AssetCo plc

Annual report and financial statements

Year ended 30 September 2016

Registered number: 04966347

COMPANY INFORMATION

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

CONTENTS

	Page
Chairman's statement	1
Board of directors	2
Strategic report	3
Directors' report	5
Independent auditors' report to the members of AssetCo plc	10
Income statement	12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	17

Chairman's Statement

Introduction

We are pleased to report an improvement in profits and cash generation for the year ended 30 September 2016, principally all of which arises from a Fire Services contract in Abu Dhabi we have held since 2010 and which has been extended until November 2017 when it is due for renewal.

Results

The Income Statement for the year ended 30 September 2016 shows an Operating Profit of £4.9m (2015; £4.4m) on Revenue of £23.3m (2015; £21.7m) and a Profit before and after Taxation of £4.6m (2015; £4.0m). The year on year increase is principally due to the weakness of sterling versus the United Arab Emirates Dirham in which currency our business is conducted.

The cash position remains strong at £18.8m (2015; £15.6m) comprising free cash balances of £15.5m (2015; £12.8m) and restricted cash balances held in respect of bonds amounting to £3.3m (2015; £2.8m).

Claim against Grant Thornton

The litigation against the Company's former auditors, where we have issued formal Court proceedings and amounts to a sum in the region of £40m, continues but is not due to be heard until the summer of 2018.

UAE Contract

As announced on 31 January 2017, we agreed and signed a one year extension to our existing Abu Dhabi Fire Services contract, on similar terms, effective from November 2016 until November 2017 and are awaiting its final signature and return from Abu Dhabi.

Outlook

Trading continues to be in line with management's expectations and we will keep shareholders informed regarding further progress on extending the UAE contract and also any developments from the Grant Thornton claim.

Tudor Davies
28 March 2017

Board of Directors

Tudor Davies

Chairman

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.

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 company for the year ended 30 September 2016.

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 the United Arab Emirates (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 (KPIs)

The principal indicators used to measure the performance at company 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 26 and in the Statement of Cash Flows. There are detailed KPIs within the company'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. As the main risk to the company's business is a material reliance on one contract with a government agency, failure to perform could result in this contract not being renewed or lost, leading to a significant reduction in revenues and materially affecting the value and prospects of the company.

Due to the relative importance of oil revenues to UAE 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 company to material risk to trading performance and contracts in the event of contractual issues arising. The success of the company depends upon a continuing relationship with its principal customer.

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

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

The company 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 company's business, performance and prospects.

The activities of the company 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 company which could have a material adverse effect on the company's business, financial condition, trading performance and prospects.

By order of the board

Tudor Davies
Company Secretary

28 March 2017

Company Registration Number: 04966347

Directors' Report

Introduction

The directors present their annual report and the audited financial statements of the company for the year from 1 October 2015 until 30 September 2016.

Results

The financial statements are set out on pages 12 to 36.

As a result of our subsidiary AssetCo (Abu Dhabi) Limited being wound up, these financial statements are now prepared on a standalone company basis.

Dividend

The directors do not propose a dividend this year (2015: £nil).

Capital structure

The primary objective of the company'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 financial statements.

Directors

The directors who held office for the whole of the period were as follows:

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

Dr Jeff Ord (Executive) was also a director until he passed away on 23 June 2016

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 2016 No.	At 30 September 2015 No.
Executive Directors		
Tudor Davies *	32,813	32,813
Christopher Mills *	5,915,779	5,915,779
Mark Butcher	—	—

Dr Jeff Ord held no shares at either 30 September 2015 or when he passed away on 23 June 2016.

* 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 28 March 2017 the company secretary has been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules sourcebook 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.

Post balance sheet events

Post balance sheet events can be found in Note 26.

Corporate governance

As an AIM listed company AssetCo Plc is not required to comply with the UK Corporate Governance Code published in September 2014 ("the Code") in respect of the financial year ended 30 September 2016, instead using its provisions as a guide, but only as considered appropriate to the circumstances of the company.

Directors

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

The board consists of a chairman and two non-executive directors who are considered by the board to be independent of the chairman for the purposes of the Code. Until 23 June 2016, the board also had one executive director. 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 company's operations and the financial position of the company. 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 directors.

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 company and external auditors in terms of the provision of 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 company'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 company's system of internal controls. This includes internal financial controls and controls over financial, operational, compliance and risk management.

The company has established procedures for planning and monitoring the operational and financial performance of all businesses in the company, 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 company, AssetCo Plc, by assessing the operational and funding requirements of the company 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 company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 company and of the profit or loss of the company 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 applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The directors are responsible for the maintenance and integrity of the 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 that 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

28 March 2017

Company Registration Number: 04966347

Report of the independent auditors to the members of AssetCo plc

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2016 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 Statement of Financial Position as at 30 September 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the 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 IFRSs as adopted by the European Union, and applicable law.

