,506	10,367	119,971	–	134,372
Fixed interest rate instruments	7.6	6,155	11,825	41,085	45,031	–	104,096
		35,762	19,428	65,688	180,605	–	301,483
2008							
Non-interest bearing	–	23,034	–	–	–	–	23,034
Variable interest rate instruments:							
Finance lease liability	8.4	4,259	15,488	44,017	17,481	–	81,245
Other	6.5	923	2,768	116,245	68,376	–	188,312
Fixed interest rate instruments	8.4	6,909	25,127	71,412	28,360	–	131,808
		35,125	43,383	231,674	114,217	–	424,399

In addition to the above, at 30 June 2009 the Group had available £44.9m of undrawn committed working capital facility and £8.4m of committed fleet financing facility. Finance lease facilities are with a wide variety of different funders and in general do not represent committed facilities, but rather are provided on a rolling basis.

Externally imposed capital requirements

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

32 Cash flow information

a) Analysis and reconciliation of net debt

	1 July 2008 £'000	Cash flow £'000	Non cash changes £'000	30 June 2009 £'000
Cash and cash equivalents	7,920	3,550	–	11,470
Debt due within one year	(110,619)	103,223	(113)	(7,509)
Debt due after more than one year	(60,845)	(52,185)	(1,734)	(114,764)
Finance leases	(198,797)	114,272	(44,127)	(128,652)
	(370,261)	165,310	(45,974)	(250,925)
Net debt	(362,341)	168,860	(45,974)	(239,455)

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Increase in cash and cash equivalents in the year	3,550	3,025
Cash outflow from increase in borrowings and lease financing	165,310	39,599
Change in net debt resulting from cash flows	168,860	42,624
New finance leases	(44,127)	(178,088)
New mortgage loan	–	(4,210)
Amortisation of loan issue costs	(1,847)	–
Movement in net debt in the year	122,886	(139,674)
Net debt at start of the year	(362,341)	(222,667)
Net debt at end of the year	(239,455)	(362,341)

32 Cash flow information continued

b) Depreciation, amortisation and impairment charges

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Depreciation of property, plant and equipment	43,026	42,635
Impairment of property, plant and equipment	10,572	–
Amortisation of intangible assets – from business combinations	687	1,463
Impairment of intangible assets – internally generated	11,611	–
Impairment of goodwill	27,189	–
	93,085	44,098

c) Decrease/(increase) in receivables

Included in the movement of receivables of £62,959,000 (2008: £94,633,000) is the impact of the exceptional revised estimate of settlement of receivables of £62,363,000 (2008: £nil).

d) Cash impact of exceptional items

The cash flow impact of the exceptional items explained in note 4 was a cash outflow of £6,274,000 (2008: £nil), comprising severance payments of £4,176,000 (2008: £nil) and swap exit payments of £2,098,000 (2008: £nil).

33 Post balance sheet event

Subsequent to the year end, the Group agreed minor amendments to its bank facilities on 25 September 2009, which includes a phased reduction of the total facility costs from £168.0m at 30 September 2009 to £115.6m at 31 March 2012, following which the facilities are due for repayment in full on 30 April 2012.

Company income statement

for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Continuing operations			
Operating income			
Management charges		38,198	40,966
Other income		–	2,022
Dividends from subsidiaries		51,770	8,000
		89,968	50,988
Operating expenses			
Exceptional investment impairment charge	40	(46,944)	–
Exceptional receivables impairment charge	35	(13,259)	–
Share-based payment charge	36	563	(1,708)
Administrative expenses		(41,033)	(23,521)
		(100,673)	(25,229)
Operating (loss)/profit	35	(10,705)	25,759
Finance costs	37	(11,659)	(8,258)
(Loss)/profit before tax		(22,364)	17,501
Tax on (loss)/profit on ordinary activities	38	(302)	(3,596)
(Loss)/profit for the year		(22,666)	13,905

