AssetCo plc

Annual report and financial statements

Year ended 30 September 2018

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

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Chairman's Statement

Introduction

We are pleased to report the results for the year ended 30 September 2018 and the encouraging progress with our claim for professional negligence against our former auditors Grant Thornton. The case was decided in our favour; however, it is now subject to an application by Grant Thornton for permission to appeal to the Court of Appeal.

Trading results

Profit after taxation for the year ended 30 September 2018 was £1.4m (2017: £2.2m) on revenue of £22.9m (2017; £24.9m) with profitability being adversely impacted by the reduced revenues and an increase in the litigation costs incurred in our claim for negligence against Grant Thornton, which was heard in the High Court during June 2018.

The cash position remains strong with free cash balances of £16.8m (2017; £21.5m).

Our business in Abu Dhabi which, since commencement in April 2010, has been based on the provision of an outsourced fire services for the Presidential Special Guard; this ended on 17 December 2018 when our services were combined with the existing outsourced arrangements controlled by the Fire Battalion on behalf of the whole of the Abu Dhabi Military.

We are currently in discussions with the Presidential Special Guard and with other potential clients in UAE to provide training and other fire related services.

Claim against Grant Thornton

The claim for negligence against AssetCo's former auditors, Grant Thornton, culminated in a trial in June 2018, for which a Judgment in AssetCo's favour was handed down awarding the company damages of £22.4m plus an associated interest payment of approximately £6m and £5m on account of costs incurred.

On 21 February 2019 Grant Thornton's applications to the Trial Judge Mr Justice Bryan for permission to appeal and their counterclaim and application for relief under Section 1157 of the Companies Act 2006 were all dismissed. Grant Thornton was ordered to pay the amounts due to AssetCo into Court, and these monies shall be released to AssetCo either upon the refusal of an application to the Court of Appeal or upon the dismissal of the appeal by the Court of Appeal.

On 15 March 2019, Grant Thornton served notice that they will apply to the Court of Appeal for permission to appeal against the judgement. AssetCo will oppose the application, but there is no fixed deadline for determination of the application.

Outlook

We shall keep shareholders informed of any developments regarding Grant Thornton's appeal and on the further development of the business in UAE.

Tudor Davies

16 March 2019

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 Company 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 AssetCo plc ("AssetCo" or the "company") for the year ended 30 September 2018.

Principal activities

AssetCo 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 continue the development of this business into new markets in the Middle East following the end of the contract with the Abu Dhabi government on 17 December 2018.

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 operating profit and total cash generation. For the current year and the previous year, these are shown in the Income Statement and in the Statement of Cash Flows respectively. There are detailed KPIs within the company's trading contract 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. For a number of years now, the main risk to the company's business has been a material reliance on one contract with a government agency. As announced on 16 October 2018, the company received notice of termination in respect of this contract and it terminated on 17 December 2018.

The future success of the company is dependent on winning further total managed services and other contracts. Such 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 may need to compete for such business with companies who provide similar services in other industry sectors. This may place competitive pressures on the company by driving price reductions or causing reduced margins.

Until the end of its existing 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, from time to time 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 regulations 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

16 March 2019

Company Registration Number: 04966347

Directors' Report

Introduction

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2018.

Results

The financial statements are set out on pages 15 to 38.

Dividend

The directors do not propose a dividend this year (2017: £nil).

Capital structure

The primary objective of the company's capital management is to ensure that capital is available to allocate to the 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 19.

Financial risk management

See note 3 to the financial statements.

Future developments

The outlook for the company is set out in the Chairman's Statement.

Directors

The directors who held office for the whole of the period, and up to the date of signing this report, were as follows:

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

The company secretary who held office for the whole of the period, and up to the date of signing this report, was Tudor Davies.

Directors' shareholdings

The beneficial interests of the directors in the shares of the company were as follows:

	At 30 September 2018 No.	**At 30 September 2017 No.**
Tudor Davies *	**32,813**	32,813
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, which include 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 16 March 2019 the company secretary has been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules sourcebook as issued by the Financial Conduct Authority, of the following interest in 3% or more in the ordinary share capital of the company:

Name	Number of shares	% of issued share capital
Harwood Capital LLP	5,915,779	48.4%
Lombard Odier Asset Management (Europe) Limited	3,378,956	27.7%
Ingot Capital Management	2,401,736	19.7%

Business combinations and disposals

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

Post balance sheet events

As referred to in the Strategic Report, the company received, on 15 October 2018, notice of termination of its contract in the UAE. The contract terminated on 17 December 2018.