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, 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 directors' 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.

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

28 March 2017

Income Statement

for the year ended 30 September 2016

	Notes	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Revenue	5	**23,300**	21,660
Cost of sales		**(16,550)**	(15,564)
Gross profit		**6,750**	6,096
Administrative expenses		**(1,874)**	(1,647)
Operating profit	6	**4,876**	4,449
Finance income	8	**21**	23
Finance costs	8	**(294)**	(459)
Profit before tax		**4,603**	4,013
Income tax expense	10	**—**	—
Profit for the year		**4,603**	4,013
Earnings per share (EPS)			
Basic – pence	11	**37.70**	32.86
Diluted – pence	11	**37.70**	32.86

Statement of Comprehensive Income

for the year ended 30 September 2016

	Notes	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Recognised profit for the year	5	**4,603**	4,013
Other comprehensive income			
Exchange differences on translating foreign operations		**1,858**	866
Other comprehensive income, net of tax		**1,858**	866
Total comprehensive income for the year		**6,461**	4,879

Statement of Financial Position

as at 30 September 2016

	Notes	Company 2016 £'000	Company 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**—**	—
Cash held in respect of a bond		**240**	2,802
Total non-current assets		**240**	2,802
Current assets			
Inventories	14	**—**	—
Trade and other receivables	15	**12,498**	6,629
Cash and cash equivalents	16	**15,470**	12,836
Cash held in respect of bond		**3,040**	11
Total current assets		**31,008**	19,476
Total assets		**31,248**	22,278
Liabilities			
Current liabilities			
Trade and other payables	17	**5,192**	2,683
Total current liabilities		**5,192**	2,683
Total liabilities		**5,192**	2,683
Shareholders' equity			
Share capital	20	**25,474**	25,474
Share premium		**64,941**	64,941
Profit and loss account		**(64,359)**	(70,820)
Total equity		**26,056**	19,595
Total equity and liabilities		**31,248**	22,278

The notes on pages 17 to 36 are an integral part of these financial statements. The financial statements were authorised for issue by the board of directors on 28 March 2017 and were signed on its behalf by Tudor Davies.

Registered number: 04966347

Statement of Changes in Equity

for the year ended 30 September 2016

	Share capital £'000	Share premium £'000	Profit and loss reserve £'000	Total equity £'000
Balance at 30 September 2014	25,474	64,941	(75,699)	**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	—	—	4,879	**4,879**
Balance at 30 September 2015	25,474	64,941	(70,820)	**19,595**
Profit for the year	—	—	4,603	**4,603**
Other comprehensive income:				
Exchange differences on translation	—	—	1,858	**1,858**
Total comprehensive income for the year	—	—	6,461	**6,461**
Balance at 30 September 2016	25,474	64,941	(64,359)	**26,056**

Statement of Cash Flows

for the year ended 30 September 2016

	Notes	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Cash flows from operating activities			
Cash generated from operations	23	**2,151**	4,758
Cash deposited in respect of a performance bond		**—**	(223)
Cash released in respect of a performance bond		**—**	2,814
Finance costs		**(294)**	(459)
Net cash generated from operating activites		**1,857**	6,890
Cash flows from investing activities			
Finance income		**21**	23
Net cash generated from investing activites		**21**	23
Net change in cash and cash equivalents		**1,878**	6,913
Cash and cash equivalents at beginning of year		**12,836**	5,787
Exchange differences on translation		**756**	136
Cash and cash equivalents at end of year	16	**15,470**	12,836

Notes to the Financial Statements

for the year ended 30 September 2016

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 subsidiaries.

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 company 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 financial statements were authorised for issue by the board of directors on 28 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements comply with AIM Rules and have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union, the IFRS Interpretations Committee ("IFRS IC") 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 2016.

Previously, consolidated financial statements were prepared in accordance with IFRS. As a result of the only subsidiary being wound up, these financial statements are prepared on a standalone company basis. The financial statements for the period ended 30 September 2016 are the first financial statements for the company prepared in accordance with IFRS. The date of transition to IFRS was 1 October 2014. No significant transition adjustments arose on transition to IFRS.

Going concern

As the company has no subsidiaries the directors have considered the going concern assumption for the company, AssetCo Plc, by assessing the operational and funding requirements of the company 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.

