# AssetCo plc

## Annual report and financial statements

## Year ended 30 September 2015

**Registered number: 04966347**

# COMPANY INFORMATION

| | |
|---|---|
| **Company registration number** | 04966347 |
| **Registered office** | Singleton Court Business Park<br>Wonastow Road<br>Monmouth<br>Monmouthshire<br>NP25 5JA |
| **Directors** | Tudor Davies *(Chairman)*<br>Dr Jeff Ord<br>Christopher Mills<br>Mark Butcher |
| **Company secretary** | Tudor Davies |
| **Independent auditor** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>Cornwall Court<br>19 Cornwall Street<br>Birmingham<br>B3 2DT |
| **Nominated adviser, and corporate broker** | Arden Partners plc<br>125 Old Broad Street<br>London<br>EC2N 1AR |
| **Registrar** | Computershare Investor Services PLC<br>PO Box 82<br>The Pavilions<br>Bridgewater Road<br>Bristol<br>BS13 8AE |
| **Website** | www.assetco.com |

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# Chairman's statement

## Introduction

We are pleased to report continuing progress in the year to 30 September 2015 which reflects increased profit and cash generation.

## Results

The Consolidated Income Statement for the period under review shows an Operating profit of £4.4 million (2014: £2.6 million) on Revenue of £21.7 million (2014: £14.6 million) and a Profit before tax of £4.0 million (2014: £2.3 million). The year on year increase in profits has come from the planned increase in the size of our major Middle East contract due to increases in personnel and related firefighting equipment sales.

## Cash Generation

The Company generated £6.9 million of free unrestricted cash during the year with £2.6 million net releases from contract Bonds and, the remaining balance generated from operations.

The cash position at 30 September 2015 is total cash of £15.6 million (2014: £10.8 million) comprising free cash balances of £12.8 million (2014: £5.8 million) and restricted cash balances held in respect of Bonds amounting to £2.8 million (2014: £5.0 million).

## Claim against Grant Thornton

The claim against the Company's former auditors Grant Thornton that was originally lodged under the Professional Negligence Pre-action Protocol was the subject of a mediation hearing in October 2015. Unfortunately as announced on 16 December 2015 the mediation proved to be unsuccessful and the Company issued formal Court proceedings in respect of the negligent audits for the years ended 30 September 2009 and 2010. The claim for losses amounts to £38 million plus interest and costs to date of approximately £4.3 million making a total claim of £42.3 million.

## Outlook

Trading continues to be in line with the current contracts and Management expectations; we will keep shareholders updated of further progress on trading and the claim against Grant Thornton during the course of the year.

**Tudor Davies**

24 March 2016

# Board of Directors

**Tudor Davies**

*Director, Chairman and Company Secretary*

Appointed to the AssetCo plc board in March 2011 Tudor was the Executive Chairman of Dowding and Mills plc and, following a reverse acquisition, was subsequently appointed to the board of Castle Support Services plc in June 2007. He was also a non-executive director and subsequently Chairman of Stratagem Group plc from 2000 to 2002. From 1990 to 1999 he was Chief Executive and subsequently Chairman of Hicking Pentecost plc. He is currently also the Chairman of Zytronic plc.

**Dr Jeff Ord**

*Executive Director*

Appointed to the AssetCo plc board in April 2012, Jeff has been a member of the AssetCo management team since 2007 that launched the Company's UAE based branch in 2010. Prior to joining AssetCo Jeff held the position of Her Majesty's Inspector for Fire and Rescue and he had previously commanded the Fire and Rescue Services for Northumberland, South Yorkshire and Strathclyde.

**Christopher Mills**

*Non-executive Director*

Chairman of the Audit Committee

Chairman of the Remuneration Committee

Chairman of the Nomination Committee

Appointed to the AssetCo plc board in March 2011 Christopher is Chief Executive Officer of Harwood Capital Management Limited and Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc.

**Mark Butcher**

*Non-executive Director*

Appointed to the AssetCo plc board in October 2012 Mark's previous directorships include Autologic Holdings plc, Newbury Racecourse plc, Nationwide Accident Repair Services plc, and GPG (UK) Holdings plc, which was the UK investment arm of Guinness Peat Group plc.

# Strategic Report

### Introduction

The Directors present their strategic report on the group for the year ended 30 September 2015.

### Principal Activities

AssetCo plc is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business.

### Business Review

Further information relating to the performance of the business, strategy and progress is given in the Chairman's Statement on page 1 which is incorporated into this report by reference.

### Key Performance Indicators

The principal indicators used to measure the performance at Group and segment level in the past 12 months are EBITDA and total cash generation. For the current year and the previous year, these are shown in note 5 on page 28 and in the Consolidated Statement of Cash Flows. There are very detailed KPIs within the Group's trading contracts and these are monitored accordingly.

### Principal Risks and Uncertainties

The Directors continuously monitor the business and markets to identify and deal with risks and uncertainties as they arise. The main risk to the Group's business is a material reliance on one contract with a Government agency which is due for renewal in November 2016 and, if not renewed or replaced, would lead to a significant reduction in ongoing revenues and the value and future prospects of the Group.

Due to the relative importance of oil revenues to Government finances, renewal or continuation of the contract could also be adversely affected by sustained low oil prices.

Whilst credit risk is low due to the Government backed nature of the contract referred to above, the concentration of revenues from one source in UAE could expose the Group to material risk to trading performance and contracts in the event of contractual issues arising. The success of the Group depends upon a continuing relationship with its principle customer.

The Group may need to compete for business with companies who provide similar services in other industry sectors. This may place other competitive pressures on the Group by driving price reductions or causing reduced margins and/or loss of the Group's market share.

The Group's growth is dependent on winning further total managed services and other contracts and enhancing the returns from its existing contracts. Other contracts may be dependent upon the ongoing purchasing power delegated to Government agencies under Government policy, which is subject to regular review. Contracts with public bodies which are central to the Group's business are normally awarded through a formal competitive tendering process, presenting a number of risks, including substantial cost and managerial time and incorrectly estimating the resources and cost structure that will be required to service any contract.

The Group has contractual obligations to perform its services within stringent time and service level criteria, and is subject to financial penalties. Any such circumstances may have a material adverse effect on the business, financial condition, trading performance and prospects. Further, the Group subcontracts some of its contracted obligations and may be responsible for and liable in respect of subcontractor defaults.

The Group is dependent upon senior management and so the focus is on the recruitment and retention of suitably qualified employees. The loss of key personnel without adequate replacement may have a material adverse effect on the Group's business, performance and prospects.

The activities of the Group are subject to laws and regulation governing taxes, employment standards and occupational health, safety, environmental and other matters. Failure to comply with such requirements may result in fines and/or penalties being assessed against the Group which could have a material adverse effect on the Group's business, financial condition, trading performance and prospects.

By order of the Board

**Tudor Davies**
*Company Secretary*

Company Registration Number: 04966347

# Directors' Report

### Introduction

The Directors present their annual report and the audited financial statements of the Company and the Group for the year from 1 October 2014 until 30 September 2015.

### Results

The consolidated financial statements are set out on pages 12 to 40.

### Dividend

The Directors do not propose a dividend this year (2014: £nil).

### Capital Structure

The primary objective of the Group's capital management is to ensure that capital is available to allocate to business that maximises shareholder value.

Details of the authorised and issued capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 20.

### Financial Risk Management

See note 3 to the consolidated financial statements.

### Directors

The Directors who held office during the period were as follows:

Tudor Davies (Chairman)
Dr Jeff Ord (Executive)
Christopher Mills (Non- Executive)
Mark Butcher (Non-Executive)

The Company Secretary who held office during the period was Tudor Davies.