On 31 January 2019, the company also announced that, in a judgment which was handed down that morning in AssetCo's case against Grant Thornton LLP ("GT"), AssetCo was awarded damages of approximately £21 million before an additional amount for interest on the damages and costs of the litigation.

At a further hearing on 21 February 2019, GT's application for permission to appeal were dismissed, as was their counterclaim and application for relief under Section 1157 of the Companies Act 2006. Grant Thornton was ordered to pay into Court a sum of £22.4m, plus interest of approximately £6m plus £5m on account of AssetCo's costs, on which interest will accrue at the judgment rate of 8% per annum. AssetCo was also awarded its costs of the action to be assessed by the Court if not agreed. The amounts paid into Court shall be released to AssetCo upon the refusal of Grant Thornton's application for permission to appeal by the Court of Appeal, or if permission is granted, upon the dismissal of the appeal by the Court of Appeal.

There are no other post balance sheet events.

Corporate governance

AssetCo Plc uses the QCA Corporate Governance Code as far as it is applicable to the company.

The company's ownership is very concentrated, with 96% of shares held by three separate fund management groups. Accordingly, the governance and culture of the company is led by the chairman, based on a strategy agreed with the company's major shareholders and set out in the Strategic Report.

Promoting value for shareholders

The principal activities of the company and its strategy are explained in the Strategic Report and in the Chairman's Statement.

Meeting shareholder needs and expectations

The company, through the chairman, 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.

Taking into account wider stakeholder and social responsibilities

The vast majority of the company's employees, customers and suppliers are located in the United Arab Emirates ("UAE"). The company ensures that it complies with all laws and regulations governing employment standards and occupational health, safety, environmental and other matters within the jurisdiction within which it operates.

Embedding risk management

The board considers regularly the risks relating to AssetCo's activities. Details of the principal risks and uncertainties facing the company are set out in the Strategic Report.

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. 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. All members of the board have considerable experience of operating at board level in corporate environments. 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.

In view of the small size of the board, there is no formal board evaluation process.

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 any 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.

Promoting ethical corporate values and behaviours

The board, through the chairman, seeks to maintain high ethical standards, within its UAE operation as well as in the UK, including in its dealing with customers and suppliers.

Maintaining governance structures and processes to support decision-making

The board is responsible for the company's system of internal control and reviewing its effectiveness. The procedures for planning and monitoring the operational and financial performance of the company, as well as its compliance with applicable laws and regulations, are set out below.

Communicating corporate governance

The principal method of communicating the company's corporate governance process and principles is the Annual Report, which is sent directly to all shareholders (unless they have specifically requested only electronic communication), and is available to other stakeholders and the general public on the company's website. The annual general meeting also provides an opportunity for shareholders to address corporate governance matters.

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. 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 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.

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 taken into account the termination of the company's contract in the UAE, which was announced on 16 October 2018 and effective on 17 December 2018 and considered the company's cash position both now and expected in the future. The company continues to employ key fire service personnel and administrative staff and is continuing to tender for future contracts. The directors have made no plans or decisions to change the company's activities.

On this basis, 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 in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 the financial statements, the directors are required to:

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

The directors 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

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

16 March 2019

Company Registration Number: 04966347

Report of the independent auditors to the members of AssetCo plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, AssetCo plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 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.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2018; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall materiality: £137,000 (2017: £85,000), based on 5% of the average profit before tax for the last 3 years (2017: 5% of profit before tax)
- We conducted an audit of the complete financial information of the two separate components located in the UK and UAE resulting in 100% coverage across all financial statement line items.
- Revenue recognition and recoverability of debtor balances.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and recoverability of debtor balances Contracts with the company's only customer are often agreed retrospectively, after delivery of services. At the year end, contracts had been signed with the customer and cash received in respect of services provided, and revenue recognised, for four and a half months of the financial year. For the revenue recognised over the remaining seven and a half months of the financial year, no cash has been received in respect of services provided. As such the revenue recognition and the subsequent recoverability of those debtors balances was considered to be a key audit matter.	For revenue where contracts were signed and amounts had been receipted prior to signing the financial statements, covering nine and a half months of the financial year, the amount of revenue recognised in this period was agreed to the signed contract and cash received. For the remaining period where revenue had been recognised but cash not yet received, we reviewed the draft contract. We also checked the payment history and credit rating of the customer and noted that there was no history of payment default over many years and that the customer's credit rating, being a government body, was very strong. We also confirmed that services had been delivered for this period. We found the recognition of revenue for the period and the assessment of recoverability of debtor balances at the year-end date to be consistent with the evidence obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The structure of the company is a revenue generating branch located in the UAE and the head office and registered address of the company in the UK. For the purposes of our audit, these have been treated as separate components and each have been subject to an audit of their complete financial information on the basis of the significance of each component to the company financial statements.

The audit of the UAE branch was undertaken by a separate component audit team and their work was subject to review both remotely and in person by the company audit Engagement Leader. The work performed over revenue recognition and recoverability of debtor balances fed directly into our key audit matters.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£137,000 (2017: £85,000).
How we determined it	5% of the average profit before tax for the last 3 years (2017: 5% of profit before tax)
Rationale for benchmark applied	We believe that underlying profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. For 2018, due to the level of non-recurring legal expenses, profit before tax has been suppressed. We have therefore used average profit before tax for the last 3 years as our benchmark, as we believe that this better reflects the underlying profit before tax of the entity, which is the primary measure used by the shareholders in assessing the performance of the entity.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6,800 (2017: £5,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Report of the independent auditors to the members of AssetCo plc
(continued)

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

16 March 2019

Income Statement

for the year ended 30 September 2018

	Notes	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Continuing operations			
Revenue	5	**22,888**	24,881
Cost of sales		**(16,645)**	(17,738)
Gross profit		**6,243**	7,143
Administrative expenses		**(4,746)**	(4,891)
Operating profit	6	**1,497**	2,252
Finance income	8	**5**	8
Finance costs	8	**(83)**	(87)
Profit before tax		**1,419**	2,173
Income tax expense	10	**—**	—
Profit for the year		**1,419**	2,173
Earnings per share			
Basic – pence	11	**11.62**	17.80
Diluted – pence	11	**11.62**	17.80

Statement of Comprehensive Income

for the year ended 30 September 2018

	Notes	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Recognised profit for the year	5	**1,419**	2,173
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**760**	(438)
Other comprehensive income/(expense), net of tax		**760**	(438)
Total comprehensive income for the year		**2,179**	1,735

Statement of Financial Position

as at 30 September 2018

	Notes	At 30 September 2018 £'000	At 30 September 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**26**	—
Cash held in respect of bonds		**1,199**	233
Total non-current assets		**1,225**	**233**
Current assets			
Inventories	13	**—**	—
Trade and other receivables	14	**15,997**	10,685
Cash and cash equivalents	15	**16,800**	21,530
Cash held in respect of bonds		**941**	102
Total current assets		**33,738**	32,317
Total assets		**34,963**	32,550
Liabilities			
Current liabilities			
Trade and other payables	16	**4,993**	4,759
Total current liabilities		**4,993**	4,759
Total liabilities		**4,993**	4,759
Shareholders' equity			
Share capital	19	**25,474**	25,474
Share premium		**64,941**	64,941
Profit and loss account		**(60,445)**	(62,624)
Total equity		**29,970**	27,791
Total equity and liabilities		**34,963**	32,550

The notes on pages 20 to 38 are an integral part of these financial statements. The financial statements were authorised for issue by the board of directors on 16 March 2019 and were signed on its behalf by Tudor Davies.

