

REGISTERED NUMBER. 06836625 (England and Wales)

**Strategic Report, Director's Report and**  
**Unaudited Financial Statements for the 18 Month Period 1 January 2014 to 30 June 2015**  
**for**  
**Recover Healthcare Limited**

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**for the 18 Month Period 1 January 2014 to 30 June 2015**

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**Recover Healthcare Limited**

**Company Information**  
**for the 18 Month Period 1 January 2014 to 30 June 2015**

<b>DIRECTOR:</b>	Mr K J Fowle
<b>SECRETARY:</b>	Ms K Morrison
<b>REGISTERED OFFICE:</b>	50-52 Chencery Lane London WC2A1HL
<b>REGISTERED NUMBER:</b>	06836625 (England and Wales)

**Strategic Report**  
**for the 18 Month Period 1 January 2014 to 30 June 2015**

The director presents his strategic report for the period 1 January 2014 to 30 June 2015. The comparative period is for the year to 31 December 2013.

**BUSINESS REVIEW**

The principal activities of the company are the provision of rehabilitation services to the insurance industry and legal fraternity, together with the provision of occupational health services to industry in general.

The director presents their report of the unaudited financial statements for the year ended 30 June 2015. The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

On 29 May 2015 the company was acquired by Slater & Gordon (UK) 1 Ltd, a subsidiary of Slater & Gordon Ltd.

**DIVIDENDS**

The director does not recommend the payment of a dividend (2013 £nil).

**DIRECTORS**

KJ Fowle (Appointed 29 May 2015)  
RM Fielding (Appointed 18 September 2014, resigned 17 September 2015)  
P Laithwaite (Resigned 18 September 2014)  
L Moore (Appointed 18 September 2014, resigned 29 May 2015)  
RS Terry (Appointed 18 September 2014, resigned 25 November 2014)

**GOING CONCERN**

As at 30 June 2015, the company had cash of £219,938, as well as access to significant banking facilities provided by the wider Slater & Gordon Group. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the director. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements, as discussed in more detail in Note 2.

**DIRECTOR'S RESPONSIBILITIES STATEMENT**

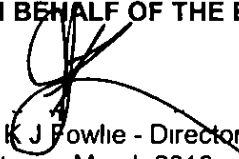
The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless he is 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, the director is required to

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**ON BEHALF OF THE BOARD.**

  
Mr K J Fowle - Director  
Date 31 March 2016

**Statement of Comprehensive Income  
for the 18 Month Period 1 January 2014 to 30 June 2015**

	Notes	Period 1 1.14 to 30 6.15 £	Year Ended 31 12 13 £
<b>CONTINUING OPERATIONS</b>			
Revenue		2,765,090	4,417,766
Cost of sales		<u>(3,047,532)</u>	<u>(3,198,711)</u>
<b>GROSS PROFIT</b>		(282,442)	1,219,055
Administrative expenses		<u>(873,700)</u>	<u>(263,358)</u>
<b>OPERATING (LOSS)/PROFIT</b>		(1,156,142)	955,697
Finance costs	4	<u>-</u>	<u>(1,771)</u>
<b>(LOSS)/PROFIT BEFORE INCOME TAX 5</b>		(1,156,142)	953,926
Income tax	6	<u>108,869</u>	<u>(221,962)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(1,047,273)	731,964
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD</b>		(1,047,273)	<u>731,964</u>

**Statement of Financial Position  
30 June 2015**

	Notes	2015 £	2013 £
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	4,694,082	2,374,929
Tax receivable		108,869	
Cash and cash equivalents	8	219,938	157,017
		5,022,889	2,531,946
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	4,908,890	1,148,712
Tax payable		0	221,962
<b>TOTAL LIABILITIES</b>		4,908,890	1,370,674
<b>NET CURRENT ASSETS</b>		113,999	1,161,272
<b>NET (LIABILITIES) / ASSETS</b>		<u>113,999</u>	<u>1,161,272</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	9	100	100
Retained earnings	10	113,899	1,161,172
<b>TOTAL EQUITY</b>		<u>113,999</u>	<u>1,161,272</u>

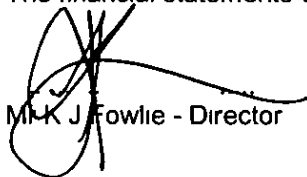
The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the period ended 30 June 2015

The members have not required the company to obtain an audit of its financial statements for the period ended 30 June 2015 in accordance with Section 476 of the Companies Act 2006

