



COMPANY REGISTRATION NUMBER 05052874

NCI VEHICLE RESCUE PLC
ANNUAL REPORT
31 MARCH 2012

Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

NCI VEHICLE RESCUE PLC
ANNUAL REPORT
YEAR ENDED 31 MARCH 2012

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NCI VEHICLE RESCUE PLC
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2012

The Board of Directors	Craig T Duwell (Operations Director) Neil M Richards-Smith (Managing Director) C Richard Jackson MBE (Non-Executive Chairman) Craig Astbury (IT Director) Richard Sharman (Sales Director) Paul M Barrett (Finance Director)
Company Secretary	Alaric McDermott
Principal Place of Business	4 th Floor, Clarendon House Victoria Avenue Harrogate HG1 1JD
Registered office	4 th Floor, Clarendon House Victoria Avenue Harrogate HG1 1JD
Independent Auditor	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Corporate Advisors	Cairn Financial Advisers LLP 38 Bow Lane London EC4M 9AY
Solicitors	Clarions Solicitors Limited Elizabeth House 13-19 Queen Street Leeds LS1 2TW
Bankers	Lloyds TSB Bank PLC 8-11 Cambridge Street Harrogate HG1 1PQ

NCI VEHICLE RESCUE PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2012

Highlights

- Group sales up 126% from £4.58m to £10.37m
- Group turnover (commission and fee income) up c.52% from £2.88m to £4.38m
- Gross profits up from £1.58m to £2.44m, an increase of 54%
- Net profit for the year of £199,447 against a prior year loss of (£10,132)
- Claims reserves strengthened by £111,000 to provide for the possibility of a harsh winter
- Successful conclusion of the business restructuring bringing synergy between all departments

The results for the financial year to 31 March 2012 are very encouraging and reflect the efforts of our team and the improvements in performance that we expected following the restructuring undertaken last year.

During the year, Richard Sharman and Paul Barrett were appointed to the board and have helped the executive team drive the business to achieve this strong set of results. The rapid growth of the business brought with it challenges in handling the extra workload and we are pleased to advise that each division has done well to meet these challenges and the company is in a good position to manage the further growth we anticipate.

We are also pleased to advise that the new relationships we announced in last year's results have flourished, showing good growth which we expect will continue to develop in future periods. A number of new opportunities are in the pipeline and, upon successful conclusion of the negotiations, should provide a further boost to our growth.

Breakdown

Rates charged in the breakdown arena continue to be very competitive, however, we have noticed a reduction in the downward pressure on prices and we have continued to maintain our market share.

During the year under review, the new rating structures that were put in place have allowed more profitable business to be transacted, as forecast.

Additional new contracts have been entered into and are expected to provide a good level of income in future periods. Further, we have also introduced a wholesale opportunity that will provide access to new and additional markets.

Motor Insurance

We advised in last year's statement, that we had signed a new contract with an insurance partner and we are pleased to say that this has proved as successful as we had envisaged and has since become a major part of our plans moving forward. In this period, we have successfully negotiated substantial additional capacity to this contract which will allow us to greatly increase the amount of motor insurance business we are able to transact in the 2012/2013 financial year compared to the prior year.

We do, however, recognise the need to continue to add further contracts to our portfolio and we hope to have some positive news on this later in the year.

Underwriting results on most of our motor accounts look positive and we, as with most of the insurance industry, are hoping that rates continue to be set to make profit. Our strategy is only to underwrite for profit and not to use it as a tool to pursue additional clients at the cost of profitability for our insurance partners.

Pet Insurance

This scheme has done well in its first year with sales approaching £700,000 producing gross commissions of around £275,000. As with any new scheme, we do not see the benefit of the renewal income until the end of the year, in this case being 2012/2013. Should we not receive any renewal income, we will have still made some profit from this new venture and developed our systems so that they support us in adding to our client base and working with new partners. Three new contracts should be starting in the next quarter and we have further developments that will add income in the future periods.

NCI VEHICLE RESCUE PLC

CHAIRMAN'S STATEMENT

YEAR ENDED 31 MARCH 2012

The pet insurance market has seen a number of insurers exit due to unacceptable claims loss ratios. Generally, insurers who sold at reduced rates to capture new clients have found that the premiums collected fell far short of the claims incurred and have since pulled out of this market. The exit of these insurers has had a positive, stabilising effect on the marketplace particularly for providers like NCI that sold at sustainable rates. As we continue to develop our marketing strategy to work with affinity partners, we expect further growth for the Group in this area.

We maintain our view that this product is better marketed off-line to retain good average premiums and protect the insurers against the possibility of high claims levels, however, we also review the situation periodically to check if the on-line landscape has changed and can provide us with profitable business.

Claims Administration

Vehicle Rescue Network has returned to its original fee structure for the claims it administers for Sterling Rock and this has had a positive effect on fee income per claim. Adversely, the number of claims over the winter period is considerably lower than the previous two years, however, this is favourable for Sterling Rock. Existing relationships with external companies on whose behalf we handle claims have continued to strengthen evidenced by an increase in both the volume and the scope of our contracts and we have added further contracts attracting extra income from outside the Group.