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

The company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 October 2016 or later periods. These new pronouncements are listed below:

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 2017)

IFRS 9, "Financial instruments" (effective 1 January 2018)

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

IFRS 16 "Leases" (effective 1 January 2019)

The directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods, although it is anticipated that the impact will be immaterial.

No new or amended standards were adopted for the year ending 30 September 2016.

2.2 Revenue recognition

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

The company recognises revenue when specific criteria have been met for each of the company'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 company recognises revenue in respect of the provision of services and the supply of equipment for fire and emergency services in UAE.

a) Rendering of services

Revenue is recognised on performance of the company's service obligations in respect of the company'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 company 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 company 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 company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

c) 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.

d) 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.

2.3 Foreign currency translation

a) Functional and presentation currency

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

There has been no change in the company'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 financial statements 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.

2.4 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.

2.5 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 company and the cost of the item can be measured reliably. The carrying amount of any replaced parts is derecognised. All other repairs and maintenance are 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 write down 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 any 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.

2.6 Financial instruments

a) Financial assets

The company classifies its financial assets at fair value through profit, loss, loans or 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 company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents".

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 company 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.

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 company.

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 of 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 company 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.

2.7 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.

2.8 Leases

Company as a lessee

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company 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.

2.9 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 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.

2.10 Employee benefits

Pension contributions – defined contribution scheme

For defined contribution schemes, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company 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 company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company 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 twelve months after the balance sheet date are discounted to their present value.

2.11 Dividends

Dividends are recognised as a liability in the period in which they are authorised. An interim dividend is recognised when it is paid and a final dividend is recognised when it has been approved by shareholders at the annual general meeting.

2.12 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.

2.13 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 income statement when the company has met its related obligations.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

a) Credit risk

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

As at 30 September 2016 the company had exposure to two customers, with the vast majority of revenue accruing with a department of the Abu Dhabi government, who are considered to offer an extremely small credit risk.

The company 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 company transacts principally in sterling and UAE dirhams.

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

Transaction risk in the company 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 company'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 company'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 company may seek to limit its exposure to fluctuating interest rates by keeping a significant proportion of the company's borrowings at fixed interest rates.

Financial assets

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

Financial liabilities

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

Other price risk

Other price risks, such as changes in the fair value of financial instruments being caused by movements in commodity or equity prices, are not applicable to the company's operations. The company 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 company maintains adequate bank balances to fund its operations.

3.2 Capital risk management

The company considers its capital to comprise

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Issued share capital	**25,474**	25,474
Share premium account	**64,941**	64,941
Accumulated reserves	**(64,359)**	(70,820)
Total equity	**26,056**	19,595
Total borrowings	**—**	—
Cash and cash equivalents	**(15,470)**	(12,836)
Cash held in respect of bonds	**(3,280)**	(2,813)
	(18,750)	(15,649)
Total capital	**7,306**	3,946

The company's objectives when managing capital are to safeguard the company'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 company is not subject to externally impaired capital requirements.

In order to maintain or adjust the capital structure, the company 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 company 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 company's geographical settlement. No secondary segmental information has been provided as, in the view of the directors, the company 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 £22,574,000 (2015: £20,376,000) 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 company is domiciled in the UK and also operates out of a branch in UAE. Revenue by destination is not materially different from the turnover by origin shown below.

Unallocated comprises the head office.

Analysis of revenue and results by geographical settlement

Year to 30 September 2016

	UAE £'000	Unallocated £'000	Continuing operations £'000
Revenue			
Revenue to external customers	23,300	—	**23,300**
Total revenue	23,300	—	**23,300**
Segment result			
EBITDA	6,050	(1,174)	**4,876**
Depreciation	—	—	**—**
Operating profit	6,050	(1,174)	**4,876**
Finance income	7	14	**21**
Finance costs	(294)	—	**(294)**
Profit before tax	5,763	(1,160)	**4,603**
Income tax	—	—	**—**
Profit for the year	5,763	(1,160)	**4,603**
Assets and liabilities			
Total segment assets	19,110	12,138	**31,248**
Total segment liabilities	(4,414)	(778)	**(5,192)**
Total net assets	14,696	11,360	**26,056**
Other segment information			
Total capital expenditure	—	—	**—**

Analysis of revenue and results by geographical settlement (continued)

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	—	—	**—**

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment (note 12)	**—**	12
Profit on foreign exchange differences	**(516)**	—
Fees payable to the company's auditors for the audit of the annual accounts	**64**	64
Fees payable to the company's auditors for other services:	**6**	—
	70	64
Operating lease rentals on company properties	**57**	52
Operating lease rentals on other assets	**205**	184
Employee benefit expense	**14,728**	12,744
Raw materials and consumables used	**762**	2,068

7. EMPLOYEES AND DIRECTORS

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

	2016 Number	2015 Number
Production	**236**	226
Administration	**2**	2
	238	228

The costs incurred in respect of these employees were:

	2016 £'000	2015 £'000
Wages and salaries	**13,321**	11,461
Social security costs	**6**	7
Other pension costs	**1,401**	1,236
	14,728	12,704

Key management compensation

	2016 £'000	2015 £'000
Payments made to board directors		
Aggregate fees and emoluments	**448**	493

There were £99,000 pension contributions made to key management (2015: £70,000).