### Directors' Shareholdings

The beneficial interests of the Directors in the shares of the Company were as follows:

| | At 30 September 2015 No. | At 30 September 2014 No. |
|---|---|---|
| **Executive Directors** | | |
| Tudor Davies * | 32,813 | 25,024 |
| Dr Jeff Ord | — | — |
| **Non-executive Directors** | | |
| Christopher Mills * | 5,915,779 | 5,915,779 |
| Mark Butcher | — | — |

* Christopher Mills as Chief Executive and a member of Harwood Capital LLP is deemed to have an interest in the 5,915,779 shares owned by various funds associated with Harwood Capital LLP. Those shares, including the 32,813 that Tudor Davies has an interest in, are held on a discretionary management basis for a number of private clients who remain the ultimate beneficial owners.

## Substantial Shareholdings

At 24 March 2016 the Company Secretary has been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules ("DTR") as issued by the Financial Services Authority, of the following interest in 3% or more in the ordinary share capital of the Company:

| Name | Number of shares | % age of issued share capital |
|---|---|---|
| Harwood Capital | 5,915,779 | 48.4% |
| Henderson Global Investors Limited | 3,558,689 | 29.1% |
| Utilico Group | 2,379,985 | 19.5% |

## Business combinations and disposals

There have been no business combinations or disposals during the period.

## Corporate Governance

As an AIM listed company AssetCo Plc is not required to comply with the UK Corporate Governance Code published in June 2010, ("the Code") in respect of the financial year ended 30 September 2015, instead using its provisions as a guide, but only as considered appropriate to the circumstances of the Group.

## Directors

Brief biographical details of the Directors in office are set out on page 2.

The Board consists of a Chairman, one Executive Director and two Non-Executive Directors who are considered by the Board to be independent of the Company's Executives for the purposes of the Code. The Board considers that it has an appropriate balance of skills, experience, ages and length of service.

The Board is a small Board and individual members have a wide range of qualifications and expertise to bring to any debate. The Board meets as necessary. The Board has considered the need to appoint a senior independent director and believes that it is not necessary at present.

## Board meetings

At each scheduled meeting of the Board reports are received on the Group's operations and the financial position of the Group. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings. In addition to scheduled Board Meetings, the Board may carry out certain urgent matters not requiring debate by way of delegation to a Committee of the Board or by resolution in writing of all Directors.

## Remuneration committee

All of the Non-Executive Directors comprise the Remuneration Committee. The Remuneration Committee reviews the remuneration paid to the Chairman and Executive Director.

**Audit committee**

The Board is supported by an Audit Committee which comprises all of the Non-Executive Directors.

The Audit Committee meets twice a year with the external Auditors in attendance as required. It assists the Board in ensuring that appropriate accounting policies, financial systems, internal controls and compliance procedures are in place. It also reviews the relationship between the Group and external Auditors in terms of the provision on non-audit services and ensuring that auditor independence and objectivity is maintained.

**Nominations committee**

The Nominations Committee makes recommendations to the Board on the composition of the Board generally and on the balance between executive and non-executive Directors. It also makes recommendations on the appointment of new Directors and subsequent re-appointments on retirement by rotation.

**Re-election of Directors**

The Articles of Association provide that newly appointed Directors are required to submit themselves for election by Shareholders at the General Meeting following their appointment and for all Directors to be re-elected at least once every three years.

**Shareholder relations**

The Company, through the Chairman and Executives, has regular contact with its Institutional Shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private Shareholders and encourages them to participate.

The Notice of the Annual General Meeting will be sent out in due course.

**Internal control**

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness in accordance with the guidance set out in the Code. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Code has a requirement that the Directors review the effectiveness of the Group's system of internal controls. This includes internal financial controls and controls over financial, operational, compliance and risk management.

The Group has established procedures for planning and monitoring the operational and financial performance of all businesses in the Group, as well as their compliance with applicable laws and regulations. These procedures include:

- clear responsibilities for good financial controls and the production of timely financial management information

- the control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties

- the review of trading results, balance sheets and cash flows by management and the Board

- reporting on compliance with internal financial controls and procedures by each individual business unit under the supervision of the Chairman and at the year-end by external Auditors.

**Going Concern**

The Directors have considered the going concern assumption for the Parent Company, AssetCo Plc, and the Group by assessing the operational and funding requirements of the Parent Company and the Group as a whole.

The Directors have concluded that there are no material uncertainties that they have identified relating to events or conditions that may cast significant doubt about the ability of Assetco Plc to continue as a going concern.

**Statement of Directors' responsibilities**

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 have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;

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 the group 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement on the Provision of Information to Auditors

Each of the directors confirms that, as far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps he ought to have as a director to make himself aware of any relevant audit information, and to establish that the auditors are aware of that information. The above is in accordance with the provisions of section 418 of the Companies Act 2006. The auditors have direct access to all members of the Board and attend and present their reports at appropriate Board meetings. The Board considers, at least annually, the relationships and fees in place with the auditors to confirm their independence is maintained.

### Independent Auditor

In accordance with section 489(4) of the Companies Act 2006 a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General meeting.

By order of the Board

**Tudor Davies**
*Company Secretary*

Company Registration Number: 04966347

# Report of the independent auditors to the members of AssetCo plc
**(consolidated financial statements)**

## Report on the group financial statements

### Our opinion

In our opinion, AssetCo plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 30 September 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Consolidated Statement of Financial Position as at 30 September 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

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

## Other matters on which we are required to report by exception

### Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities set out on page 8, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Other matter

We have reported separately on the company financial statements of AssetCo plc for the year ended 30 September 2015.

**Andrew Hammond** *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

24 March 2016

# Consolidated Income Statement

**for the year ended 30 September 2015**

| | Notes | Year ended 30 September 2015 £'000 | Year ended 30 September 2014 £'000 |
|---|---|---|---|
| Revenue | 5 | **21,660** | 14,634 |
| Cost of sales | | **(15,564)** | (10,865) |
| **Gross profit** | | **6,096** | 3,769 |
| Administrative expenses | | **(1,647)** | (1,169) |
| **Operating profit** | 6 | **4,449** | 2,600 |
| Finance income | 8 | **23** | 9 |
| Finance costs | 8 | **(459)** | (356) |
| **Profit before tax** | | **4,013** | 2,253 |
| Income tax expense | 10 | **—** | — |
| **Profit for the year** | | **4,013** | 2,253 |
| **Earnings per share (EPS)** | | | |
| Basic – pence | 11 | **32.86** | 18.92 |
| Diluted – pence | 11 | **32.86** | 18.46 |

# Consolidated Statement of Comprehensive Income

**for the year ended 30 September 2015**

| | Notes | Year ended 30 September 2015 £'000 | Year ended 30 September 2014 £'000 |
|---|---|---|---|
| **Recognised profit for the year** | 5 | **4,013** | 2,253 |
| **Other comprehensive income** | | | |
| Exchange differences on translating foreign operations | | **866** | 137 |
| **Other comprehensive income, net of tax** | | **866** | 137 |
| **Total comprehensive income for the year** | | **4,879** | 2,390 |