Sterling Rock

After two successive extreme winters in the UK, the business has benefitted from the milder winter than average in the review period as fewer periods of severely cold and wet weather reduced the number of claims made. In addition to the reduction of claims, the restructuring of our ratings instigated in 2010/2011 to attract a better risk portfolio is bringing the profit rewards we had envisaged. Claim costs have been controlled well and we have seen good stability throughout 2011/2012.

Despite having had a mild winter in the reporting period, we have increased our reserves by over £100,000 as a prudent precaution against another severe winter in 2012/2013. As stated last year, should the reserves be proven to be excessive these can be released during the year. We are erring on the side of caution following the effect unforeseen weather events had on the previous end of year results.

Outlook

The board is optimistic that there will be a continuation of growth across most sectors of the business throughout 2012/2013. Growth in the motor and pet insurance divisions should be substantial with growth in breakdown and claims services being slower than these divisions but still very meaningful.

Additional Group sales should bring good economies of scale but with rapid growth comes additional challenges. We are putting additional support services in place to ensure growing pains are kept to a minimum and that we are able to efficiently manage the increase in the number of customers. The board also recognises that recruiting and retaining the right staff is increasingly more important and that success in this area is vital as we move into our next stage of development and expansion.

Early indications are that we have had a good start to the year and we will issue a trading statement providing further details in due course.

I would like to take this opportunity to thank our staff for their hard work and to our shareholders for their continued support.

C Richard Jackson MBE DL
Chairman
5 September 2012

NCI VEHICLE RESCUE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was that of a holding company.

The principal activities of the group are the provision of vehicle breakdown services and insurance services.

A review of the group's activities and performance for the year and its prospects for 2012 to 2013 is contained in the chairman's statement in pages 2 and 3.

FUTURE DEVELOPMENTS

A review of the business and future prospects is set out in the chairman's statement on pages 2 and 3.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £199,447. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in note 19 to the accounts.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £0.01 each	
	At	At
	31 March 2012	1 April 2011
Craig Duwell	2,500,000	2,500,000
Neil Richards-Smith	2,500,000	2,500,000
Richard Sharman	493,333	—
C Richard Jackson	239,500	179,500
Craig Astbury	33,000	33,000
Paul Barrett	—	—

Richard Sharman was appointed as a director on 6 September 2011.

Paul Barrett was appointed as a director on 6 September 2011.

SUBSTANTIAL SHAREHOLDINGS

As at 31 March 2012, the directors were aware of the following shareholdings in excess of 3% in the company's issued share capital.

	Number of ordinary shares	Percent of issued ordinary share capital
Craig Duwell	2,500,000	24.25
Neil Richards-Smith	2,500,000	24.25
Woodland Capital Limited	699,999	6.79
Cardale Nominees Limited	587,743	5.70
Pershing Nominees Limited	573,499	5.56
Giltspur Nominees Limited	525,000	5.09
Richard Sharman	493,333	4.78
T Larman	433,333	4.20

NCI VEHICLE RESCUE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

DIRECTORS

The Board comprises:

Craig Duwell, Operations Director

Craig began his career in 1989 at Swinton Insurance in a junior position progressing to sales advisor trained on all aspects of insurance products sold by the company. Craig joined the Batley branch in 1991 as Assistant Manager. In 1992 he became a relief manager servicing several branches within the Yorkshire area. In 1993 Craig joined Swire Renshaw as a sales advisor within the Hondacare motor insurance division selling motor insurance to Honda owners. He became team leader in 1994 and Section Head of the Hondacare Insurance Advisers in 1995 responsible for 19 advisors. In 1996 he was selected to head Swire Renshaw's direct arm as the company branched out into a new market. He was later promoted to the business development department to work alongside Mr Richards-Smith in developing the First Secure brand. Craig left Swire Renshaw in March 2000 to set up NCI Consultants with Neil Richards-Smith.

Neil Richards-Smith, Managing Director

Neil began work in 1986 as an office junior at Swinton Insurance and quickly progressed through the positions of Office Clerk, Assistant Manager of the Leeds city centre branch to become the Manager of the Thornaby branch of Swinton. With nine staff, Neil ensured the smooth running and profitability of the branch, staff training, promotion, recruitment and disciplinary procedures. In 1993 Neil joined Swire Renshaw as an area sales representative promoting motor manufacturer insurance schemes throughout the dealer networks for Honda cars, Honda bikes and Daihatsu cars. Neil was also responsible for presentations to the manufacturers and dealer conferences. In 1996 Neil became a Commercial Account Executive responsible for producing new commercial clients for Swire Renshaw and servicing existing policyholders with medium sized insurance policies. Neil was promoted to First Secure Development Manager in 1998 responsible for running the department and controlling the staff schedule of dealer visits, dealing with manufacturers and principals of the existing insurance schemes as well as the capture of new schemes to grow the portfolio of affinity and manufacturer schemes. Neil left Swire Renshaw in March 2000 to set up NCI Consultants with Craig Duwell.