Registered number: 04966347

Statement of Changes in Equity

for the year ended 30 September 2018

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 October 2016	25,474	64,941	(64,359)	**26,056**
Profit for the year	—	—	2,173	**2,173**
Other comprehensive expense:				
Exchange differences on translation	—	—	(438)	**(438)**
Total comprehensive income for the year	—	—	1,735	**1,735**
Balance at 30 September 2017	25,474	64,941	(62,624)	**27,791**
Profit for the year	—	—	1,419	**1,419**
Other comprehensive income:				
Exchange differences on translation	—	—	760	**760**
Total comprehensive income for the year	—	—	2,179	**2,179**
Balance at 30 September 2018	25,474	64,941	(60,445)	**29,970**

Statement of Cash Flows

for the year ended 30 September 2018

	Notes	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Cash flows from operating activities			
Cash (outflow)/inflow from operations	22	**(3,453)**	3,094
Cash deposited in respect of bonds		**(3,631)**	(104)
Cash released in respect of bonds		**2,028**	3,246
Finance costs		**(83)**	(87)
Net cash (outflow)/inflow from operating activities		**(5,139)**	6,149
Cash flows from investing activities			
Finance income		**5**	8
Purchases of property, plant and equipment		**(26)**	—
Net cash (outflow)/inflow from investing activities		**(21)**	8
Net change in cash and cash equivalents		**(5,160)**	6,157
Cash and cash equivalents at beginning of year		**21,530**	15,470
Exchange differences on translation		**430**	(97)
Cash and cash equivalents at end of year	15	**16,800**	21,530

Notes to the Financial Statements
for the year ended 30 September 2018

1. LEGAL STATUS AND ACTIVITIES
AssetCo plc ("AssetCo" or 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 announced on 16 October 2018, the company received, on 15 October 2018, notice of termination of its contract in the UAE. The contract terminated on 17 December 2018.

AssetCo plc is a public limited 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. As at period end, the company has no subsidiaries.

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 16 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The principal accounting policies applied in the preparation of these financial statements, which have been applied consistently with those applied in the previous year, 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 2018.

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 taken into account the termination of the company's contract in the UAE, which was announced on 16 October 2018 and effective on 17 December 2018 and considered the company's cash position both now and expected in the future. The company continues to employ key fire service personnel and administrative staff and is continuing to tender for future contracts. The directors have made no plans or decisions to change the company's activities.

On this basis, 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 International Accounting Standards Board (IASB) and IFRS IC have issued the following new or revised standards and interpretations with an effective date for financial periods beginning on or after the dates disclosed below. These standards and interpretations have not yet been adopted by the company.

IFRS 2 Share-based Payment – Amendments to clarify the classification and measurement of share-based payment transactions (effective1 January 2018)

IFRS 3 Business Combinations – Amendments to clarify the definition of a business (effective 1 January 2020)

IFRS 4 Insurance Contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)

IFRS 9 Financial Instruments – New accounting standard (effective 1 January 2018)

IFRS 10 Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (date deferred)

IFRS 15 Revenue from Contracts with Customers – New accounting standard (effective 1 January 2018)

IFRS 16 Leases – New accounting standard (effective 1 January 2019)

IFRS 17 Insurance Contracts – New accounting standard (effective 1 January 2021)

IAS 19 Employee Benefits – Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)

IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (date deferred) and amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)

IAS 40 Investment Property – Amendments to clarify transfers of property to, or from, investment property (effective 1 January 2018)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

The IASB have also issued a new Conceptual Framework for Financial Reporting and a number of minor amendments to standards as part of their Annual Improvements to IFRS.

IFRS 9 'Financial Instruments' introduces a new model for the classification and measurement of financial assets, a new expected credit loss model for the impairment of financial assets held at amortised cost, and new requirements for hedge accounting. There are also a number of new disclosure requirements. The adoption of IFRS 9 is not expected to have a material impact on the company's results or financial position, but is expected to result in further disclosures.

IFRS 15 'Revenue from Contracts with Customers' introduces a new five step model for the recognition of revenue, which is based on the satisfaction of performance obligations. The core principle is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of IFRS 15 is not expected to have a material impact on the company's results or financial position, but is expected to result in further disclosures.