# Consolidated Statement of Financial Position

**as at 30 September 2015**

| | Notes | 30 September 2015 £'000 | 30 September 2014 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | **—** | 12 |
| Cash held in respect of a bond | | **2,802** | 2,482 |
| **Total non-current assets** | | **2,802** | 2,494 |
| **Current assets** | | | |
| Inventories | 14 | **—** | 333 |
| Trade and other receivables | 15 | **6,629** | 6,220 |
| Cash and cash equivalents (excluding bank overdrafts) | 17 | **12,836** | 5,787 |
| Cash held in respect of a bond | | **11** | 2,509 |
| **Total current assets** | | **19,476** | 14,849 |
| **Total assets** | | **22,278** | 17,343 |
| **Shareholders' equity** | | | |
| Share capital | 20 | **25,474** | 25,474 |
| Share premium | 20 | **64,941** | 64,941 |
| Foreign currency translation reserve | | **890** | 24 |
| Profit and loss account | | **(71,710)** | (75,723) |
| **Total equity** | | **19,595** | 14,716 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **2,683** | 2,627 |
| **Total current liabilities** | | **2,683** | 2,627 |
| **Total liabilities** | | **2,683** | 2,627 |
| **Total equity and liabilities** | | **22,278** | 17,343 |

The notes on pages 17 to 40 are an integral part of these consolidated financial statements. The financial statements were authorised for issue by the board of directors on 24 March 2016 and were signed on its behalf by Tudor Davies.

Registered number: 04966347

# Consolidated Statement of Changes in Equity

**for the year ended 30 September 2015**

| | Share capital £'000 | Foreign currency translation reserve £'000 | Profit and loss reserve £'000 | Share premium £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| **Balance at 30 September 2013** | 25,353 | (113) | (77,976) | 62,645 | **9,909** |
| **Transactions with owners:** | | | | | |
| Issue of shares | 121 | — | — | 2,296 | **2,417** |
| **Transactions with owners for the year** | 121 | — | — | 2,296 | **2,417** |
| Profit for the year | — | — | 2,253 | — | **2,253** |
| **Other comprehensive income:** | | | | | |
| Exchange differences on translation | — | 137 | — | — | **137** |
| **Total comprehensive income for the year** | — | 137 | 2,253 | — | **2,390** |
| **Balance at 30 September 2014** | 25,474 | 24 | (75,723) | 64,941 | **14,716** |
| Profit for the year | — | — | 4,013 | — | **4,013** |
| **Other comprehensive income:** | | | | | |
| Exchange differences on translation | — | 866 | — | — | **866** |
| **Total comprehensive income for the year** | — | 866 | 4,013 | — | **4,879** |
| **Balance at 30 September 2015** | 25,474 | 890 | (71,710) | 64,941 | **19,595** |

# Consolidated Statement of Cash Flows

**for the year ended 30 September 2015**

| | Note | Year ended 30 September 2015 £'000 | Year ended 30 September 2014 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from/(used in) operations | 25 | **4,758** | (380) |
| Cash deposited in respect of a performance bond | | **(223)** | (30) |
| Cash released in respect of a performance bond | | **2,814** | — |
| Finance costs | | **(459)** | (356) |
| **Net cash generated from/(used in) operating activities** | | **6,890** | (766) |
| **Cash flows from investing activities** | | | |
| Finance income | | **23** | 9 |
| **Net cash generated from investing activities** | | **23** | 9 |
| **Cash flows from financing activities** | | | |
| Issue of shares (net of costs) | | **—** | 2,417 |
| **Net cash generated from financing activities** | | **—** | 2,417 |
| **Net change in cash and cash equivalents** | | **6,913** | 1,660 |
| Cash, cash equivalents and bank overdrafts at beginning of year | | **5,787** | 4,134 |
| Exchange differences on translation | | **136** | (7) |
| **Cash and cash equivalents at end of year** | 17 | **12,836** | 5,787 |

# Notes to the Consolidated Financial Statements

**for the year ended 30 September 2015**

## 1 LEGAL STATUS AND ACTIVITIES

AssetCo plc (the "company") is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business. As at period end, the company has no trading subsidiaries and therefore the principal activities of the Group are restricted to those of the company detailed above.

AssetCo plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The Group operates from one site in UAE.

AssetCo plc shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The financial statements have been presented in Sterling to the nearest thousand pounds (£'000) except where otherwise indicated.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2016.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

### 2.1 Basis of preparation

The Group's financial statements comply with the AIM Rules and have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements are prepared using the historical cost convention as modified by financial liabilities at fair value through profit or loss. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2015.

*Going concern*

As the company has no material subsidiaries the Directors have considered the going concern assumption for the Parent Company, Assetco Plc, and the Group by assessing the operational and funding requirements of the Parent Company.

The Directors have concluded that there are no material uncertainties that they have identified relating to events or conditions that may cast significant doubt about the ability of AssetCo Plc or the Group to continue as a going concern.

*Critical accounting estimates and judgements*

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The nature of estimation means the actual outcomes may differ from the estimates. Further details on the critical accounting estimates used and judgements made in preparing these financial statements can be found in Note 4.

*Accounting standards and interpretations*

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group:

At the date of authorisation of these financial statements the following standards, amendments and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendment to IAS 1, "Presentation of financial statements" on the disclosure initiative" (effective 1 January 2016)

Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exemption (effective 1 January 2016)

Amendment to IFRS 10 and IAS 28 on sale or contribution of assets (effective 1 January 2016)

Amendments to IAS 27, "Separate financial statements" on the equity method (effective 1 January 2016)

Amendments to IAS 16, "Property, plant and equipment", and IAS 41, 'Agriculture', regarding bearer plants (effective 1 January 2016)

Amendment to IAS 16, "Property, plant and equipment" and IAS 38, 'Intangible assets', on depreciation and amortisation (effective 1 January 2016)

Amendments to IFRS 11 "'Joint Arrangements' on acquisition of an interest in a joint operation" (effective 1 January 2016)

Annual improvements 2014 (effective 1 January 2016)

IFRS 14, "Regulatory deferral accounts" (effective 1 January 2016)

IFRS 15 "Revenue from contracts with customers" (effective 1 January 2018)

IFRS 9 "Financial Instruments" (effective 1 January 2018)

New standards, interpretations and amendments to existing standards that were adopted by the Group at the date of authorisation of these financial statements were as follows, all of which had no material impact on the Group financial statements:

Amendments to IAS 32 "Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)

Amendments to IAS 36 "Impairment of asset' on recoverable amount disclosures" (effective 1 January 2014)

Amendments to IAS 39 "Financial instruments: Recognition and measurement" (effective 1 January 2014)

Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 and IAS 27 for investment entities (effective date 1 January 2014)

### 2.2 Consolidation

The Group financial statements consolidate the financial statements of AssetCo Plc and the entities it controls (its subsidiaries) drawn up to 30 September each year.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date that control ceases. Control comprises the power to govern the financial and operating policies of the investment so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights or by way of contractual agreement.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When settlement of all or any part of the cost of a business combination is deferred, the fair value of that deferred component shall be determined by discounting the amounts payable to their present value at the date of exchange, taking into account any premium or discount likely to be incurred in settlement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless there is evidence of impairment of the asset, but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, and after eliminating sales within the Group.

The Group recognises revenue when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The Group recognises revenue in respect of the provision of services to, the construction of facilities and supply of equipment for fire and emergency services in UAE.

#### *a) Rendering of services*

Revenue is recognised on performance of the Group's service obligations in respect of the Group's fire service personnel contracts. Deductions are made for any service shortfalls in the period.

***b) Sale of goods***

Revenue from the sale of goods to the emergency services market is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when the goods have been successfully delivered to the customer and accepted;
- the Group retains neither continuous managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when the goods have been despatched;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***c) Construction of facilities***

When the outcome of a construction contract can be estimated reliably, contract revenues and associated costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that these costs will be recoverable.