Company statement of changes in equity

for the year ended 30 June 2009

	Share capital Note 46 £'000	Share premium account Note 46 £'000	Merger* reserve Note 47 £'000	ESOP reserve Note 50 £'000	Equity reserve Note 48 £'000	Hedging reserve Note 49 £'000	Retained earnings Note 47 £'000	Total £'000
Balance at 1 July 2007	6,910	68,644	–	–	5,800	–	3,671	85,025
Profit for the year	–	–	–	–	–	–	13,905	13,905
Issue of new ordinary shares	35	1,381	–	–	–	–	–	1,416
Credit to equity for equity settled share based payments	–	–	–	–	2,253	–	–	2,253
Helphire Group plc shares acquired by ESOP	–	–	–	(7,499)	–	–	–	(7,499)
Deferred tax – share-based incentive plan	–	–	–	–	(1,069)	–	–	(1,069)
Dividend paid (note 9)	–	–	–	–	–	–	(16,852)	(16,852)
Balance at 30 June 2008	6,945	70,025	–	(7,499)	6,984	–	724	77,179
Loss for the year	–	–	–	–	–	–	(22,666)	(22,666)
Issue of new ordinary shares	9,620	37,078	42,424	–	–	–	–	89,122
Transfer to retained earnings	–	–	(42,424)	–	–	–	42,424	–
Credit to equity for equity settled share based payments	–	–	–	–	(622)	–	–	(622)
Fair value of hedging instruments	–	–	–	–	–	(292)	–	(292)
Deferred tax – share-based incentive plan	–	–	–	–	(66)	–	–	(66)
Dividend paid (note 9)	–	–	–	–	–	–	(7,918)	(7,918)
Balance at 30 June 2009	16,565	107,103	–	(7,499)	6,296	(292)	12,564	134,737

* Under the arrangement for the placing and open offer in April 2009, the Company issued shares in exchange for shares in Helphire Jersey Limited. No share premium was recorded in the Company financial statements through the operation of the merger relief provisions of the Companies Act 2006. The subsequent redemption of these shares gave rise to distributable profits of £42.4m which have been transferred from the merger reserve to retained earnings.

Company balance sheet

as at 30 June 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Property, plant and equipment	39	8,237	9,052
Investments in subsidiaries	40	82,881	79,884
Other investments	40	300	300
Deferred tax asset	44	–	550
		91,418	89,786
Current assets			
Trade and other receivables	41	189,381	140,033
Current tax receivable		419	–
Other financial asset		–	67
Cash and cash equivalents		–	736
		189,800	140,836
Total assets		281,218	230,622
Current liabilities			
Trade and other payables	42	(38,162)	(13,945)
Current tax liabilities		–	(174)
Borrowings and overdrafts	43	(7,725)	(78,307)
Provisions	45	(716)	–
		(46,603)	(92,426)
		143,197	(48,410)
Non-current liabilities			
Borrowings and overdrafts	43	(93,836)	(60,835)
Deferred tax liabilities	44	–	(182)
Other financial liabilities	51	(292)	–
Long-term provisions	45	(5,750)	–
		(99,878)	(61,017)
Total liabilities		(146,481)	(153,443)
Net assets		134,737	77,179
Equity			
Share capital	46	16,565	6,945
Share premium account	46	107,103	70,025
ESOP reserve	50	(7,499)	(7,499)
Retained earnings	47	12,564	724
Equity reserve	48	6,296	6,984
Hedging reserve	49	(292)	–
Total equity		134,737	77,179

The financial statements were approved by the Board of Directors and authorised for issue on 1 October 2009. They were signed on its behalf by:

Ian Wardle

Chief Financial Officer
1 October 2009

Company cash flow statement

for the year ended 30 June 2009

	£'000	2009 £'000	£'000	2008 £'000
Cash flows from operating activities				
Operating (loss)/profit	(10,705)		25,759	
Depreciation and impairment charges	48,279		223	
Increase in debtors	(48,733)		(42,113)	
Increase/(decrease) in creditors	24,218		(351)	
Increase in provisions	6,466		–	
Share-based payment (credit)/charge (after recharge to subsidiaries)	(563)		1,528	
Cash generated from/(absorbed by) operations		18,962		(14,954)
Bank and loan interest paid		(8,262)		(8,325)
Payment to exit interest rate swap		(2,098)		–
Taxation paid		(593)		(2,693)
Net cash flow from operating activities		8,009		(25,972)
Cash flows from investing activities				
Purchases of property, plant and equipment		(520)		(1,307)
Increase in investment in existing subsidiary undertaking		(50,000)		–
Acquisitions		–		(9,836)
Net cash flow from investing activities		(50,520)		(11,143)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		89,121		1,417
Net proceeds from issue of new loans		1,200		67,696
Repayment of borrowings		(40,844)		(7,347)
Own shares acquired		–		(7,499)
Dividends paid to shareholders		(7,918)		(16,852)
Net cash flow from financing activities		41,559		37,415
Net (decrease)/increase in cash and cash equivalents		(952)		300
Cash and cash equivalents at beginning of period		736		436
Cash and cash equivalents at end of period		(216)		736
Cash and cash equivalents consists of:				
Cash at bank and in hand		–		436
Cash held in restricted deposit		–		300
Bank overdraft		(216)		–
		(216)		736