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

	2016 £'000	2015 £'000
Salary and benefits	**338**	383

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

8. FINANCE INCOME AND FINANCE COSTS

	2016 £'000	2015 £'000
Finance costs on performance bonds and letters of credit	**(294)**	(459)
Bank interest receivable	**21**	23
	(273)	(436)

9. DIVIDENDS

A final dividend for 2016 has not been recommended (2015: £nil).

10. INCOME TAX

	2016 £'000	2015 £'000
Current taxation		
UK corporation tax at 20% (2015: 20.5%) – 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% (2015: 20.5%) ruling in the UK and the actual current tax shown above is explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	**4,603**	4,013
Tax on profit on ordinary activities at a standard rate of 20% (2015: 20.5%)	**921**	823
Factors affecting tax charge for the period:		
Income not taxable	**(1,152)**	(1,009)
Tax losses generated	**231**	186
	—	—

The July 2015 budget announced that the standard rate of corporation tax would change from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% with effect from 1 April 2020. The March 2016 budget announced that the standard rate of corporation tax would now change from 19% to 17% with effect from 1 April 2020. These changes were substantively enacted in the Finance Act 2015 in October 2015 and the Finance Act 2016 in September 2016 respectively.

11. EARNINGS PER SHARE

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. There was no dilutive impact in either period therefore diluted earnings per share is equal to basic earnings per share.

	2016 £'000	2015 £'000
Profit for the year	**4,603**	4,013
Weighted average number of ordinary shares in issue	**12,211,163**	12,211,163
Basic and diluted earnings per share (EPS) – pence	**37.70**	32.86

12. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Total £'000
Cost		
At 30 September 2015 and 2016	104	104
Accumulated depreciation		
At 30 September 2015 and 2016	104	104
Net book amount		
At 30 September 2016	—	—
At 30 September 2015	—	—

Depreciation

Depreciation expense of £nil (2015: £nil) has been charged in cost of sales and £nil (2015: £12,000) in administrative expenses.

Security

As at 30 September 2016 the company provided no security in respect of property, plant and equipment (2015: £nil).

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 £1,180,000 (2015: £1,019,000).

14. INVENTORIES

	2016 £'000	2015 £'000
Work in progress	—	—
	—	—

As of 30 September 2016, inventories of £nil (2015: £nil) were impaired. The amount of the provision was £nil (2015: £nil). As at 30 September 2016 inventories of £nil (2015: £nil) were pledged as security.

15. TRADE AND OTHER RECEIVABLES

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 UAE dirhams amounted to £11,292,000 (2015: £5,699,000).

	2016 £'000	2015 £'000
Trade receivables	**11,106**	5,649
Other receivables	**258**	103
Prepayments and accrued income	**1,134**	877
	12,498	6,629

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The company does not hold any collateral as security. There is a material concentration of credit risk due to the company'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 2016, trade receivables of £nil (2015: £nil) were impaired. The amount of the provision was £nil (2015: £nil).

16. CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash in bank and hand	**15,470**	12,836
Cash and cash equivalents	**15,470**	12,836

Cash and cash equivalents

	2016 £'000	2015 £'000
UK sterling	**9,840**	5,399
UAE dirhams	**5,630**	7,437
	15,470	12,836

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, UAE dirhams amounting to £3,280,000 (2015: £2,813,000) were held on deposit as security in respect of outstanding performance bonds and an advance payment guarantee. Please see note 24 – Contingent Liabilities for further information.

17. TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Trade payables	**580**	229
Other payables	**2,126**	719
Other taxation and social security	**3**	3
Accruals and deferred income	**2,483**	1,732
	5,192	2,683

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 UAE dirhams amounted to £2,323,000 (2015: £176,000).

18. BORROWINGS

As at 30 September 2016 there were total borrowings of £nil (2015: £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 2016:

Maturity of financial liabilities

	Total £'000	Trade payables £'000	Other payables £'000	Other taxation and social security £'000
In one year or less	2,709	580	2,126	3
	2,709	**580**	**2,126**	**3**

Currency risk

The company has used a sensitivity technique that measures the estimated change to the fair value of the company's financial instruments of a 10% strengthening in sterling against all other currencies, from the closing rates as at 30 September 2016, with all other variables remaining constant. A 10% variation would have had an impact on the balance sheet of £1,626,000. Of this charge £201,000 would be taken to the income statement.