The director acknowledges his responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company

The financial statements were approved by the director on 31 March 2016 and were signed by

  
Mark J. Fowlie - Director

**Recover Healthcare Limited (Registered number: 06836625)**

**Statement of Changes in Equity**  
**for the 18 Month Period 1 January 2014 to 30 June 2015**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2013</b>	100	429,208	429,308
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>731,964</u>	<u>731,964</u>
<b>Balance at 31 December 2013</b>	<u>100</u>	<u>1,161,172</u>	<u>1,161,272</u>
<b>Changes in equity</b>			
Total comprehensive expense	<u>-</u>	<u>(976,489)</u>	<u>(976,489)</u>
<b>Balance at 30 June 2015</b>	<u>100</u>	<u>184,683</u>	<u>184,783</u>

**Statement of Cash Flows**  
**for the 18 Month Period 1 January 2014 to 30 June 2015**

		<b>Period 1.1.14 to 30.6.15 £</b>	<b>Year Ended 31.12.13 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	284,884	172,593
Interest paid		-	(1,771)
Tax paid		<u>(221,963)</u>	<u>(102,634)</u>
Net cash from operating activities		<u>62,921</u>	<u>68,188</u>
<b>Increase in cash and cash equivalents</b>		62,921	68,188
<b>Cash and cash equivalents at beginning of period</b>	2	157,017	88,829
<b>Cash and cash equivalents at end of period</b>	2	<u>219,938</u>	<u>157,017</u>



**Notes to the Statement of Cash Flows  
for the 18 Month Period 1 January 2014 to 30 June 2015**

<b>1 RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS</b>	<b>Period 1 1 14 to 30 6 15 £</b>	<b>Year Ended 31 12 13 £</b>
(Loss)/profit before income tax	(1,156,142)	953,926
Finance costs	<u>-</u>	<u>1,771</u>
	(1,156,142)	955,697
Increase in trade and other receivables	(2,319,152)	(1,373,437)
Increase in trade and other payables	<u>3,760,178</u>	<u>590,333</u>
<b>Cash generated from operations</b>	<u><b>284,884</b></u>	<u><b>172,593</b></u>

**2 CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts

**Period ended 30 June 2015**

	<b>30 6 15 £</b>	<b>1 1 14 £</b>
Cash and cash equivalents	<u>219,938</u>	<u>157,017</u>

**Year ended 31 December 2013**

	<b>31 12 13 £</b>	<b>1 1 13 £</b>
Cash and cash equivalents	<u>157,017</u>	<u>88,829</u>

**Notes to the Financial Statements  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**1 GENERAL INFORMATION**

Recover Healthcare Limited is a company incorporated and domiciled in the United Kingdom

**2 ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The financial statements have been prepared for the 18 month period ended 30 June 2015. The comparative period is for the year to 31 December 2013.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received and represents amounts receivable for services provided in the ordinary course of business, net of discounts and sales taxes.

The company provides rehabilitation services. Income is recognised on delivery of service. Income can be reliably estimated based on agreed charges with customers or instructing parties. Where services are delivered by external parties costs can be reliably estimated based on charges agreed with those suppliers.

In the opinion of the director, the company is engaged in only one class of business and its revenue and profit before taxation are derived wholly in the United Kingdom.

**Taxation including deferred tax**

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in equity in which case it is recognised in equity. The current tax is based on taxable profit for the year calculated using tax rates that have been enacted by the Statement of Financial Position date.

Deferred tax is provided using the balance sheet liability method on temporary 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. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future 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 goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

**Operating profit**

Operating profit is profit stated before finance income, finance expense and tax.

**Trade receivables**

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Amounts set aside for settlement adjustments, are based on historical experience. The resulting settlement adjustments are recognised within revenue as they relate to revisions of income estimates, not collapsibility (credit risk). Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

**Notes to the Financial Statements - continued**  
**for the 18 Month Period 1 January 2014 to 30 June 2015**

**2 ACCOUNTING POLICIES - continued**

**Trade payables**

Trade payables do not carry any interest and are stated at their fair value

**Cash and cash equivalents**

Cash in the Statement of Financial Position comprises cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

**Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the company's accounting policies, management has made a number of judgements, and the preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Going Concern**

The financial statements have been prepared using the going concern assumption which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company is a member of the Slater & Gordon group of companies (the "Group").