The adoption of IFRS 16 'Leases' is not expected to have a significant impact on either the company's balance sheet or income statement. For those leases where it is the lessee the company will be required to recognise assets and liabilities in the balance sheet in the majority of cases and recognise depreciation and finance costs in the income statement. The company is undertaking an assessment to determine the overall impact of the adoption of IFRS 16 on its results and financial position, which will clearly depend upon the transition options selected and the specific circumstances at the date of adoption.

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 with any impact on the company's financial statements were adopted for the year ending 30 September 2018.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the provision of goods and 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 for fire and emergency services in UAE.

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. Revenue is recognised in the period in which the services are provided.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the company's businesses 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) 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. Foreign exchange gains or losses resulting from such translation are recognised through equity.

c) Other transactions and balances

Other 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 and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, other than those held in foreign operations, are recognised in the income statement.

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.

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 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 company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents". They are measured initially on recognition at fair value and subsequently at amortised cost.

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 and warranty 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.

2.8 Leases

All of the company’s 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 virtually certain.

2.13 Deferred income

Deferred income arises when cash 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.

2.14 **Contingent liabilities**

Contingent liabilities reflect the maximum potential liability on performance and warranty bonds issued in respect of contracted performance obligations and warranties given to customers under contracts for the provision goods and services. The warranty period varies between 6 and 36 months depending on the specific product or service under warranty and the maximum liability may be partially released part way through this period. The outflow of resources associated with these amounts is not considered to be probable hence such amounts are not recognised as liabilities at the balance sheet date.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

a) Credit risk

The company's exposure to credit risk is detailed in Note 14.

As at 30 September 2018 the company had exposure to one customer, with the whole of revenue, trade receivables and accrued income 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 cash or 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 or 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

	At 30 September 2018 £'000	At 30 September 2017 £'000
Issued share capital	**25,474**	25,474
Share premium account	**64,941**	64,941
Accumulated losses	**(60,445)**	(62,624)
Total equity	**29,970**	27,791
Total borrowings	**—**	—
Cash and cash equivalents	**(16,800)**	(21,530)
Cash held in respect of bonds	**(2,140)**	(335)
	(18,940)	(21,865)
Total capital	**11,030**	5,926

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. In particular, the company is confident that it will recover outstanding debts due in full.

b) Judgements

The directors note the termination of the company's only contract on 17 December 2018. However, they do not believe this impacts the going concern basis of preparation for the reasons described in note 2 to the financial statements. The board do not consider that any other 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 £22,888,000 (2017: £24,491,000) are derived from the provision of services to a single customer within the UAE segment. No revenues (2017: £nil) were generated from the sale of goods.

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 geographic settlement

Year ended 30 September 2018

	UAE £'000	Unallocated £'000	Continuing operations £'000
Revenue			
Revenue to external customers	22,888	—	**22,888**
Total revenue	22,888	—	**22,888**
Segment result			
Operating profit	5,624	(4,127)	**1,497**
Finance income	—	5	**5**
Finance costs	(83)	—	**(83)**
Profit before tax	5,541	(4,122)	**1,419**
Income tax	—	—	**—**
Profit for the year	5,541	(4,122)	**1,419**
Segment assets and liabilities			
Total assets	27,597	7,366	**34,963**
Total liabilities	(3,995)	(998)	**(4,993)**
Total net assets	23,602	6,368	**29,970**
Other segment information			
Total capital expenditure	26	—	**26**

Analysis of revenue and results by geographic settlement (continued)

Year ended 30 September 2017

	UAE £'000	Unallocated £'000	Continuing operations £'000
Revenue			
Revenue to external customers	24,881	—	**24,881**
Total revenue	24,881	—	**24,881**
Segment result			
Operating profit	6,450	(4,198)	**2,252**
Finance income	—	8	**8**
Finance costs	(87)	—	**(87)**
Profit before tax	6,363	(4,190)	**2,173**
Income tax	—	—	**—**
Profit for the year	6,363	(4,190)	**2,173**
Segment assets and liabilities			
Total assets	18,669	13,881	**32,550**
Total liabilities	(3,348)	(1,411)	**(4,759)**
Total net assets	15,321	12,470	**27,791**
Other segment information			
Total capital expenditure	—	—	**—**