The principal estimation technique used by the Group in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final out-turn of each contract. Consistent contract review procedures are in place in respect of contract forecasting.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. Contract costs are recognised as expenses in the period in which they are incurred.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts within trade and other receivables. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts within trade and other payables.

***d) Leasing and short-term hire***

Revenue from the leasing and short-term hire of assets is recognised in the income statement on a straight-line basis over the period of the hire.

***e) Interest income***

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.4 **Foreign currency translation**

***a) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling (£), which is the Group's functional and presentation currency.

There has been no change in the Group's functional or presentation currency during the year under review.

***b) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies recognised through equity.

***c) Foreign operations translation***

The consolidated Group accounts are prepared in sterling. Income statements of foreign operations are translated into sterling at the average exchange rates for the period and balance sheets are translated into sterling at the exchange rate ruling on the balance sheet date.

2.5 **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

2.6 **Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance is charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Fixtures and fittings | 3 – 5 years |

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. Details of revisions in the year, and their related effect, are set out in note 12.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the income statement.

### 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out ("FIFO") method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.8 Financial instruments

***a) Financial assets***

The Group classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than twelve months after the balance sheet. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "cash held in respect of bonds".

*Trade receivables*

Trade receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

*Factored receivables*

Factoring arrangements that do not transfer all economic risks and rewards are accounted for by continuing to recognise the continuing rights over the receivable and by recognising any related obligation to the third party factor.

*Cash held in respect of bonds*

Cash held in respect of bonds includes cash on deposit with banks held by them as collateral against performance bonds.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

***b) Financial liabilities and equity instruments***

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Where the contractual obligations of financial instruments, including share capital, are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are classified as such in the balance sheet.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate or return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Any gains or losses arising from changes in the fair value of derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement. The fair value of interest rate swap contracts is determined by reference to discounted cash flows for similar instruments.

*Trade payables*

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.9 Equity

*Issued share capital*

Ordinary and deferred shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*Share premium*

The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

*Translation reserve*

The translation reserve represents the movement on the translation of the net investment in foreign operations recorded in foreign currencies at the balance sheet date. Exchange differences arising in the ordinary course of trading are included in the income statement.

### 2.10 Leases

*Group as a lessee*

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risk and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases other than finance leases are classified as operating leases and payments are charged to the income statement on a straight-line basis over the lease term. Lease incentives, if applicable, are spread over the term of the lease.

### 2.11 Income taxes

Income tax payable is provided on taxable profits using tax rates enacted or substantially enacted at the balance sheet date.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that is it probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.12 Employee benefits

*Pension contributions – defined contribution scheme*

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Contributions to defined contribution schemes are recognised in the income statement during the period in which they become payable.

*Termination benefits*

Termination benefits are payable when an employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of acceptance of an offer of voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

### 2.13 Dividends

Dividends are recognised as a liability in the period in which they are authorised. The interim dividend is recognised when it is paid and the final dividend is recognised when it has been approved by shareholders at the Annual General Meeting.

### 2.14 Accrued income

Material income earned from, but not yet invoiced to, customers in the financial period is included within prepayments and accrued income where receipt of such income is reasonably certain.

### 2.15 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which may be included within the exceptional category include:

- costs of restructuring the business;
- significant goodwill or other asset impairments;
- significant movements in provisions; and
- other particularly significant or unusual items.

### 2.16 Deferred income

Deferred income arises when income from customers is received in advance of the period in which the Group is contractually obliged to provide its service. Such income is held within accruals and deferred income and only released to the income statement when the Group has met its related obligations.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

***a) Credit risk***

The Group's exposure to credit risk is detailed in Note 15.

As at 30 September 2015 the Group had exposure to two customers, with the vast majority of revenue accruing with a department of the Abu Dhabi government, whom are considered to offer an extremely small credit risk.

The Group has policies that limit the amount of credit exposure to any financial institution. The credit risk on liquid funds is limited because the counterparties are financial institutions with strong credit ratings assigned by international credit-rating agencies. The possibility of material loss is therefore considered to be unlikely.

***b) Market risk***

*Currency risk*

The group transacts principally in Sterling and Dirhams.

The Group's exposure to currency risk is detailed in Note 18.

Transaction risk in the Group is principally managed by seeking to ensure that sales, payroll costs and purchases are made in the same currency and, if material imbalances are predicted to arise, a decision is made on whether to hedge the exposure.

In relation to translation risk, the Group's current policy is not to hedge the net asset values of the overseas investments although, where appropriate and cost effective facilities are available, local borrowings are utilised to reduce the translation risk.

*Cash flow interest-rate risk*

The Group's policy on managing interest rate risk is subject to regular monitoring of the effect of potential changes in interest rates on its interest cost with a view to taking suitable actions should exposure reach certain levels. The Group may seek to limit its exposure to fluctuating interest rates by keeping a significant proportion of the Group's borrowings at fixed interest rates.

*Financial assets*

The Group holds its surplus funds in short-term bank deposits.

*Financial liabilities*

The Group has no material cash flow interest rate risk as it has low level of financial liabilities that attract interest. Should this situation change then the Group may manage the risk by using floating to fixed interest rate swaps.

*Other price risk*

Other price risk, such as changes in the fair value of financial instruments being caused by movements in commodity or equity prices, is not applicable to the Group's operations. The Group does not hold any investments in companies listed on recognised Stock Exchanges.

***c) Liquidity risk***

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group maintains adequate bank balances to fund its operations.

### 3.2 Capital risk management

Group companies are funded through various shareholders' funds, cash balances, and bank debt, including term loans, asset finance and overdrafts.

| | Note | 2015 £'000 | 2014 £'000 |
|---|---|---|---|
| Issued share capital | 20 | **25,474** | 25,474 |
| Share premium account | 20 | **64,941** | 64,941 |
| Accumulated reserves | | **(71,710)** | (75,723) |
| | | **18,705** | 14,692 |
| Cash and cash equivalents | 17 | **(12,836)** | (5,787) |
| Cash held in respect of a bond | | **(2,813)** | (4,991) |
| | | **3,056** | 3,914 |

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to externally impaired capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***a) Estimates***

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The Board do not consider that there are any estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***b) Judgements***

The board do not consider that any critical judgements have been made in preparing the financial statements which have a significant risk of causing a material adjustment to be made to the carrying amounts of assets and liabilities within the next financial year.

## 5. SEGMENTAL REPORTING

The core principle of IFRS 8 ‘Operating Segments’ is to require an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates. Segment information is therefore presented in respect of the group’s geographical settlement. No secondary segmental information has been provided as in the view of the directors, the group operates in only one segment, being the provision of management and resources to fire and rescue emergency services. The Directors consider that the chief operating decision maker is the board.

Revenues of approximately £20,376,000 (2014: £13,822,000) are derived from a single customer within the UAE segment.

The amounts provided to the board with respect to net assets are measured in a manner consistent with that of the financial statements.

The Group is domiciled in the UK and also operates out of branch in UAE. Revenue by destination is not materially different from the turnover by origin shown below. All revenue relates to services.

Unallocated comprises the head office.