Craig Astbury, IT Director

Craig joined NCI Vehicle Rescue PLC in October 2008 as head of group IT. Prior to joining the company, Craig spent 4 years at Wonder Media Ltd as IT director where he worked as a consultant for a number of Insurance Brokers.

C Richard Jackson MBE, Non-Executive Chairman

Richard is a Yorkshire-based businessman and entrepreneur. His business life has been spent in clothing manufacturing and retailing, motor retail of both volume and specialist vehicles and more recently in the healthcare sector.

Richard Sharman, Sales Director

Richard joined the Board as Sales Director and is responsible for sales across all divisions and products. Richard has over twenty years' experience in the industry and brings significant knowledge to the group as head of the sales division.

Paul Barrett BA FCA, Finance Director

Paul joined the Board, as Finance Director. He worked at KPMG, where he specialised in insurance and SMEs. After leaving KPMG, Paul worked for Bradford Pennine Insurance (a subsidiary of Sun Alliance) as Finance Manager. After working for the UK subsidiaries of large European corporates, he was appointed Finance Director of a local insurance broker in 2008 of which he remains a director.

NCI VEHICLE RESCUE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

FINANCIAL RISK MANAGEMENT

The group has a simple capital structure and its principal financial asset is cash. The group has no material exposure to market risk or currency risk, and the directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

POLICY ON THE PAYMENT OF CREDITORS

The group's policy is to pay all creditors in accordance with contractual and legal obligations. Advantage is taken of available discounts for prompt payment whenever possible.

The rate, expressed in days, between the amounts invoiced to the group by its suppliers in the year and the amount owing to trade and other creditors at the year end was 28 days (2011: 52 days).

CORPORATE GOVERNANCE

The company's shares are traded on the PLUS-quoted Market. PLUS-quoted is a market operated by PLUS Stock Exchanges PLC incorporating a primary market for the shares of small and medium companies (known as PLUS-quoted securities). PLUS-quoted securities are not listed and the market is not classified as a regulated market under EU financial services law.

INTERNAL CONTROL

The directors acknowledge their responsibilities for the group's system of internal control. The board considers major business and financial risks. All strategic decisions are made by the board. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the systems for internal control established within the group are appropriate to the business.

AUDIT COMMITTEE

The company has an audit committee which meets at least twice each year, comprising the directors and non-executive director of the company. The audit committee is responsible for ensuring that the group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The audit committee meets once a year with the auditors, without executive board members being present.

REMUNERATION COMMITTEE

The company has established a remuneration committee which is responsible for reviewing the performance of the executive directors, setting their remuneration, considering the grant of the options under any share option scheme and in particular the price per share and the application of performance standards which may apply to any such grant.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the company, its cashflows and liquidity position are disclosed within these financial statements. Note 19 to the financial statements include the company's objectives for managing its capital, interest and currency risks and its financial risk management.

The company has considerable resource and the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial accounts.

DIRECTORS' RESPONSIBILITIES

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

NCI VEHICLE RESCUE PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

Company law requires directors to prepare financial statements for each year. Under that law,

directors have elected to prepare group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the group and company and the profit and loss of the group for that year. In preparing those financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DONATIONS

The company made no charitable donations during the year. There were no political donations.

AUDITOR

Littlejohn LLP has signified its willingness to continue in office as auditor.

Registered office:
4th Floor, Clarendon House
Victoria Avenue
Harrogate
HG1 1JD

Signed by order of the Directors

NEIL RICHARDS-SMITH
Director

Approved by the Directors on 5 September 2012.

NCI VEHICLE RESCUE PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NCI VEHICLE RESCUE PLC
YEAR ENDED 31 MARCH 2012

We have audited the group and parent company financial statements ("the financial statements") of NCI Vehicle Rescue Plc for the year ended 31 March 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 & 7, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent company's affairs as at 31 March 2012 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NCI VEHICLE RESCUE PLC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NCI VEHICLE RESCUE PLC
YEAR ENDED 31 MARCH 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

DAVID ROBERTS (Senior Statutory Auditor)
For and on behalf of
LITTLEJOHN LLP
Statutory Auditor

5 September 2012

1 Westferry Circus
Canary Wharf
London
E14 4HD

NCI VEHICLE RESCUE PLC
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
GROUP TURNOVER	2	4,375,638	2,880,267
Cost of sales		<u>(1,934,980)</u>	<u>(1,305,216)</u>
GROSS PROFIT		2,440,658	1,575,051
Distribution costs		(94,512)	(123,858)
Administrative expenses		(2,098,887)	(1,467,945)
Other operating income	3	4,808	5,344
OPERATING PROFIT / (LOSS)	4	252,067	(11,408)
Interest receivable		720	4,456
Interest payable and similar charges	7	(883)	(1,441)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		251,904	(8,393)
Tax on profit / (loss) on ordinary activities	8	(52,457)	(1,739)
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		199,447	(10,132)
ATTRIBUTABLE TO:			
Equity shareholders of the company		154,762	4,526
Minority interests		44,685	(14,658)
		<u>199,447</u>	<u>(10,132)</u>
EARNINGS PER SHARE			
Basic earnings per share	24	2.0p	(0.1)p
Diluted earnings per share	24	1.9p	(0.1)p

All of the activities of the Group are classed as continuing.