	UK sterling £'000	UAE dirhams £'000	Total £'000	10% £'000
Financial assets	9,912	20,202	30,114	**1,837**
Financial liabilities	(386)	(2,323)	(2,709)	**(211)**
	9,526	17,879	27,405	**1,626**

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 company'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 2016:

Financial assets

	Loans and receivables £'000	2016 £'000	2015 £'000
Trade and other receivables	11,364	**11,364**	5,752
Cash and cash equivalents	15,470	**15,470**	12,836
Cash held in respect of a bond	3,280	**3,280**	2,813
	30,114	**30,114**	21,401

Financial liabilities

	Fair value through profit and loss £'000	Financial liabilities measured at amortised cost £'000	2016 £'000	2015 £'000
Trade and other payables	—	2,709	**2,709**	951
	—	2,709	**2,709**	951

20. SHARE CAPITAL

	2016 £'000	2015 £'000
Alloted and fully paid		
12,211,163 (2015: 12,211,163) ordinary shares of 10p each	**1,221**	1,221
90,712,740 (2015: 90,712,740) deferred shares of 24p each	**21,771**	21,771
501,425 (2015: 501,425) deferred shares of 495p each	**2,482**	2,482
	25,474	25,474

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.

21. TAX LIABILITIES AND DEFERRED TAXATION

Deferred taxation

There was no deferred tax asset or liability recognised at 30 September 2016 (2015: £nil).

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 2016 or 30 September 2015. The unrecognised asset in respect of tax losses at 30 September 2016 amounts to £1,370,000 (2015: £1,379,000).

22. FUTURE CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted for but not provided in these financial statements	—	—
	—	—

Operating lease commitments

The company 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:

	2016 Property £'000	2015 Property £'000	2016 Other £'000	2015 Other £'000
Within one year	**29**	24	**76**	156
More than one year and less than five years	**—**	—	**—**	65
After five years	**—**	—	**—**	—
	29	24	**76**	221

The company 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.

23. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS

	2016 £'000	2015 £'000
Profit for the year before taxation	**4,603**	4,013
Depreciation and impairment (note 12)	**—**	12
Finance costs (note 8)	**294**	459
Finance income (note 8)	**(21)**	(23)
Decrease in inventories	**—**	333
(Increase)/decrease in debtors	**(4,766)**	65
Increase/(decrease) in creditors	**2,041**	(101)
Cash generated from operations	**2,151**	4,758

Analysis of net cash

	2016 £'000	2015 £'000
Cash at bank and in hand	**15,470**	12,836
	15,470	12,836

There was net cash of £15,470,000 as at 30 September 2016 (2015: £12,836,000) and cash held in respect of bonds of £3,280,000 (2015: £2,813,000).

24. CONTINGENT LIABILITIES

	Approximate maximum potential liability	
	2016 £'000	**2015 £'000**
Performance bond related to a UAE based contract, expected to be released in full in 2017	**3,000**	2,500
Performance bond related to a UAE based contract, expected to reduce to approximately £1 million in 2018 and to be released in full in 2020	**2,400**	2,000
Performance bond related to a UAE based contract, expected to be released in full in 2017	**130**	100

25. RELATED PARTY TRANSACTIONS

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

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

Executive directors' remuneration

		Salary 2016 £'000	Bonus 2016 £'000	Benefits in Kind 2016 £'000	Total emoluments 2016 £'000
Tudor Davies	i	**70**	**—**	**—**	**70**
Jeff Ord	ii	**234**	**77**	**27**	**338**
Total		**304**	**77**	**27**	**408**

		Salary 2015 £'000	Bonus 2015 £'000	Benefits in Kind 2015 £'000	Total emoluments 2015 £'000
Tudor Davies	i	70	—	—	70
Jeff Ord	ii	286	66	31	383
Total		356	66	31	453

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

ii. Jeff Ord was appointed to the board on 11 April 2012 and passed away on 23 June 2016. Pension contributions and similar entitlements made during the year in respect of Jeff Ord amounted to £99,000 (2015: £70,000).

Non-executive directors' remuneration

		2016 £'000	2015 £'000
Mark Butcher	iii	**20**	20
Christopher Mills	iv	**20**	20
Total		**40**	40

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

iv. 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 of £180,000 (2015: £171,000), including at the balance sheet date an accrual of £97,000 (2015: £18,000).

26. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.