**Analysis of revenue and results by geographical settlement**

***Year to 30 September 2015***

| | UAE £’000 | Unallocated £’000 | Continuing Operations £’000 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue to external customers | 21,660 | — | **21,660** |
| Total revenue | 21,660 | — | **21,660** |
| **Segment Result** | | | |
| EBITDA | 5,383 | (922) | **4,461** |
| Depreciation | (12) | — | **(12)** |
| Operating profit | 5,371 | (922) | **4,449** |
| Finance income | 11 | 12 | **23** |
| Finance costs | (459) | — | **(459)** |
| Profit before tax | 4,923 | (910) | **4,013** |
| Income tax | — | — | **—** |
| Profit for the year | 4,923 | (910) | **4,013** |
| **Assets and liabilities** | | | |
| Total segment assets | 13,942 | 8,336 | **22,278** |
| Total segment liabilities | (2,294) | (389) | **(2,683)** |
| Total net assets | 11,648 | 7,947 | **19,595** |
| **Other segment information** | | | |
| Total capital expenditure | — | — | **—** |

**Analysis of revenue and results by geographical settlement**

***Year to 30 September 2014***

| | UAE £'000 | Unallocated £'000 | Continuing Operations £'000 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue to external customers | 14,634 | — | **14,634** |
| Total revenue | 14,634 | — | **14,634** |
| **Segment Result** | | | |
| EBITDA | 3,224 | (602) | **2,622** |
| Depreciation | (22) | — | **(22)** |
| Operating profit | 3,202 | (602) | **2,600** |
| Finance income | 3 | 6 | **9** |
| Finance costs | (356) | — | **(356)** |
| Profit before tax | 2,849 | (596) | **2,253** |
| Income tax | — | — | **—** |
| Profit for the year | 2,849 | (596) | **2,253** |
| **Assets and liabilities** | | | |
| Total segment assets | 13,483 | 3,860 | **17,343** |
| Total segment liabilities | (4,848) | 2,221 | **(2,627)** |
| Total net assets | 8,635 | 6,081 | **14,716** |
| **Other segment information** | | | |
| Total capital expenditure | — | — | **—** |

## 6. OPERATING PROFIT

The analysis of the components of operating profit is shown below, after charging the following:

| | Year to 30 September 2015 | | Year to 30 September 2014 | |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| Depreciation of property, plant and equipment (note 12) | | **12** | | 22 |
| Loss on sale of property, plant and equipment (note 26) | | **—** | | 19 |
| Fees payable to the company's auditor for the audit of the annual accounts | **64** | | 69 | |
| Fees payable to the company's auditor and its associates for other services: – other services relating to taxation | **—** | | — | |
| | | **64** | | 69 |
| Operating lease rentals on Group properties | | **52** | | 48 |
| Operating lease rentals on other | | **184** | | 62 |
| Employee benefit expense | | **12,744** | | 9,973 |
| Raw materials and consumables used | | **2,068** | | 439 |

## 7. EMPLOYEES AND DIRECTORS

The average number of persons employed by the group (including executive directors) was:

| | Year to 30 September 2015 Number | Year to 30 September 2014 Number |
|---|---|---|
| Production | **226** | 191 |
| Administration | **2** | 2 |
| | **228** | 193 |

The costs incurred in respect of these employees were:

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Wages and salaries | **11,461** | 9,014 |
| Social security costs | **7** | 9 |
| Other pension costs | **1,236** | 910 |
| | **12,704** | 9,933 |

**Key management compensation**

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| *Payments made to board directors* | | |
| Aggregate fees and emoluments | **493** | 402 |

There were £70,000 pension contributions made to key management (2014: £36,000).

Total emoluments include the following amounts in respect of the highest paid director:

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Salary and benefits | **383** | 221 |

The directors consider the executive directors to be the key management.

## 8. FINANCE INCOME AND FINANCE COSTS

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Finance costs on performance bonds and letters of credit | **(459)** | (356) |
| Bank interest receivable | **23** | 9 |
| | **(436)** | (347) |

## 9. DIVIDENDS

A final dividend for 2015 has not been recommended (2014: £nil).

## 10. INCOME TAX

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| **Current Taxation** | | |
| UK Corporation Tax at 20.5% (2014: 22%) – Current Period | **—** | — |
| – Prior Period | **—** | — |
| Total Current Tax | **—** | — |
| **Income Tax Credit** | **—** | — |

The difference between the loss on ordinary activities at an effective corporation tax rate of 20.5% (2014: 22%) ruling in the UK and the actual current tax shown above is explained below:

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | **4,013** | 2,253 |
| Tax on profit on ordinary activities at a standard rate of 20.5% (2014: 22%) | **823** | 496 |
| Factors affecting tax charge for the period: | | |
| Income not taxable | **(1,009)** | (627) |
| Tax losses generated | **186** | 131 |
| | **—** | — |

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the group's profit for this accounting year is taxed at an effective rate of 20.5%. As a result of the change in the UK corporation tax rate to 20% from 1 April 2015, which was substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured at 20%.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements

## 11. EARNINGS PER SHARE

a) Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Profit for the year | **4,013** | 2,253 |
| Weighted average number of ordinary shares in issue | **12,211,163** | 11,908,551 |
| Basic profit per share (EPS) – pence | **32.86** | 18.92 |

b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise warrants. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants, the warrants were exercisable up until 31 December 2013 at a price of £2.00 each warrant. For the year ended 30 September 2014, the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. On 3 January 2014 various shareholders exercised warrants to subscribe for 1,210,450 new ordinary shares at 10p each at a price of £2.00 per share. Following the issue of the new ordinary shares the company's enlarged issued share capital comprises 12,211,163 shares. As a result of the expiration of the deadline of 31 December 2013 for exercising warrants outstanding, there are no further warrant instruments outstanding that may be exercised.

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Profit for the year | **4,013** | 2,253 |
| Weighted average number of ordinary shares in issue | **12,211,163** | 12,207,993 |
| Diluted profit per share (EPS) – pence | **32.86** | 18.46 |

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Fixtures and fittings £'000 | Total £'000 |
|---|---|---|
| **Cost** | | |
| At 30 September 2013 | 142 | **142** |
| Disposals | (38) | **(38)** |
| At 30 September 2014 and 2015 | 104 | **104** |
| **Accumulated depreciation** | | |
| At 30 September 2013 | 88 | **88** |
| Disposals | (18) | **(18)** |
| Charge for the year | 22 | **22** |
| At 30 September 2014 | 92 | **92** |
| Charge for the year | 12 | **12** |
| At 30 September 2015 | 104 | **104** |
| **Net book amount** | | |
| At 30 September 2015 | — | **—** |
| At 30 September 2014 | 12 | **12** |

### Depreciation

Depreciation expense of £nil (2014: £nil) has been charged in cost of sales and £12,000 (2014: £22,000) in administrative expenses.

### Security

As at 30 September 2015 (2014: £nil) the Group provided no security in respect of property, plant and equipment.

## 13. EMPLOYEE BENEFIT OBLIGATIONS

### Overseas schemes

The Abu Dhabi based branch of AssetCo plc contributes towards a statutory pension scheme to the Abu Dhabi Government. The total cost in the year for this scheme was £1,019,000 (2014: £910,000).

## 14. INVENTORIES

| | 30 September 2015 £'000 | 30 September 2014 £'000 |
|---|---|---|
| Work in progress | **—** | 333 |
| | **—** | 333 |

As of 30 September 2015, inventories of £nil (2014: £nil) were impaired. The amount of the provision was £nil (2014: £nil)

As at 30 September 2015 inventories of £nil (2014: £nil) were pledged as security.

## 15. TRADE AND OTHER RECEIVABLES

| | 30 September 2015 £'000 | 30 September 2014 £'000 |
|---|---|---|
| Trade receivables | **5,649** | 5,132 |
| Other receivables | **103** | 149 |
| Prepayments and accrued income | **877** | 939 |
| | **6,629** | 6,220 |

Due to their short-term nature the carrying value of trade and other receivables approximates to their fair value.