The notes on pages 15 to 30 form part of these financial statements.

NCI VEHICLE RESCUE PLC
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Profit / (Loss) for the financial year attributable to the shareholders of the parent company		199,447	(10,132)
Total recognised gains and losses relating to the year		199,447	(10,132)
Prior year adjustment	11	-	(231,458)
Total gains and losses recognised since the last financial statements		199,447	(241,590)

The notes on pages 15 to 30 form part of these financial statements.

NCI VEHICLE RESCUE PLC

GROUP BALANCE SHEET

31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	12	141,863	31,752
Tangible assets	13	126,242	103,419
Investments	14	250,000	–
		518,105	135,171
CURRENT ASSETS			
Debtors	15	689,324	236,792
Cash at bank and in hand		972,099	778,158
		1,661,423	1,014,950
CREDITORS: Amounts falling due within one year	17	(1,431,300)	(746,624)
NET CURRENT ASSETS		230,123	268,326
TOTAL ASSETS LESS CURRENT LIABILITIES		748,228	403,497
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	(21,291)	(10,589)
		726,937	392,908
CAPITAL AND RESERVES			
Called-up equity share capital	23	103,100	98,167
Share premium account	25	636,282	493,215
Share options reserve	25	40,647	24,280
Profit and loss account	25	(53,092)	(207,377)
SHAREHOLDERS' FUNDS	26	726,937	408,285
Minority interest		–	(15,377)
TOTAL CAPITAL EMPLOYED	26	726,937	392,908

These financial statements were approved by the directors and authorised for issue by the board on 5 September 2012 and are signed on their behalf by:

CRAIG DUWELL

NEIL RICHARDS-SMITH

Company Registration Number: 05052874

The notes on pages 15 to 30 form part of these financial statements.

NCI VEHICLE RESCUE PLC

BALANCE SHEET

31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	13	54,684	57,325
Investments	14	463,003	65,003
		<u>517,687</u>	<u>122,328</u>
CURRENT ASSETS			
Debtors	15	460,627	556,645
Cash at bank and in hand		173,419	102,470
		<u>634,046</u>	<u>659,115</u>
CREDITORS: Amounts falling due within one year	17	(283,775)	(35,320)
NET CURRENT ASSETS		<u>350,271</u>	<u>623,795</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>867,958</u>	<u>746,123</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	16	(4,054)	(3,476)
		<u>863,904</u>	<u>742,647</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	103,100	98,167
Share premium account	25	636,282	493,215
Share options reserve	25	40,647	24,280
Profit and loss account	25	83,875	126,985
SHAREHOLDERS' FUNDS	26	<u>863,904</u>	<u>742,647</u>

These financial statements were approved by the directors and authorised for issue by the board on 5 September 2012 and are signed on their behalf by:

CRAIG DUWELL

NEIL RICHARDS-SMITH

Company Registration Number: 05052874

The notes on pages 15 to 30 form part of these financial statements.

NCI VEHICLE RESCUE PLC
GROUP CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	27	450,818	(14,754)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27	(163)	3,015
TAXATION	27	55,013	(69,885)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27	(321,207)	(38,006)
EQUITY DIVIDENDS PAID		–	(49,083)
CASH INFLOW / (OUTFLOW) BEFORE FINANCING		184,461	(168,713)
FINANCING	27	14,433	(8,313)
INCREASE / (DECREASE) IN CASH	27	198,894	(177,026)

The notes on pages 15 to 30 form part of these financial statements.

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention, except where noted below, and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its expected useful life from the year of acquisition. The results of companies acquired or disposed of are included in the consolidated profit and loss account after or up to the date that control passes respectively. Profits or losses on intra group transactions are eliminated on consolidation.

Related parties transactions

The company is a parent company with four subsidiary companies NCI Consultants Limited, NCI Insurance Services Limited, Vehicle Rescue Network Limited and Sterling Rock Limited.

NCI Consultants Limited, Vehicle Rescue Network Limited, NCI Insurance Services Limited and Sterling Rock Limited are wholly-owned subsidiaries, following the acquisition of the remaining 25% share capital of NCI Insurance Services Limited on the 31 October 2011.

Turnover

Turnover is derived from ordinary activities, stated net of VAT and comprises sale of vehicle breakdown assistance contracts and commissions due on insurance policies sold during the year.

Cost of sales

Cost of sales is the total of amounts paid or payable in respect of breakdown assistance obligations, including an estimate of the future amounts payable under assistance contracts in force at the year end.