Notes to the Company financial statements

34 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been presented in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

35 Operating (loss)/profit

Operating (loss)/profit is stated after charging an exceptional investment impairment of £46,944,000 (2008: £nil) (see note 40) and an exceptional impairment charge on Group receivables of £13,259,000 (2008: £nil).

The auditors' remuneration for audit services to the Company was £87,000 (2008: £87,000).

36 Staff costs

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

	2009 Number	2008 Number
Office administration	164	93
Management	62	63
	226	156

Their aggregate remuneration comprised:

	2009 £'000	2008 £'000
Wages and salaries	10,871	8,338
Social security costs	997	1,300
Other pension costs	395	445
Share-based payment (credit)/charge	(563)	1,708
	11,700	11,791

Wages and salaries include £1.9m (2008: £nil) in respect of severance costs.

The share based payment credit of £563,000 relates to employees of the Company.

The number of employees at the year-end was 207 (2008: 223).

37 Finance costs (net)

	2009 £'000	2008 £'000
Interest on bank overdrafts and loans	8,798	8,315
Interest on loan notes	–	10
Exceptional write-off of arrangement fees (see note 4)	1,311	–
Change in fair value of other financial assets (see note 4)	2,165	–
	12,274	8,325
Interest due from related companies	(615)	–
Change in fair value of other financial assets (see note 4)	–	(67)
	(615)	(67)
	11,659	8,258

Notes to the Company financial statements

continued

38 Tax

	2009 £'000	2008 £'000
Current tax		
UK corporation tax on profit for the year	–	3,517
Adjustments in respect of prior years	–	(200)
Total current tax	–	3,317
Deferred tax		
Origination and reversal of timing differences	292	150
Adjustment in respect of prior years	10	129
Total deferred tax	302	279
Tax on profit on ordinary activities	302	3,596
	2009 £'000	2008 £'000
Reconciliation of tax charge		
(Loss)/profit before tax	(22,364)	17,501
Tax at the weighted average UK corporation tax rate of 28.0% (2008: 29.5%)	(6,262)	5,163
Non-taxable income	(14,496)	(2,360)
Group relief surrendered	1,407	–
Non-deductible costs	19,159	755
Release of deferred tax asset on share options	484	100
Prior year adjustment	10	(71)
Unprovided deferred tax movements	–	9
Tax expense for the period	302	3,596

The current tax receivable in the balance sheet arose as a result of surplus tax payments under a Group payment arrangement.

39 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 July 2007	7,216	890	8,106
Additions	–	1,309	1,309
At 30 June 2008	7,216	2,199	9,415
Additions	5	515	520
At 30 June 2009	7,221	2,714	9,935
Accumulated depreciation and impairment			
At 1 July 2007	(68)	(72)	(140)
Charge for the year	(148)	(75)	(223)
At 30 June 2008	(216)	(147)	(363)
Charge for the year	(144)	(129)	(273)
Impairment charge	–	(1,062)	(1,062)
At 30 June 2009	(360)	(1,338)	(1,698)
Carrying amount			
At 30 June 2009	6,861	1,376	8,237
At 30 June 2008	7,000	2,052	9,052

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

40 Investments

Details of the Company's and Group's subsidiaries at 30 June 2009 are as follows:

Subsidiary undertaking	Shares held by Company or Group	Principal activity	Ownership interest %	Voting power %
Helphire (UK) Limited	Company	Non-fault accident management	100	100
Helphire Finance Limited	Company	Financing vehicle repairs	100	100
Angel Assistance Limited	Company	Sale of legal expenses insurance	100	100
HHFS Limited	Company	Fleet management	100	100
Helphire Legal Services Limited	Company	Provision of claims handling service	100	100
Helphire EBT (Trustee) Limited	Company	Corporate trustee	100	100
Total Accident Management Limited	Company	Accident management services	100	100
Helphire (Pinesgate Reversion) Limited	Company	Non-trading	100	100
Albany RTA Limited	Company	Holding company	100	100
Albany Group Holdings Limited	Group	Holding company	100	100
Marketstir Limited	Group	Holding company	100	100
Albany Assistance Limited	Group	Uninsured loss recovery	100	100
Albany Vehicle Rentals Limited	Group	Sale of legal expenses insurance	100	100
Swift Rent-A-Car Limited	Company	Vehicle rental	100	100
Swift Finance (GB) Limited	Group	Financing vehicle repairs	100	100
Cab Aid Limited	Company	Vehicle rental	100	100
NFL Cover Limited	Company	Vehicle rental	100	100
Lawyer.com Limited	Company	Legal support services	100	100
QSIT Limited	Company	IT services	100	100
E-Claim Limited	Company	Sale of legal expenses insurance	100	100
Fleet Legal Limited	Company	Accident management services	100	100
Medirep Marketing Limited	Company	Provision of medico-legal reports	100	100
Helphire Spain SL	Company	Accident management services	100	100
E-Register Limited	Company	Non-trading	100	100

All subsidiaries are incorporated in England and Wales and operate in the United Kingdom, with the exception of Helphire Spain SL, which is incorporated and operates in Spain.

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

	£'000
Cost	
At 1 July 2007	73,565
Additions	11,581
At 30 June 2008	85,146
Additions	49,941
At 30 June 2009	135,087
	£'000
Impairment	
At 1 July 2007 and 30 June 2008	5,262
Charge for the year	46,944
At 30 June 2009	52,206
	£'000
Net book value	
At 30 June 2009	82,881
At 30 June 2008	79,884

The Company increased its investment in Helphire (UK) Limited by £50.0m during 2009.

The remaining decrease in investments arose from the accounting for share-based payment credits in respect of subsidiary undertakings.

The impairment loss of £46.9m in 2009 arose from an impairment review of all the Group's investments. The assumptions used in the review are disclosed in note 11. Full provision was also made against various non-trading subsidiaries.

The other investment of £0.3m relates to the Company's investment in Pinesgate Investment Company Limited (a company incorporated in Jersey, Channel Islands).

Notes to the Company financial statements

continued

41 Trade and other receivables

	2009 £'000	2008 £'000
Current		
Amounts owed by subsidiary undertakings	186,965	135,634
Other debtors	36	2,038
Prepayments	1,844	2,189
VAT recoverable	536	172
	189,381	140,033

42 Trade and other payables

	2009 £'000	2008 £'000
Trade payables	921	3,316
Other taxation and social security	325	358
Accruals and deferred income	5,314	5,658
Amounts owed to subsidiary undertakings	31,602	4,613
	38,162	13,945

Trade payables represent amounts payable for goods and services.
The average credit period taken for trade purchases is 29 (2008: 60) days.

43 Borrowings and overdrafts

	2009 £'000	2008 £'000
Bank overdrafts	216	–
Bank loans	101,345	139,013
Loan notes	–	129
	101,561	139,142
The borrowings are repayable as follows:		
On demand or within one year		
Bank overdrafts	216	–
Bank loans	7,509	78,179
Loan notes	–	128
Amount due for settlement within 12 months	7,725	78,307
In the second year		
Bank loans	9,589	–
In the third to fifth years inclusive		
Bank loans	84,247	60,835
Amount due for settlement after 12 months	93,836	60,835

The bank overdraft arose due to unrepresented cheques at 30 June 2009.

Further details relating to borrowings and overdrafts and the applicable interest rates are given in note 18 to the consolidated financial statements. The Directors consider that the fair values of the Group's borrowings was equal to their book value.

44 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008: 28%).