Trade and other receivables held in AED amounted to £5,699,000 (2014: £5,275,000).

No impairment provision has been made against trade and other receivables. Trade receivables that have not been received within the agreed payment terms are classified as overdue. The ageing of amounts due as at 30 September 2015 and 2014 excluding impairment are as follows:

| | 30 September 2015 £'000 | 30 September 2014 £'000 |
|---|---|---|
| Not yet due | **3,727** | 1,445 |
| Past due but not more than 30 days | **269** | 1,384 |
| Past due more than 30 days but not more than 60 days | **1,575** | 1,145 |
| Past due more than 60 days | **78** | 1,158 |
| | **5,649** | 5,132 |

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The group does not hold any collateral as security.

There is a material concentration of credit risk due to the Group's individual material trade debts being predominantly with the Abu Dhabi government. However, these are nationally backed and have a AAA credit rating as well as there being a strong history of collection of trade debts due.

As of 30 September 2015, trade receivables of £nil (2014: £nil) were impaired. The amount of the provision was £nil (2014: £nil).

## 16. TRADE AND OTHER PAYABLES

| | 30 September 2015 £'000 | 30 September 2014 £'000 |
|---|---|---|
| Trade payables | **229** | 1,108 |
| Other payables | **719** | 504 |
| Other taxation and social security | **3** | 4 |
| Accruals and deferred income | **1,732** | 1,011 |
| | **2,683** | 2,627 |

Due to their short-term nature the carrying value of trade and other payables approximates to their fair value.

Trade and other payables held in AED amounted to £176,000 (2014: £1,019,000).

## 17. CASH AND CASH EQUIVALENTS

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Cash in bank and hand | **12,836** | 5,787 |
| Cash and cash equivalents | **12,836** | 5,787 |

### Cash and cash equivalents

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| UK sterling | **5,399** | 3,840 |
| A E Dirhams | **7,437** | 1,947 |
| | **12,836** | 5,787 |

Cash and cash equivalents receive interest at the floating rate and are carried on the balance sheet at a value approximate to their fair values.

In addition to the above A E Dirhams amounting to £2,813,000 (2014: £4,991,000) were held on deposit as security in respect of outstanding performance bonds and an advance payment guarantee. Please see note 26 – Contingent Liabilities for further information.

## 18. BORROWINGS

As at 30 September 2015 there were total borrowings of £nil (2014: £nil).

### Maturity analysis of financial liabilities

The following disclosures show the maturity profile of gross undiscounted cash flows of financial liabilities excluding accruals and deferred income as at 30 September 2015:

### Maturity of financial liabilities

| | Total £'000 | Trade and other payables £'000 | Other payables £'000 | Other taxation and social security £'000 |
|---|---|---|---|---|
| In one year or less | 951 | 229 | 719 | 3 |
| | **951** | **229** | **719** | **3** |

### Currency risk

The Group has used a sensitivity technique that measures the estimated change to the fair value of the Group's financial instruments of a 10% strengthening in sterling against all other currencies, from the closing rates as at 30 September 2015, with all other variables remaining constant. A 10% variation would have had an impact on the balance sheet of £1,369,000. All of this charge would be taken to the income statement.

| | UK sterling £'000 | AE Dirhams £'000 | Total £'000 | 10% £'000 |
|---|---|---|---|---|
| Financial assets | 5,452 | 15,949 | 21,401 | **1,450** |
| Financial liabilities | (56) | (895) | (951) | **(81)** |
| | 5,396 | 15,054 | 20,450 | **1,369** |

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless the analysis above is considered to be representative of the Group's exposure to currency risk.

## 19. FINANCIAL ASSETS AND LIABILITIES

The following tables illustrate the categorisation and carrying value of financial assets and liabilities as at 30 September 2015:

### Financial assets

| | Loans and receivables £'000 | Total 30 September 2015 £'000 | Total 30 September 2014 £'000 |
|---|---|---|---|
| Trade and other receivables | 5,752 | **5,752** | 6,220 |
| Cash and cash equivalents | 12,836 | **12,836** | 5,787 |
| Cash held in respect of a bond | 2,813 | **2,813** | 4,991 |
| | 21,401 | **21,401** | 16,998 |

### Financial liabilities

| | Fair value through profit and loss £'000 | Financial liabilities measured at amortised cost £'000 | Total 30 September 2015 £'000 | Total 30 September 2014 £'000 |
|---|---|---|---|---|
| Trade and other payables | — | 951 | **951** | 2,627 |
| | — | 951 | **951** | 2,627 |

## 20. SHARE CAPITAL

| | Ordinary shares of 10p each No. | Deferred shares of 24p each No. | Deferred shares of 495p each No. |
|---|---|---|---|
| At 30 September 2013 | 11,000,713 | 90,712,740 | 501,425 |
| Warrants exercised | 1,210,450 | — | — |
| At 30 September 2014 | 12,211,163 | 90,712,740 | 501,425 |
| **At 30 September 2015** | **12,211,163** | **90,712,740** | **501,425** |

| | Ordinary Share Capital £'000 | Deferred Share Capital £'000 | Total Share Capital £'000 | Share Premium £'000 |
|---|---|---|---|---|
| At 30 September 2013 | 1,100 | 24,253 | 25,353 | 62,645 |
| Warrants exercised | 121 | — | 121 | 2,296 |
| At 30 September 2014 | 1,221 | 24,253 | 25,474 | 64,941 |
| **At 30 September 2015** | **1,221** | **24,253** | **25,474** | **64,941** |

The rights attaching to Deferred Shares are set out in the Company's Articles of Association and are minimal. They do not carry any voting rights or dividend rights.

Following the Company's adoption of new Articles of Association in September 2011, and in accordance with the Companies Act 2006, the share capital has no authorised limit (2014: no authorised limit). All issued shares are fully paid.

On 3 January 2014 various shareholders exercised warrants to subscribe for 1,210,450 new ordinary shares at 10p each at a price of £2.00 per share.

Following the issue of the new ordinary shares the company's enlarged issued share capital comprises 12,211,163 shares. As a result of the expiration of the deadline of 31 December 2013 for exercising warrants outstanding, there are no further warrant instruments outstanding that may be exercised.

## 21. TAX LIABILITIES AND DEFERRED TAXATION

### Deferred taxation

There was no deferred tax asset or liability recognised at the balance sheet dates.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences relate to losses, the availability of the losses to offset against future profitability is also considered. The directors consider that there is no basis on which to recognise deferred tax assets at 30 September 2015 or 30 September 2014. The unrecognised asset in respect of tax losses at 30 September 2015 amounts to £1,379,000 (2014: £1,197,000).

## 22. INVESTMENTS

Details of Group companies can be found in Note 23 to the financial statements.

## 23. GROUP UNDERTAKINGS

The only subsidiary company as at 30 September 2015 is AssetCo (Abu Dhabi) Limited, which is dormant, wholly owned by AssetCo plc and is incorporated in Bermuda. There were no additions during the period (2014:£nil).

There were no Group investments in associates or interests in joint ventures as at the balance sheet date.