Goodwill and Amortisation

Goodwill is the difference between amounts paid in the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

In accordance with financial reporting standard numbers 10 and 11, the carrying value of goodwill is reviewed where there are indications of impairment, on the basis stipulated in financial reporting standard 11, and adjusted to its recoverable amount.

Goodwill is being amortised over its useful life of 20 years on a straight line basis.

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

Tangible fixed assets

Tangible fixed assets are held at historical cost net of depreciation and provisions for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Improvements to leasehold property	- Over the period of the lease
Motor vehicles	- 25% reducing balance
Equipment	- 25% reducing balance
Website development	- 5 years

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the consolidated profit and loss account on a straight line basis.

Taxation

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

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

Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

Share based payments

The company has adopted FRS 20 Share Based Payments in respect of the current accounting period. The fair value of supplier warrants is recognised as an expense within the profit and loss account with a corresponding increase in equity. The fair value is measured at the grant date and charged against profit when the services are received.

The fair value is measured using the Blacks Scholes pricing model, taking into account the terms and conditions upon which the warrants were granted.

Financial instruments

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investments are derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Trade and other debtors

Trade and other debtors are recognised and carried forward at amounts receivable less provisions for any doubtful debts. Bad debts are written off when identified as such.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the Group.
An analysis of turnover is given below:

	2012	2011
	£	£
United Kingdom	4,375,638	2,880,267
	<u> </u>	<u> </u>

SEGMENTAL ANALYSIS

Class of Business :	Vehicle Rescue		Insurance		Group	
	2012	2011	2012	2011	2012	2011
	£	£	£	£	£	£
Turnover	2,468,629	2,394,637	1,906,109	485,630	4,375,638	2,880,267
Profit / (loss) on ordinary activities before taxation	(137,234)	61,913	439,773	(62,081)	251,904	(8,393)
Segment net assets / (liabilities)	(396,741)	(256,887)	330,912	(59,600)	721,937	392,908

3. OTHER OPERATING INCOME

	2012	2011
	£	£
Other operating income	4,808	5,344
	<u> </u>	<u> </u>

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging:

	2012	2011
	£	£
Amortisation	8,104	2,443
Depreciation of owned fixed assets	37,590	37,660
Loss on disposal of fixed assets	10,794	3,524
Auditor's remuneration		
- as auditor	26,800	20,190
Operating lease rentals payable	57,400	57,400
	<u> </u>	<u> </u>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2012	2011
	No	No
Number of administrative staff	48	31
Number of management staff	4	4
	<u>52</u>	<u>35</u>
	<u><u>52</u></u>	<u><u>35</u></u>

The aggregate payroll costs of the above were:

	2012	2011
	£	£
Wages and salaries	1,133,449	787,716
Social security costs	101,510	73,504
	<u>1,234,959</u>	<u>861,220</u>
	<u><u>1,234,959</u></u>	<u><u>861,220</u></u>

6. DIRECTORS' EMOLUMENTS

The Directors' aggregate emoluments in respect of qualifying services were:

	2012	2011
	£	£
Emoluments receivable	349,015	265,375
	<u>349,015</u>	<u>265,375</u>
	<u><u>349,015</u></u>	<u><u>265,375</u></u>

Remuneration of highest paid director:

	2012	2011
	£	£
Total remuneration (including benefits in kind)	107,007	100,374
	<u>107,007</u>	<u>100,374</u>
	<u><u>107,007</u></u>	<u><u>100,374</u></u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable on bank borrowing	883	1,296
Finance charges	–	145
	<u>883</u>	<u>1,441</u>
	<u><u>883</u></u>	<u><u>1,441</u></u>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 26% (2011 – 28%)	42,246	10,120
Over provision in prior year	(491)	(6,087)
Total current tax	<u>41,755</u>	<u>4,033</u>
Deferred tax:		
Origination and reversal of timing differences (note 16)	10,702	(2,294)
Total current tax	<u>52,457</u>	<u>1,739</u>

(b) Factors affecting current tax charge

The tax assessed on the profit / (loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 - 28%).

	2012	2011
	£	£
Profit / (loss) on ordinary activities before taxation	<u>251,904</u>	<u>(8,393)</u>
Profit / (loss) on ordinary activities at standard rate of tax	65,495	(2,350)
Expenses not deductible for tax purposes	3,507	4,227
Capital allowances for period in excess of depreciation	(8,644)	5,127
Group relief	–	(2,931)
Rate difference	(4,216)	(1,348)
Losses utilised	(18,643)	–
Other reconciling items	4,256	1,308
Total current tax (note 8(a))	<u>41,755</u>	<u>4,033</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006 the profit and loss of the parent company is not presented as part of these financial statements.

The loss dealt with in the financial statements of the parent company was £(43,110) (2011 - profit £137,730).

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

10. DIVIDENDS

Equity dividends	2012	2011
	£	£
Paid		
Equity dividends	–	49,083
	<u> </u>	<u> </u>

11. PRIOR YEAR ADJUSTMENT

Last year a prior year adjustment was included in the 2011 accounts for the group. This adjustment was in respect of additional costs within one of the group's subsidiary companies, Sterling Rock Limited. The group identified an increase in a provision of £290,000, which should have been accounted for in 2010. This related to costs not provided for in relation to potential claims from policies, which commenced during 2010.