As at 31 December 2015, The Group has net assets of \$375.0m, which have decreased since 30 June 2015 primarily due to a non-cash impairment charge of \$876.4m and the adoption of AASB 15. The Group has net current assets of \$509.4m. The Group has drawings of AU \$783.0m under its syndicated debt facility, against limits of AU \$850.3m at 31 December 2015. The Group had cash on hand of AU \$51.9m and other borrowings of AU \$10.3m, resulting in net debt (drawn facilities less cash and cash equivalents) of AU \$741.4m and available liquidity of AU \$119.2m. The Group's net debt position has increased since 30 June 2015 by AU \$118.0m, reflecting underlying cash requirements in the business.

Since 1 July 2015, the Group has obtained various amendments from its banking syndicate ("lenders") to the Slater Gordon Syndicated Facility Agreement ("SFA"). As at 31 December 2015 and at the date of the half year financial report, the Group remains in compliance with all of its undertakings under the SFA.

The Group has agreed to present to the lenders and their financial advisors proposals which may include amendments to the current SFA. In the event that amendments are required by the lenders and if are not implemented by 30 April 2016, repayment dates for the SFA may be brought forward to a date no earlier than 31 March 2017.

The Directors of the ultimate parent company are of the view that the Group will comply with the above obligations. The Group has further initiated a comprehensive review including an assessment of revised financial forecasts, and the implementation of performance improvement programmes with the aim of improving the profitability of the business and reducing the level of drawn debt.

**Notes to the Financial Statements - continued  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**2 ACCOUNTING POLICIES - continued**

The Directors, having given consideration to the current financial forecasts of the Group, the engagement with the banking syndicate and its financial advisers, the comprehensive review, and the performance improvement programmes being implemented by management, and having received confirmation that the Company will continue to access financial support from the Group via Slater & Gordon (UK) 1 Limited with has provided a letter of support to the Company, consider the going concern basis of preparation is appropriate

**3 EMPLOYEES AND DIRECTORS**

	<b>Period 1 1 14 to 30 6 15 £</b>	<b>Year Ended 31 12.13 £</b>
Wages and salaries	606,320	204,921
Social security costs	<u>33,970</u>	<u>16,241</u>
	<u>640,290</u>	<u>221,162</u>

The average monthly number of employees during the period was as follows

	<b>Period 1 1 14 to 30.6 15</b>	<b>Year Ended 31.12 13</b>
Back office management & administration	<u>34</u>	<u>15</u>

	<b>Period 1.1 14 to 30.6.15</b>	<b>Year Ended 31 12 13</b>
Directors	<u>2</u>	<u>-</u>

The costs of the directors were borne by other Group companies

**Notes to the Financial Statements - continued  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**4 NET FINANCE COSTS**

	Period 1.1.14 to 30.6.15 £	Year Ended 31.12.13 £
Finance costs		
Interest payable and similar charges	-	<u>1,771</u>

**5 (LOSS)/PROFIT BEFORE INCOME TAX**

The loss before income tax (2013 - profit before income tax) is stated after charging

	Period 1 1 14 to 30.6 15 £	Year Ended 31.12.13 £
Staff costs	<u>640,290</u>	<u>221,162</u>

**6 INCOME TAX**

**Analysis of tax (income)/expense**

	Period 1 1 14 to 30.6 15 £	Year Ended 31.12 13 £
Current tax Tax	(108,869)	221,962
Deferred tax	-	-
Total tax (income)/expense in statement of comprehensive income	<u>(108,869)</u>	<u>221,962</u>

**Notes to the Financial Statements - continued  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**6 INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below

	Period 1 1 14 to 30.6.15 £	Year Ended 31.12.13 £
(Loss)/profit on ordinary activities before income tax	(1,156,142)	<u>953,926</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.2% (2013 - 23%)	(245,102)	219,403
Effects of		
Expenses not deductible for tax purposes	1,758	205
Group relief surrendered	144,074	-
Benefit of PYA taken in subsequent year with lower tax rate	(9,599)	
Change in tax rate	-	<u>2,354</u>
Tax (income)/expense	<u>(108,869)</u>	<u>221,962</u>

**Factors affecting future tax charges**

In the Budget on 8 July 2015, the Chancellor announced reductions in the corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

**7 TRADE AND OTHER RECEIVABLES**

	2015 £	2013 £
Current		
Trade receivables (net of impairment provision)	2,495,838	2,154,974
Amounts owed by group undertakings	2,156,885	62,445
Other receivables	28,903	1,000
Prepayments and accrued income	<u>12,456</u>	<u>156,510</u>
	<u>4,694,082</u>	<u>2,374,929</u>

The director considers that the net carrying amount of trade receivables approximates to their fair value.