The deferred tax liabilities and assets, and movements thereon, recognised by the Group are set out below:

	(Liability) Accelerated tax depreciation £'000	(Liability) Other £'000	(Liability) Total £'000	Asset Share-based payments £'000
At 1 July 2007	(3)	–	(3)	1,719
Credit to income	(160)	(19)	(179)	(100)
Credit to equity	–	–	–	(1,069)
At 30 June 2008	(163)	(19)	(182)	550
(Charge)/credit to income	163	19	182	(484)
Charge to equity	–	–	–	(66)
At 30 June 2009	–	–	–	–

45 Provisions

The movement in provisions is disclosed in note 19 to the consolidated financial statements.

46 Share capital and share premium account

The movements on these items are disclosed in notes 21 and 22 to the consolidated financial statements.

47 Retained earnings

	£'000
At 1 July 2007	3,671
Profit for the year	13,905
Dividends (note 9)	(16,852)
At 30 June 2008	724
Loss for the year	(22,666)
Dividends (note 9)	(7,918)
Transfer to retained earnings from merger reserve	42,424
At 30 June 2009	12,564

The transfer from merger reserve arose from the redemption of shares as disclosed in the statement of changes in equity on page 68.

48 Equity reserve

	£'000
At 1 July 2007	5,800
Share-based payment charge	2,253
Deferred tax – share-based incentive plan	(1,069)
At 30 June 2008	6,984
Share-based payment credit	(622)
Deferred tax asset on share options	(66)
At 30 June 2009	6,296

49 Hedging reserve

	£'000
At 1 July 2007 and 1 July 2008	–
Loss recognised on cash flow hedge	(292)
At 30 June 2009	(292)

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the income statement only when the hedged transaction impacts the income statement, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

No gains were transferred from equity into profit or loss during the period (2008: £nil).

Notes to the Company financial statements

continued

50 ESOP reserve

	£'000
At 1 July 2007	–
Shares in Helphire Group plc acquired by ESOP	(7,499)
At 30 June 2008 and 30 June 2009	(7,499)

51 Financial instruments

The Company follows the same accounting policies and manages its capital and risks in the same way as the Group. Please refer to note 31 for further details.

The gearing ratio, defined as net debt divided by total capital, was as follows:

	2009 £'000	2008 £'000
Net debt	101,561	138,406
Total shareholders' equity	134,737	77,179
Total capital	236,298	215,585
Gearing ratio	43.0%	64.2%

Net debt is defined as borrowings and overdrafts less cash and cash equivalents.

Categories of financial instruments

	2009 £'000	2008 £'000
Financial assets		
Held to maturity investments	300	300
At amortised cost:		
Amounts owed by subsidiary undertakings	186,965	135,634
Assets held at fair value through profit or loss	–	67
Cash and cash equivalents	–	736
Financial liabilities		
At amortised cost		
Trade payables	921	3,316
Other borrowings and overdrafts	101,561	139,142
Derivative financial instruments	292	–

Financial risk management objectives

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

Interest rate risk management

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

51 Financial instruments continued

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.75% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.75% higher/lower and all other variables were held constant, the Company's profit for the year ended 30 June 2009 would have decreased/increased by £0.3m (2008: £0.4m). This is mainly attributable to the Company's exposure to variable rate borrowings.

Interest rate swap contracts

Under interest rate swaps, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on issued variable rate debt held. The fair value of swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date.

	Average contract fixed interest rate	2009 Notional principal amount £'000	Fair value £'000	Average contract fixed interest rate	2008 Notional principal amount £'000	Fair value
	%			%		£'000
Outstanding 'receive floating pay fixed' contracts						
Less than 1 year	–	–	–	5.52	55,000	203
1 to 2 years	2.37	17,501	(82)	–	128,752	(136)
2 to 5 years	4.38	44,999	(210)	5.68	–	–
5 years +	–	–	–	–	–	–
	2.90	62,500	(292)	5.63	183,752	67

Credit risk management

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

Liquidity risk management

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

Maturity of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. No material interest is expected to accrue on the interest bearing instruments, which represent cash deposits.