6. OPERATING PROFIT

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

	2018 £'000	2017 £'000
Depreciation of property plant and equipment (note 12)	**—**	—
(Profit)/loss on foreign exchange differences	**(37)**	368
Fees payable to the company's auditors:		
For the audit of the annual financial statements	**78**	70
For other services	**—**	—
	78	70
Operating lease rentals on company properties	**80**	66
Operating lease rentals on other assets	**226**	236
Employee benefit expense	**15,853**	16,766
Raw materials and consumables used	**165**	74

7. EMPLOYEES AND DIRECTORS

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

	2018 Number	2017 Number
Production	**236**	238
Administration	**2**	2
	238	240

The costs incurred in respect of these employees were:

	2018 £'000	2017 £'000
Wages and salaries	**14,269**	15,067
Social security costs	**8**	13
Other pension costs	**1,576**	1,686
	15,853	16,766

Key management compensation

The directors consider the board to be the key management.

	2018 £'000	2017 £'000
Payments made to board directors		
Aggregate fees and emoluments	**110**	110
Including in respect of the highest paid director:		
Salary and benefits	**70**	70

In addition, as set out in note 24, consultancy services were provided to the company during the year by Cadoc Limited, a company associated with the chairman, Tudor Davies.

There were no pension contributions made in respect of key management (2017: £nil).

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 £1,360,000 (2017: £1,380,000).

8. FINANCE INCOME AND FINANCE COSTS

	2018 £'000	2017 £'000
Finance costs on bonds and letters of credit	**(83)**	(87)
Bank interest receivable	**5**	8
	(78)	(79)

9. DIVIDENDS

A final dividend for 2018 has not been recommended (2017: £nil).

10. INCOME TAX

	2018 £'000	2017 £'000
Current taxation		
UK corporation tax	**—**	—
Total current tax	**—**	—

The difference between the profit on ordinary activities at an effective corporation tax rate of 19% (2017: 19.5%) ruling in the UK and the actual current tax shown above is explained below:

	2018 £'000	2017 £'000
Profit before taxation	**1,419**	2,173
Tax at a standard rate of 19% (2017: 19.5%)	**270**	424
Factors affecting tax charge for the year:		
Income not taxable	**(1,053)**	(1,241)
Tax losses generated	**783**	817
	—	—

Under currently enacted legislation, the standard rate of corporation tax changed from 20% to 19% with effect from 1 April 2017 and will change from 19% to 18% with effect from 1 April 2020.

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.

	2018	2017
Profit for the year – £000	**1,419**	2,173
Weighted average number of ordinary shares in issue – no.	**12,211,163**	12,211,163
Basic and diluted earnings per share – pence	**11.62**	17.80

12. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000	Total £'000
Cost		
At 1 October 2016 and 2017	104	**104**
Additions	26	**26**
Disposals	(104)	**(104)**
At 30 September 2018	26	**26**
Accumulated depreciation		
At 1 October 2016 and 2017	104	**104**
Disposals	(104)	**(104)**
Charge for the year	—	**—**
At 30 September 2018	—	**—**
Net book value		
At 30 September 2018	26	**26**
At 30 September 2017	—	**—**

Security

As at 30 September 2018 the company provided no security in respect of property, plant and equipment (2017: £nil).

13. INVENTORIES

As at 30 September 2018 the company had no inventories (2017: £nil). No inventories were impaired (2017: £nil) and no inventories were pledged as security (2017: £nil).

14. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Trade receivables	**—**	—
Other receivables	**166**	190
Prepayments and accrued income	**15,831**	10,495
	15,997	10,685

Due to their short-term nature the carrying value of trade and other receivables approximates to their fair value. Trade and other receivables, including accrued income, held in UAE dirhams amounted to £15,726,000 (2017: £10,554,000)

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables and accrued income. The company does not hold any collateral as security. There is a material concentration of credit risk due to the company's individual material debts being 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 2018, trade receivables of £nil (2017: £nil) were impaired. The amount of the provision was £nil (2017: £nil). No trade receivables were written off during the period (2017: £nil).

15. CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash at bank and in hand	**16,800**	21,530
Cash and cash equivalents	**16,800**	21,530
Cash and cash equivalents		
UK sterling	**5,120**	6,598
UAE dirhams	**11,680**	14,932
	16,800	21,530

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. Balances are held with reputable banks with credit ratings of A and above.