**8 CASH AND CASH EQUIVALENTS**

	2015 £	2013 £
Cash and cash equivalents	<u>219,938</u>	<u>157,017</u>

Cash and cash equivalents comprise cash held by the company. The carrying amount of these assets approximates to their fair value.

**Notes to the Financial Statements - continued  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**9 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2015 £ <u>100</u>	2013 £ <u>100</u>
100	Ordinary			

**10 RESERVES**

	Retained earnings £
At 1 January 2014	1,161,172
Deficit for the period	<u>(976,489)</u>
At 30 June 2015	<u>184,683</u>

**11 TRADE AND OTHER PAYABLES**

	2015 £	2013 £
Current		
Trade payables	885,821	461,717
Amounts owed to group undertakings	3,088,864	354,383
Payroll and other taxes including social security	-	5,788
Accruals and deferred income	930,497	320,224
Other liabilities	<u>3,708</u>	<u>6,600</u>
	<u>4,908,890</u>	<u>1,148,712</u>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The director considers that the amount of trade payables approximates to their fair value.

**12 CONTINGENT LIABILITIES**

The Company is party to a £420,000,000 syndicated facility agreement dated 29 May 2015 pursuant to which its ultimate parent company, Slater and Gordon Limited, is a borrower (the "Facility Agreement"). Pursuant to the terms of the Facility Agreement, the Company has given a cross-guarantee (along with other Group Companies) in relation to all liabilities outstanding under the Facility Agreement in favour of the Finance Parties (as defined under the Facility Agreement). The Company is also party to a debenture dated 29 May 2015 (the "Debenture") pursuant to which the Company (together with other Group Companies) covenants with Westpac Banking Association (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture)) that it will on demand pay all liabilities outstanding under the Facility Agreement (and associated finance documents) when they are due and payable and grants security over all of its assets in favour of Westpac Banking Association (acting as Security Trustee for itself and the Secured Parties).

**Notes to the Financial Statements - continued  
for the 18 Month Period 1 January 2014 to 30 June 2015**

**13 FINANCIAL INSTRUMENTS**

The company's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise from its operations. The company does not use derivatives. The main purpose of these financial instruments is to manage the company's operations. It is, and has been throughout the period under review, the policy of the company that no trading in financial instruments shall be undertaken.

**Credit risk**

The company is not subject to significant consideration of credit risk with exposure spread across many companies. The credit quality of the company's trade receivables is considered by management to be good, as evidenced by the low rates of impairment provided and amounts written off.

The average credit period taken on sales of services is 304 days (2013 126 days). No interest is charged on the receivable balances. The company does not hold any collateral or other credit enhancements over these balances nor has the legal right of offset with any amounts owed by the company to the receivables counterparty.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date the principle assets were

	Note	30 6 15 £	31 12 13 £
<b>Loans and receivables</b>			
Trade receivables	7	2,495,838	2,154,974
Cash and cash equivalents	8	<u>219,938</u>	<u>157,017</u>
		<b><u>2,715,776</u></b>	<b><u>2,311,991</u></b>

The receivables are all based in the UK and denominated in sterling.

The ageing of trade receivables at 30 June was as follows

	30 6 15 £	30 6 15 £	30 6 15 £	31.12.13 £	31.12.13 £	31.12.13 £
	Gross	Impairment	Net	Gross	Impairment	Net
< 1 year	2,591,749	(407,090)	2,184,659	1,767,857	-	1,767,857
1-2 years	1,244,716	(933,537)	311,179	559,770	172,653	387,117
2-3 years	712,608	(712,608)	-	139,903	139,903	-
> 3 years	<u>269,154</u>	<u>(269,154)</u>	-	<u>32,223</u>	<u>32,223</u>	-
	<b><u>4,818,227</u></b>	<b><u>(2,322,389)</u></b>	<b><u>2,495,838</u></b>	<b><u>2,499,753</u></b>	<b><u>344,779</u></b>	<b><u>2,154,974</u></b>

**14 ULTIMATE PARENT COMPANY**

The ultimate parent company of the Company is Slater and Gordon Limited, a company incorporated in Australia. Copies of the consolidated accounts of Slater and Gordon Limited can be obtained from 485 La Trobe Street, Melbourne, Victoria, Australia, 3000.