	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	5+ years £	Total £
2009						
Non-interest bearing	199,121	–	–	–	300	199,421
	199,121	–	–	–	300	199,421
2008						
Non-interest bearing	135,701	–	–	–	300	136,001
Variable interest rate instruments	736	–	–	–	–	736
	136,437	–	–	–	300	136,737

Notes to the Company financial statements

continued

51 Financial instruments continued

Maturity of financial liabilities

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

	Weighted average effective interest rate %	Less than 1 month £	1-3 months £	3 months to 1 year £	1-5 years £	5+ years £	Total £
2009							
Non-interest bearing	–	32,292	–	–	–	–	32,292
Variable interest rate instruments	5.2	790	3,235	9,554	98,049	–	111,628
		33,082	3,235	9,554	98,049	–	143,920
2008							
Non-interest bearing	–	7,929	–	–	–	–	7,929
Variable interest rate instruments	6.5	70,939	1,110	11,065	68,365	–	151,479
		78,868	1,110	11,065	68,365	–	159,408

Fair value of financial instruments

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at The Registry, Royal Mint Court, London EC3N 4QN on Friday, 27 November 2009 at 11 a.m. for the consideration of the following resolutions, which will be proposed as to resolutions 1 to 11 inclusive as ordinary resolutions and as to resolutions 12 and 13 as special resolutions:

- 1 To receive and adopt the financial statements for the financial year ended 30 June 2009 and receive the Directors' and Auditors' reports.
- 2 To re-elect Richard Rose as a Director.
- 3 To re-elect Martin Ward as a Director.
- 4 To re-elect Ian Wardle as a Director.
- 5 To re-elect Michael Howard QC MP as a Director.
- 6 To re-elect Andrew Cripps as a Director.
- 7 To re-elect Mark McCafferty as a Director.
- 8 To re-elect Avril Palmer-Baunack as a Director.
- 9 To re-appoint Deloitte LLP as auditors to the Company until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the Directors to fix their remuneration.
- 10 To receive, adopt and approve the Directors' remuneration report for the financial year ended 30 June 2009.
- 11 That, (in substitution for any existing authority which is hereby revoked but without prejudice to the validity of any allotment pursuant to such previous authority) the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act') to allot shares in the Company (or grant rights to subscribe for or to convert any security into shares) up to an aggregate nominal value of £5,522,461 to such persons at such times and on such terms as they think proper such authority, unless previously revoked, varied or renewed by the Company in general meeting, shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2010 or, if earlier, 15 months after the date of passing of this resolution, save that the Company may prior to the expiry of such period make an offer or agreement which would or might require shares to be allotted (or rights to subscribe for or to convert any security into shares) after the expiry of the said period and the Directors may allot shares in the Company (or grant rights to subscribe for or to convert any security into shares) in pursuance of such offer or agreement notwithstanding the expiry of the authority given by this resolution.
- 12 That, subject to the passing of resolution 11 above (in substitution for any existing authority which is revoked) but without prejudice to the validity of any allotment pursuant to such authority, the Directors be and are empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 11 as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by this resolution shall be limited to:
 - (a) the allotment of equity securities to the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them and holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary, and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - (b) the allotment of equity securities up to an aggregate nominal value not exceeding £828,370.

This power, unless previously renewed, varied or revoked by the Company in general meeting, shall expire at the end of the next Annual General Meeting of the Company to be held in 2010 or, if earlier, on the date 15 months after the passing of such resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- 13 That with effect from the conclusion of this Annual General Meeting:
 - (a) the articles of association contained in the document produced to the meeting (and signed by the Chairman of the meeting for the purpose of identification) be adopted as the articles of the Company in substitution for, and to the exclusion of, the articles of association of the Company existing immediately prior to that time; and
 - (b) the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as part of the Company's articles of association, including for the avoidance of doubt the objects clause and any provision of the Company's memorandum of association in force immediately before such date as to the amount of authorised share capital, as altered by virtue of any shareholder resolution in force immediately before such date, be removed and revoked.

By order of the Board

Nicholas P Tilley
Company Secretary
1 October 2009

Notice of Annual General Meeting

continued

Notes:

- (i) As at the date of this notice, the issued share capital of the Company was 331,347,667 ordinary shares of 5p each and the total number of voting shares was 331,347,667.
- (ii) Members entitled to attend and vote at the meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy, shareholders should copy the proxy form and indicate on each the number of shares that the proxy is appointed to represent. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, please contact the Shareholder helpline on 0871 664 0300 (from UK: calls cost 10p per minute plus network extras; lines are open 8.30 a.m. – 5.30 p.m. Mon-Fri, or +44 208639 3399 if calling from overseas).
- (iii) To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11 a.m. on 25 November 2009, together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
- (iv) The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph (xiii) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
- (v) If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (vi) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- (vii) A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. The Register of Directors' interests is kept by the Company and will be open for inspection at the meeting.
- (viii) If you appoint a proxy to vote on your behalf at this Annual General Meeting, your voting rights will revert to you at the conclusion of the Annual General Meeting or any adjournment of the Annual General Meeting.
- (ix) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a '**Nominated Person**') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
- (x) The statement of the rights of members in relation to the appointment of proxies in notes (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (xi) To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 6 p.m. on 25 November 2009 (or, in the event of any adjournment, 6 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (xii) If a member attending the meeting puts a question at the meeting which relates to the business being dealt with at the meeting, the Company must cause that question to be answered unless (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information or (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xiii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:
 - (a) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- (b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 - (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (xiv) Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
 - (xv) Information regarding the meeting, including the information required by section 311A of the Act, can be found at www.helphire.co.uk.
 - (xvi) Members representing at least 5% of the total voting rights of members with a right to vote at the meeting (or being at least 100 members with a right to vote at the meeting and holding on average £100 of paid up capital) are entitled under sections 338 and 338A of the Act to require the Company to (a) give notice of a resolution to be moved at the meeting and (b) include a matter in the business to be dealt with at the meeting.
 - (xvii) Copies of all the Directors' service agreements or memoranda of the terms thereof and the Company's amended articles of association and a copy of the existing articles of association will be available for inspection at the Company's registered office during normal business hours on any week day (Saturdays, Sundays and public holidays excluded) and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

Notice of Annual General Meeting

continued

Set out below is an explanation of the Resolutions to be proposed at the Annual General Meeting:

Resolution 1

Resolution 1 will be proposed as an ordinary resolution to receive and adopt the financial statements for the financial year ended 30 June 2009 and receive the Directors' and Auditors' reports. A copy of the Company's financial statements and the Directors' and Auditors' reports are enclosed with this Annual report.

Resolutions 2, 3, 4, 5, 6, 7 and 8

Resolutions 2, 3, 4, 5, 6, 7 and 8 will respectively be proposed as ordinary resolutions to re-elect Richard Rose, Martin Ward, Ian Wardle, Michael Howard QC MP, Andrew Cripps, Mark McCafferty and Avril Palmer-Baunack as directors following their appointment during 2009 and whose biographical details are set out on pages 12 and 13 of the Annual Report.

Resolution 9

Resolution 9 will be proposed as an ordinary resolution to re-appoint Deloitte LLP as Auditors to the Company until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the Directors to fix their remuneration.

Resolution 10

Resolution 10 will, as required by the Directors' Remuneration Report Regulations 2002, be proposed as an ordinary resolution to approve the Directors' remuneration report for the financial year ended 30 June 2009. A copy of the Directors' remuneration report is set out on pages 24 to 33 of this Annual Report.

Resolution 11

Resolution 11 will be proposed as an ordinary resolution to authorise the Directors to allot up to £5,522,461 in nominal amount of the unissued share capital of the Company representing approximately one third of the total issued ordinary share capital of the Company as at 30 September 2009. This authority will expire at the conclusion of the next Annual General Meeting to be held in 2010. The Directors have no present intention of using the authority granted by this resolution for any reason other than to satisfy the exercise of options and allotment of shares under the Company's share based incentive schemes currently in force.

Resolution 12

Resolution 12 will be proposed as a special resolution to empower the Directors to allot ordinary shares in the Company as if the pre-emption provisions of section 561(1) of the Companies Act 2006 (the "Act") did not apply, provided that such power of the Directors is limited to:

- (a) pre-emptive issues or offers, including rights issues and open offers, but with flexibility to deal with fractional entitlements and overseas regulatory problems; and
- (b) allotments of equity securities for cash with a nominal value of up to £828,370 which is equal to approximately 5% of the Company's issued share capital as at 30 September 2009.

This authority will expire at the conclusion of the next Annual General Meeting to be held in 2010.