In view of the size and nature of the adjustment, there was also a reduction in the group's corporation tax charge in 2011 of £58,542.

12. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
COST	
At 1 April 2011	48,853
Additions	118,215
At 31 March 2012	<u>167,068</u>
 AMORTISATION	
At 1 April 2011	17,101
Charge for the year	8,104
At 31 March 2012	<u>25,205</u>
 NET BOOK VALUE	
At 31 March 2012	<u>141,863</u>
At 31 March 2011	<u>31,752</u>

Goodwill arises from the acquisition of NCI Consultants Limited and the purchase of the remaining 25% share capital of NCI Insurance Services Limited. The goodwill is being amortised evenly over the directors' estimate of its expected useful life of 20 years.

There were no fair value adjustments in respect of the remaining 25% share capital purchased in NCI Insurance Services Limited. The company purchased the remaining share capital in this company for £148,000.

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

13. TANGIBLE FIXED ASSETS

Group	Improvements to Leasehold Property £	Website Development £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 April 2011	41,034	37,910	28,818	105,793	213,555
Additions	2,500	49,800	–	19,111	71,411
Disposals	–	–	(21,700)	(3,307)	(25,007)
At 31 March 2012	43,534	87,710	7,118	121,597	259,959
DEPRECIATION					
At 1 April 2011	8,207	23,240	19,698	58,991	110,136
Charge for the year	8,248	10,392	182	18,768	37,590
On disposals	–	–	(13,308)	(701)	(14,009)
At 31 March 2012	16,455	33,632	6,572	77,058	133,717
NET BOOK VALUE					
At 31 March 2012	27,079	54,078	546	44,539	126,242
At 31 March 2011	32,827	14,670	9,120	46,802	103,419

Company	Improvements to Leasehold Property £	Motor Vehicles £	Equipment £	Total £
COST				
At 1 April 2011	41,034	7,460	31,948	80,442
Additions	2,500	–	19,111	21,611
Disposals	–	(7,460)	(3,307)	(10,767)
At 31 March 2012	43,534	–	47,752	91,286
DEPRECIATION				
At 1 April 2011	8,207	3,264	11,646	23,117
Charge for the year	8,248	–	9,202	17,450
On disposals	–	(3,264)	(701)	(3,965)
At 31 March 2012	16,455	–	20,147	36,602
NET BOOK VALUE				
At 31 March 2012	27,079	–	27,605	54,684
At 31 March 2011	32,827	4,196	20,302	57,325

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

14. INVESTMENTS

Group				Other Investments £	
COST					
Additions				250,000	
At 31 March 2012				250,000	
NET BOOK VALUE					
At 31 March 2012				250,000	
At 31 March 2011				-	
Company	Investment in Group Undertaking £	Other Investments £			Total £
COST					
At 1 April 2011	65,003	-			65,003
Additions	148,000	250,000			398,000
At 31 March 2012	213,003	250,000			463,003
NET BOOK VALUE					
At 31 March 2012	213,003	250,000			463,003
At 31 March 2011	65,003	-			65,003

The company acquired the remaining 25% share capital of NCI Insurance Services Limited on the 31 October 2011. The companies listed below are all 100% subsidiaries of NCI Vehicle Rescue PLC.

During the year, the company together with its strategic partners set up a vehicle to purchase preference shares in Enterprise Insurance PLC, creating additional insurance capacity for the Group. NCI invested a total of £250,000 and will benefit from any profits from this investment in future periods.

Subsidiary undertakings	Holding	Proportion of voting rights and shares held	Nature of business
All held by the company:			
NCI Consultants Limited	Ordinary shares	100%	Vehicle Rescue
NCI Insurance Services Limited	Ordinary shares	100%	Insurance Broking
Vehicle Rescue Network Limited	Ordinary shares	100%	Vehicle Rescue
Sterling Rock Limited	Ordinary shares	100%	Vehicle Rescue

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

15. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	606,095	125,405	296	2,549
Amounts owed by group undertakings	–	–	432,679	531,889
Corporation tax repayable	–	54,522	–	–
Other debtors	5,682	5,686	–	–
Directors current accounts	2,357	1,309	999	–
Prepayments and accrued income	75,190	49,870	26,653	22,207
	689,324	236,792	460,627	556,645

The directors benefited from overdrawn loan accounts during the year. At the year end, Mr N Richards-Smith owed £2,079 (2011 - £1,309), Mr C Duwell owed £122 (2011 - £nil) and Mr R Sharman owed £156 (2011 - £nil). There was no interest charged on these overdrawn accounts.

16. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Provision / (asset) brought forward	10,589	12,883	3,476	(3,011)
Increase / (decrease) in provision (note 8)	10,702	(2,294)	578	6,487
Provision carried forward	21,291	10,589	4,054	3,476

The group's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	28,086	–	21,858	–
Tax losses available	(6,795)	–	(11,269)	(20,077)
	21,291	–	10,589	(20,077)

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

16. DEFERRED TAXATION *(continued)*

The company's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	10,849	–	10,794	–
Tax losses available	(6,795)	–	(7,318)	–
	<u>4,054</u>	<u>–</u>	<u>3,476</u>	<u>–</u>

17. CREDITORS: Amounts falling due within one year

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank overdraft	–	4,953	–	–
Trade creditors	639,168	217,677	28,955	5,784
Amounts owed to group undertakings	–	–	184,115	–
Directors' loan account	–	–	–	49
Other creditors including taxation and social security:				
Corporation tax	42,246	–	–	–
PAYE and social security	71,240	49,135	18,541	18,129
Other creditors	29,228	14,795	5,698	4,315
Accruals and deferred income	649,418	460,064	46,466	7,043
	<u>1,431,300</u>	<u>746,624</u>	<u>283,775</u>	<u>35,320</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank overdraft	–	4,953	–	–

18. SHARE-BASED PAYMENTS

On 11 November 2009, 233,333 share options were granted to the directors and on the 24 March 2010, 50,000 share options were granted to the chairman, Mr R Jackson.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Grant Date	Expiry Date	No. of Ordinary Shares and Price		Total
		29.5p	30.0p	
11 Nov 2009	11 Nov 2019	233,333	–	233,333
24 Mar 2010	24 Mar 2020	–	50,000	50,000
		<u>233,333</u>	<u>50,000</u>	<u>283,333</u>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

18. SHARE-BASED PAYMENTS *(continued)*

These options have been valued, using the Black Scholes method, using the following assumptions:

Number of instruments granted	233,333	50,000
Grant date	11 Nov 2009	23 March 2010
Expiry dated	11 Nov 2019	23 March 2020
Contract term (years)	10	10
Exercise price	29.5p	30p
Share price at granting	30.5p	34.5p
Annual risk free rate (%)	2%	2%
Annual expected dividend yield (%)	0%	0%
Volatility	50%	50%
Fair value per grant instrument	18.91p	22.14p

The company recognised a charge to expenses of £16,367 (2011: £18,075) relating to equity-settled share-based payment transactions during the year.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group has a simple capital structure and its principal financial asset is cash.

In addition, various other financial assets and liabilities (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

The group has no material exposure to market risk or currency risk.

The group monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations.

20. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as set out below.

Group and Company	Land and buildings	
	2012	2011
	£	£
Operating leases which expire:		
Within 1 year	26,705	–
Within 2 to 5 years	72,408	57,400
	99,113	57,400
	<u><u>99,113</u></u>	<u><u>57,400</u></u>

21. TRANSACTIONS WITH THE DIRECTORS

During the year the company paid expenses totaling £1,188 on behalf of the directors. At the year end the directors loan accounts were £2,357 (2011: £1,309) overdrawn. Subsequent repayments are scheduled to reduce the balance to nil.

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

21. TRANSACTIONS WITH THE DIRECTORS *(continued)*

The directors benefited from overdrawn loan accounts during the year. At the year end, Mr N Richards-Smith owed £2,079 (2011 - £1,309), Mr C Duwell owed £122 (2011 - £nil) and Mr R Sharman owed £156 (2011 - £nil). There was no interest charged on these overdrawn accounts

22. RELATED PARTY TRANSACTIONS

The group was under the control of the directors throughout the current and previous year. Mr N Richards-Smith, Mr C Duwell, Mr C Astbury and Mr R Sharman are the managing, operations, IT and sales directors and together in aggregate the majority shareholders.

The company has claimed the exemption available under Financial Reporting Standard 8 "Related Party Disclosures", from disclosing transactions with other Group entities where all subsidiaries that are party to the transaction are wholly owned by a member of the Group.

During the year the parent company recharged the costs of various management charges to all subsidiaries, on consolidation all management charges have been reversed apart from the VAT element on the management charge to NCI Insurance Services Limited. This is due to NCI Insurance Services Limited being exempt from VAT and therefore unable to recover the relevant amounts.

Within the year the parent company invoiced NCI Insurance Services Limited to 31 October 2011 £178,564 (2011: £90,008) in respect of these management charges. At the 31 October 2011, NCI Insurance Services Limited owed the parent company £25,374 (2011: £34,414).

23. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £0.01 each	10,309,998	103,100	9,816,665	98,167
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the year the company issued 493,333 ordinary £0.01 shares, a nominal value of £4,933 for the consideration of £148,000.

24. EARNINGS PER SHARE

The earnings per share is based upon a profit of £199,447 (2011: loss £10,132) and the weighted average number of shares of 10,022,220 (2011: 9,816,665).