## 24. FUTURE CAPITAL COMMITMENTS

| | 2015<br>£'000 | 2014<br>£'000 |
|---|---|---|
| Contracted for but not provided in these financial statements | — | — |

### Operating lease commitments

The Group leases various assets under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

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

| | 2015 Property £'000 | 2014 Property £'000 | 2015 Other £'000 | 2014 Other £'000 |
|---|---|---|---|---|
| Within one year | **24** | 21 | **156** | 120 |
| More than one year and less than five years | **—** | — | **65** | 171 |
| After five years | **—** | — | **—** | — |
| | **24** | 21 | **221** | 291 |

The business leases the commercial property from which it operates. The lease was taken at the open market rent for the property prevailing at the outset of the lease. Lease renewals in respect of property are governed by the laws of the countries in which the leases are held. There are no purchase rights to any of the leased properties and no contingent rents are payable. None of the leases imposes financial or operating restrictions upon the business other than those associated with planning laws.

## 25. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM/(USED IN) OPERATIONS

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Profit for the year before taxation** | **4,013** | 2,253 |
| Depreciation and impairment (note 12) | **12** | 22 |
| Loss on sale of property, plant, and equipment | **—** | 19 |
| Finance costs (note 8) | **459** | 356 |
| Finance income (note 8) | **(23)** | (9) |
| Decrease/(increase) in inventories | **333** | (304) |
| Decrease/(increase) in debtors | **65** | (1,720) |
| Decrease in creditors | **(101)** | (997) |
| **Cash generated from/(used in) operations** | **4,758** | (380) |

**Analysis of net cash**

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Cash at bank and in hand | **12,836** | 5,787 |
| | **12,836** | 5,787 |

There was net cash of £12,836,000 as at 30 September 2015, (2014: £5,787,000) and cash held in respect of bonds of £2,813,000 (2014: £4,991,000).

## 26. CONTINGENT LIABILITIES

| | Approximate maximum potential liability | |
|---|---|---|
| | 2015 £'000 | 2014 £'000 |
| Performance bond related to a UAE based contract, expected to be released in full in 2017 | **2,500** | 5,000 |
| Advance payment guarantee | **—** | 8,000 |
| Performance bond related to a UAE based contract, expected to reduce to approximately £1 million in 2017 and to be released in full in 2020 | **2,000** | 2,000 |
| Performance bond related to a UAE based contract, released in full in March 2015 | **—** | 100 |
| Performance bond related to a UAE based contract, expected to be released in full in 2017 | **100** | — |

## 27. RELATED PARTY TRANSACTIONS

Related parties comprise the Company's shareholders, subsidiaries, associated companies, joint ventures, other entities over which the shareholders of the Group have the ability to control or exercise significant influence over their financial and operating decisions, and key management personnel and their close family members.

During the period, the Group entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

### Remuneration of the Directors

### Executive directors' remuneration

| | | Salary 2015 £'000 | Bonus 2015 £'000 | Benefits in Kind 2015 £'000 | Total emoluments 2015 £'000 | Salary 2014 £'000 | Bonus 2014 £'000 | Benefits in Kind 2014 £'000 | Total emoluments 2014 £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Tudor Davies | i | **70** | **—** | **—** | **70** | 70 | — | — | 70 |
| Gareth White | ii | **—** | **—** | **—** | **—** | 40 | — | 31 | 71 |
| Jeff Ord | iii | **286** | **66** | **31** | **383** | 144 | 32 | 45 | 221 |
| **Total** | | **356** | **66** | **31** | **453** | 254 | 32 | 76 | 362 |

i. Tudor Davies was appointed Executive Chairman on 23 March 2011.

ii. Gareth White was appointed to the board on 11 April 2012 and passed away on 13 December 2013.

iii. Jeff Ord was appointed to the board on 11 April 2012. Pension contributions and similar entitlements made during the year in respect of Jeff Ord amounted to £70,000 (2014: £7,000).

**Non-executive directors' remuneration**

| | | 2015<br>£'000 | 2014<br>£'000 |
|---|---|---|---|
| Mark Butcher | iv | **20** | 20 |
| Christopher Mills | v | **20** | 20 |
| **Total** | | **40** | 40 |

iv. Mark Butcher was appointed as a non-executive director on 24 October 2012.

v. Christopher Mills was appointed as a non-executive director on 23 March 2011.

Consultancy services were provided by Cadoc Limited, a company associated with Tudor Davies, to AssetCo plc during the year at a cost £171,000 (2014: £161,000) whilst at the balance sheet date an accrual was held in this respect of £18,000 (2014: £21,000).

## 28. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

# Report of the independent auditors to the members of AssetCo plc

**(company financial statements)**

## Report on the company financial statements

### Our opinion

In our opinion, AssetCo plc's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Company Balance Sheet as at 30 September 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities set out on page 8, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Other matter

We have reported separately on the group financial statements of AssetCo plc for the year ended 30 September 2015.

**Andrew Hammond** *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham

24 March 2016

# Company Balance Sheet

## As at 30 September 2015

| | Notes | 30 September 2015 £'000 | 30 September 2015 £'000 | 30 September 2014 £'000 | 30 September 2014 £'000 |
|---|---|---|---|---|---|
| **NET ASSETS EMPLOYED** | | | | | |
| **Fixed assets** | | | | | |
| Investments in subsidiaries | 6 | | **—** | | — |
| Tangible fixed assets | 7 | | **—** | | 12 |
| Cash held in respect of a bond | | | **2,802** | | 2,482 |
| **Current assets** | | | | | |
| Inventories | | **—** | | 333 | |
| Debtors | 8 | **6,629** | | 6,220 | |
| Cash held in respect of a bond | | **11** | | 2,509 | |
| Cash at bank and in hand | | **12,836** | | 5,787 | |
| | | **19,476** | | 14,849 | |
| **Current liabilities** | | | | | |
| Creditors –Amounts falling due within one year | 9 | **(2,683)** | | (2,627) | |
| | | **(2,683)** | | (2,627) | |
| Net current assets | | | **16,793** | | 12,222 |
| **Total assets less current liabilities and net assets** | | | **19,595** | | 14,716 |
| **REPRESENTED BY** | | | | | |
| Called up share capital | 11 | | **25,474** | | 25,474 |
| Share premium account | 11 | | **64,941** | | 64,941 |
| Profit and loss reserve | 3 | | **(70,820)** | | (75,699) |
| **Shareholders' funds** | 12 | | **19,595** | | 14,716 |

The financial statements on pages 43 to 50 were approved on behalf of the Board of Directors and signed by Tudor Davies on 24 March 2016.

Registered number: 04966347

# Notes to the Company Financial Statements

**for the year ended 30 September 2015**

## 1 LEGAL STATUS AND ACTIVITIES

Assetco plc ("the Company") is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business.

## 2. BASIS OF PREPARATION

The separate financial statements of the Company are presented in accordance with the Companies Act 2006. They have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The Company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996) "Cash flow Statements", as it is a wholly owned subsidiary undertaking and the ultimate parent undertaking prepares a consolidated cash flow statement which is publicly available.

The principal accounting policies are summarised below and have been applied consistently in both periods presented.

### Investments

Investments in subsidiary companies are stated at cost, less provisions for diminution in carrying value. Provisions are calculated with reference to value in use, adjusted for relevant debt.

### Fixed assets

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Fixtures and fittings | 3-5 years |

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the profit and loss account.

### Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Where the Company does not have immediate access to cash, it is separately classified in the balance sheet.

**Accrued income**

Material income earned from, but not yet invoiced to, customers in the financial period is included within prepayments and accrued income where receipt of such income is reasonably certain.

**Deferred income**

Deferred income arises when income from customers is received in advance of the period in which the company is contractually obliged to provide its service. Such income is held within accruals and deferred income and only released to the profit and loss account when the Company has met its related obligations.