Resolution 13

Resolution 13 will be proposed as a special resolution to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association primarily to take account of the implementation on 1 October 2009 of the remaining provisions of the Act.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Act and the Companies (Shareholder Rights) Regulations 2009 (which implemented the EU Shareholder Rights Directive) have not been included in the summary below. The New Articles showing all the changes to the Company's existing articles are available for inspection, at the Company's registered office.

Authorised share capital and unissued shares

The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this, as references to the authorised share capital are not included. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

The Company has also elected to approve the removal of the restrictions on the Company's authorised share capital expressly by special resolution as it involves an amendment to the Company's constitution.

Provision for employees on cessation of business

The 2006 Act provides that the powers of the Directors of a company to make provision for a person employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary, may only be exercised by the Directors if they are so authorised by the Company's articles or by the Company in general meeting. The New Articles provide that the Directors may exercise this power.

Resolution 13 continued

Use of seals

A Company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority will no longer be required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the secretary or two Directors or such other person or persons as the Directors may approve.

Suspension of registration of share transfers

The current articles permit the Directors to suspend the registration of transfers. Under the Act share transfers must be registered as soon as practicable. The power in the current articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Power to close register

The Act repeals the existing statutory provision which allows a Company to close the register of members for any time or times not exceeding a total of 30 days per year. The current articles refer to such provision. Accordingly, this provision has been removed from the New Articles.

Notice of board meetings

The current articles contain a provision stating that it shall not be necessary to give notice of a meeting of the Board to any Director for the time being absent from the UK. This article is removed in the New Articles, as modern communications mean there is no particular obstacle to giving notice to a Director who is abroad.

Directors' fees

The current articles include a limit of £200,000 on the aggregate amount that can be paid to Directors in fees without approval by the Company's shareholders. This limit was increased in respect of the last financial year by an ordinary resolution passed at the General Meeting of the Company held on 28 April 2009, however, no authority was given for any subsequent financial year. The New Articles raise the limit on the aggregate amount that can be paid to Directors in fees without approval by the Company's shareholders from £200,000 to £400,000.

Provisions from the memorandum of association

The provisions regarding the operations of the Company are currently set out in the Company's memorandum of association and articles of association. The Act significantly reduces the constitutional significance of a Company's memorandum. The Act provides that from 1 October 2009 it only records the names of the subscribers and the number of shares each subscriber agreed to take in the Company.

Under the Act the objects clause and all other provisions which are currently contained in a Company's memorandum (other than subscriber details) are deemed to be contained in a Company's articles, with effect from 1 October 2009. The Company has decided not to remove these provisions (apart from the provisions as to authorised share capital and the objects clause) and these provisions are therefore now expressly included in the New Articles.

General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles.

Action to be taken

Accompanying this letter is a form of proxy relating to the Resolutions to be proposed at the Annual General Meeting. You are requested to complete, sign and return the form of proxy in accordance with the directions on it as soon as possible, but in any event so as to arrive at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 11 a.m. on 25 November 2009, being two days before the time appointed for the Annual General Meeting. Completion of the form of proxy will not prevent you from attending and voting at the Annual General Meeting if you so wish.

Recommendation

Your Board unanimously believes that the proposals referred to in this letter are in the best interests of shareholders as a whole and, accordingly, recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings.

Yours sincerely

Richard Rose

Chairman

1 October 2009

Shareholder information, financial calendar and advisors

Company enquiries

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

Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Internet

Visit the Company's website at www.helphire.co.uk for:

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

Shareholding enquiries

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

Registered office

Helphire Group plc
Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Company number

03120010

Financial calendar

2009

27 February – Interim results announcement
6 May – Interim management statement
2 October – Final results announcement
November – Interim management statement
27 November – Annual General Meeting

2010

February – Interim results announcement
May – Interim management statement
October – Final results announcement
November – Interim management statement
November – Annual General Meeting

Advisors

Auditors

Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Solicitors

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

Stockbrokers and financial advisors

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EC2R 7AS

Registrars

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Bankers

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Edinburgh
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The Royal Bank of Scotland
3 Temple Back East
Bristol
BS1 6DZ

AIB Group (UK) plc
2 Callaghan Square
Cardiff
CF10 5AZ

HSBC Bank plc
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If you have finished reading this Annual Report and no longer wish to retain it, please pass it on to other interested readers or return it to Helphire Group plc or recycle it. Thank you.

Produced by Royle Financial Print, London.

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