The diluted earnings per share is based upon a profit of £199,447 (2011: loss £10,132) and on 10,305,553 (2011: 10,099,998) ordinary shares calculated as follows:

	2012	2011
	No.	No.
Basic weighted average number of ordinary shares	10,022,220	9,816,665
Dilutive potential ordinary shares:		
Employee share options	283,333	283,333
	<u>10,305,553</u>	<u>10,099,998</u>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

25. RESERVES

Group	Share premium account £	Share options reserve £	Profit and loss account £
Balance as at 1 April 2011	493,215	24,280	(207,377)
Profit for the year	–	–	154,762
Adjustment to minority interest	–	–	(477)
Recognition of equity-settled share-based payments in the year	–	16,367	–
New equity share capital subscribed	143,067	–	–
	<u>636,282</u>	<u>40,647</u>	<u>(53,092)</u>
Balance as at 31 March 2012	<u>636,282</u>	<u>40,647</u>	<u>(53,092)</u>

Company	Share premium account £	Share options reserve £	Profit and loss account £
Balance as at 1 April 2011	493,215	24,280	126,985
Loss for the year	–	–	(43,110)
New equity share capital subscribed	143,067	–	–
Recognition of equity-settled share-based payments in the year	–	16,367	–
	<u>636,282</u>	<u>40,647</u>	<u>83,875</u>
Balance as at 31 March 2012	<u>636,282</u>	<u>40,647</u>	<u>83,875</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2012 £	2011 £
Profit for the financial year	154,762	4,526
New ordinary share capital subscribed	4,933	–
Premium on new share capital subscribed	143,067	–
Equity dividends (note 10)	–	(49,083)
Adjustment to minority interest	(477)	–
Recognition of equity-settled share-based payments in the year	16,367	18,075
	<u>318,652</u>	<u>(26,482)</u>
Net addition / (reduction) to shareholders' funds	318,652	(26,482)
Opening shareholders' funds (as previously reported)	408,285	666,225
Prior year adjustment (see note 11)	–	(231,458)
	<u>726,937</u>	<u>408,285</u>
Closing shareholders' funds	<u>726,937</u>	<u>408,285</u>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS *(continued)*

Company	2012	2011
	£	£
(Loss) / profit for the financial year	(43,110)	137,730
New equity share capital subscribed	4,933	–
Premium on new share capital subscribed	143,067	–
Equity dividends (note 10)	–	(49,083)
Recognition of equity-settled share-based payments in the year	16,367	18,075
	<hr/>	<hr/>
Net addition to shareholders' funds	121,257	106,722
Opening shareholders' funds	742,647	635,925
	<hr/>	<hr/>
Closing shareholders' funds	863,904	742,647
	<hr/> <hr/>	<hr/> <hr/>

27. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Operating profit / (loss)	252,067	(11,408)
Amortisation	8,104	2,443
Depreciation	37,590	37,660
Loss on disposal of fixed assets	10,794	3,524
(Increase) / decrease in debtors	(507,054)	15,404
Increase / (decrease) in creditors	632,950	(80,452)
Salary costs (non cash) in respect of share based payments	16,367	18,075
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	450,818	(14,754)
	<hr/> <hr/>	<hr/> <hr/>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012	2011
	£	£
Interest received	720	4,456
Interest paid	(883)	(1,296)
Interest element of hire purchase	–	(145)
	<hr/>	<hr/>
Net cash (outflow) / inflow from returns on investments and servicing of finance	(163)	3,015
	<hr/> <hr/>	<hr/> <hr/>

TAXATION

	2012	2011
	£	£
Taxation	55,013	(69,885)
	<hr/> <hr/>	<hr/> <hr/>

NCI VEHICLE RESCUE PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

CAPITAL EXPENDITURE

	2012	2011
	£	£
Payments to acquire tangible fixed assets	(71,411)	(41,192)
Acquisition of fixed asset investments	(250,000)	–
Receipts from sale of fixed assets	204	3,186
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure	<u><u>(321,207)</u></u>	<u><u>(38,006)</u></u>

FINANCING

	2012	2011
	£	£
Net inflow from other short-term creditors	14,433	2,209
Capital element of hire purchase	–	(10,522)
	<u> </u>	<u> </u>
Net cash inflow / (outflow) from financing	<u><u>14,433</u></u>	<u><u>(8,313)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012	2011
	£	£
Increase / (decrease) in cash in the year	198,894	(177,026)
Net inflow from other short-term creditors	(14,433)	(2,209)
Cash outflow in respect of hire purchase	–	10,522
	<u> </u>	<u> </u>
Change in net funds	184,461	(168,713)
Net funds at 1 April 2011	758,410	927,123
	<u> </u>	<u> </u>
Net funds at 31 March 2012	<u><u>942,871</u></u>	<u><u>758,410</u></u>

ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash flows	At
	1 Apr 2011	£	31 Mar 2012
	£	£	£
Net cash:			
Cash in hand and at bank	773,205	198,894	972,099
	<u> </u>	<u> </u>	<u> </u>
Debt:			
Debt due within 1 year	(14,795)	(14,433)	(29,228)
	<u> </u>	<u> </u>	<u> </u>
Net funds	<u><u>758,410</u></u>	<u><u>184,461</u></u>	<u><u>942,871</u></u>