**Tax**

Tax on ordinary activities is provided on taxable profits/(losses) using tax rates enacted or substantially 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, except that 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 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.

**Share capital**

Ordinary shares are classified as Shareholders' funds.

**Share premium**

The share premium account represents the excess over nominal value of the fair value of consideration received for ordinary shares, net of expenses of the share issue.

**Factored receivables**

Factoring arrangements that do not transfer all economic risks and rewards are accounted for by continuing to recognise the continuing rights over the receivable and by recognising any related obligation to the third party factor.

**Dividends**

Dividends are recognised as a liability in the period in which they are authorised. The interim dividend is recognised when it is paid and the final dividend is recognised when it has been approved by shareholders at the Annual General Meeting.

**Foreign currency**

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit and loss account.

*Foreign operations translation*

Balance sheets are translated into sterling at the exchange rate prevailing on the balance sheet date and gains or losses arising from the translation recognised through Shareholders' funds.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out ("FIFO") method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 3. PROFIT AND LOSS ACCOUNT

The parent company has taken advantage of Section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account. The profit for the year ended 30 September 2015 was £4,013,000 (2014: profit of £2,183,000). Auditors' remuneration for audit services to the company was £64,000 (2014: £69,000).

| | **2015<br>£'000** |
|---|---|
| At beginning of year | **(75,699)** |
| Profit for the year | **4,013** |
| Foreign exchange | **866** |
| At close of year | **(70,820)** |

## 4. EMPLOYEES AND DIRECTORS

The average number of persons employed by the Company (including executive Directors) was:

| | **Year to<br>30 September<br>2015<br>Number** | **Year to<br>30 September<br>2014<br>Number** |
|---|---|---|
| Production | **226** | 191 |
| Administration | **2** | 2 |
| | **228** | 193 |

The costs incurred in respect of these employees were:

| | **Year to<br>30 September<br>2015<br>Number** | **Year to<br>30 September<br>2014<br>Number** |
|---|---|---|
| Wages and salaries | **11,461** | 9,014 |
| Social security costs | **7** | 9 |
| Other pension costs | **1,236** | 910 |
| | **12,704** | 9,933 |

## 5. DIVIDENDS

A final dividend for 2015 has not been proposed (2014: £nil).

## 6. INVESTMENTS IN SUBSIDIARIES

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| **Company** | | |
| Shares in Group companies | **—** | — |
| **Cost** | | |
| At beginning of period | **7,500** | 7,500 |
| At end of period | **7,500** | 7,500 |
| **Provision for impairment** | | |
| At beginning of period | **(7,500)** | (7,500) |
| At end of period | **(7,500)** | (7,500) |
| Carrying value | **—** | — |

The only subsidiary company as at 30 September 2015 is AssetCo (Abu Dhabi) Limited, which is dormant, wholly owned by AssetCo plc and is incorporated in Bermuda. There were no additions during the period (2014:£nil).

## 7. TANGIBLE FIXED ASSETS

| | Fixtures & Fittings £'000 | Total £'000 |
|---|---|---|
| **Cost** | | |
| At 30 September 2014 and 2015 | 104 | **104** |
| **Accumulated depreciation** | | |
| At 30 September 2014 | 92 | **92** |
| Charge for the year | 12 | **12** |
| At 30 September 2015 | 104 | **104** |
| **Net book amount** | | |
| At 30 September 2015 | — | **—** |
| At 30 September 2014 | 12 | **12** |

## 8. DEBTORS

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Trade debtors | **5,649** | 5,132 |
| Other debtors | **103** | 149 |
| Prepayments and accrued income | **877** | 939 |
| | **6,629** | 6,220 |

## 9. CREDITORS — AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Trade creditors | **229** | 1,108 |
| Other creditors | **719** | 504 |
| Taxation and social security | **3** | 4 |
| Accruals and deferred income | **1,732** | 1,011 |
| | **2,683** | 2,627 |

## 10. DEFERRED TAX

There is no provision for deferred taxation in the parent company.

Deferred tax assets not recognised in the parent company are as follows:

| | 2015 £'000 | 2014 £'000 |
|---|---|---|
| Tax losses | **1,379** | 1,197 |

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences relate to losses, the availability of the losses to offset against future profitability is also considered. The directors consider that there was no basis on which to recognise the deferred tax asset at 30 September 2015 and 30 September 2014.

## 11. SHARE CAPITAL

| | Ordinary shares of 10p each No. | Deferred shares of 24p each No. | Deferred shares of 495p each No. |
|---|---|---|---|
| At 30 September 2013 | 11,000,713 | 90,712,740 | 501,425 |
| Warrants exercised | 1,210,450 | — | — |
| At 30 September 2014 | 12,211,163 | 90,712,740 | 501,425 |
| **At 30 September 2015** | **12,211,163** | **90,712,740** | **501,425** |

| | Ordinary Share Capital £'000 | Deferred Share Capital £'000 | Total Share Capital £'000 | Share Premium £'000 |
|---|---|---|---|---|
| At 30 September 2013 | 1,100 | 24,253 | 25,353 | 62,645 |
| Warrants exercised | 121 | — | 121 | 2,296 |
| At 30 September 2014 | 1,221 | 24,253 | 25,474 | 64,941 |
| **At 30 September 2015** | **1,221** | **24,253** | **25,474** | **64,941** |

The rights attaching to Deferred Shares are set out in the Company's Articles of Association and are minimal. They do not carry any voting rights or dividend rights.

Following the Company's adoption of new Articles of Association in September 2011, and in accordance with the Companies Act 2006, the share capital has no authorised limit (2014: no authorised limit). All issued shares are fully paid.

On 3 January 2014 various shareholders exercised warrants to subscribe for 1,210,450 new ordinary shares at 10p each at a price of £2.00 per share.

Following the issue of the new ordinary shares the company's enlarged issued share capital comprises 12,211,163 shares. As a result of the expiration of the deadline of 31 December 2013 for exercising warrants outstanding, there are no further warrant instruments outstanding that may be exercised.

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Year to 30 September 2015 £'000 | Year to 30 September 2014 £'000 |
|---|---|---|
| Profit for the year | **4,013** | 2,183 |
| Foreign exchange | **866** | 137 |
| Profit for the period | **4,879** | 2,320 |
| New share capital susbcribed | **—** | 2,417 |
| Opening shareholders' funds | **14,716** | 9,979 |
| Closing shareholders' funds | **19,595** | 14,716 |

## 13. CONTINGENT LIABILITIES

| | Approximate maximum potential liability | |
|---|---|---|
| | 2015 £'000 | 2014 £'000 |
| Performance bond related to a UAE based contract, expected to be released in full in 2017 | **2,500** | 5,000 |
| Advance payment guarantee | **—** | 8,000 |
| Performance bond related to a UAE based contract, expected to reduce to approximately £1 million in 2017 and to be released in full in 2020 | **2,000** | 2,000 |
| Performance bond related to a UAE based contract, released in full in March 2015 | **—** | 100 |
| Performance bond related to a UAE based contract, expected to be released in full in 2017 | **100** | — |

## 14. RELATED PARTY TRANSACTIONS

Transactions between the company and its wholly owned subsidiaries, which are related parties, are not disclosed in this note as the Company has taken advantage of the exemption in FRS8.

Consultancy services were provided by Cadoc Limited, a company associated with Tudor Davies, to AssetCo plc during the year at a cost £171,000 (2014: £161,000) whilst at the balance sheet date an accrual of £18,000 was held (2014: £21,000).

Other related party transactions are disclosed in note 27 to the consolidated financial statements.

### 15. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.