In addition to the above, UAE dirhams amounting to £2,140,000 (2017: £335,000) were held on deposit as security in respect of outstanding performance and warranty bonds. See note 23 – Contingent Liabilities for further information.

16 TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Trade payables	**1,003**	878
Other payables	**1,618**	1,183
Other taxation and social security	**3**	3
Accruals and deferred income	**2,369**	2,695
	4,993	4,759

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 £1,831,000 (2017: £1,401,000).

17. BORROWINGS

As at 30 September 2018 there were total borrowings of £nil (2017: £nil).

18. FINANCIAL ASSETS AND LIABILITIES

The following tables illustrate the categorisation and carrying value of financial assets and liabilities as at 30 September 2018:

Financial assets

	At amortised cost	
	2018 £'000	2017 £'000
Trade receivables	**—**	—
Other receivables and accrued income	**15,801**	10,516
Cash and cash equivalents	**16,800**	21,530
Cash held in respect of bonds	**2,140**	335
	34,741	32,381

Financial liabilities

	At amortised cost	
	2018 **£'000**	**2017** **£'000**
Trade and other payables	**4,993**	4,759

Maturity analysis of financial liabilities

The following disclosures show the maturity profile of gross undiscounted cash flows of financial liabilities, excluding deferred income, as at 30 September 2018:

	Trade payables £000	Other payables and accruals £000	Other taxation and social security £000	Total £000
2018				
In one year or less	**1,003**	**3,987**	**3**	**4,993**
2017				
In one year or less	878	3,878	3	4,759

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 2018, with all other variables remaining constant. A 10% variation would have had an impact on the balance sheet of £2,323,000. Of this charge, £194,000 would be taken to the income statement.

	UK sterling £'000	UAE dirhams £'000	Total £'000	10% £'000
2018				
Financial assets	**5,195**	**29,546**	**34,741**	**2,686**
Financial liabilities	**(998)**	**(3,995)**	**(4,993)**	**(363)**
	4,197	**25,551**	**29,748**	**2,323**
2017				
Financial assets	6,711	25,670	32,381	2,334
Financial liabilities	(1,411)	(3,348)	(4,759)	(304)
	5,300	22,322	27,622	2,030

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

19. SHARE CAPITAL

	2018 £'000	2017 £'000
12,211,163 (2017: 12,211,163) ordinary shares of 10p each	**1,221**	1,221
90,712,740 (2017: 90,712,740) deferred shares of 24p each	**21,771**	21,771
501,425 (2017: 501,425) deferred shares of 495p each	**2,482**	2,482
	25,474	25,474

The rights attaching to the 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.

20. TAX LIABILITIES AND DEFERRED TAXATION

Deferred taxation

There was no deferred tax asset or liability recognised at 30 September 2018 (2017: £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 2018 or 30 September 2017. The unrecognised asset in respect of tax losses at 30 September 2018 amounts to £2,946,000 (2017: £2,082,000).

21. FUTURE CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in these financial statements at 30 September 2018 (2017: £nil).

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:

	Property		Other assets	
	2018 £000	2017 £000	2018 £000	2017 £000
Within one year	**38**	31	**4**	—

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.

22. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS

	2018 £'000	2017 £'000
Profit for the year before taxation	**1,419**	2,173
Finance costs (note 8)	**83**	87
Finance income (note 8)	**(5)**	(8)
(Increase)/decrease in receivables	**(5,085)**	1,191
Increase/(decrease) in payables	**135**	(349)
Cash (outflow)/inflow from operations	**(3,453)**	3,094

23. CONTINGENT LIABILITIES

	Approximate maximum potential liability	
	2018 £'000	2017 £'000
Warranty bond related to a UAE based contract, expected to be released in full in 2020 (2017: Performance bond related to the same UAE based contract)	**1,200**	2,400
Performance bond related to a UAE based contract, released in full in December 2017	**—**	105
Performance bond related to a UAE based contract, expected to be released in full in 2019	**1,050**	—

24. 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

For the year ended 30 September 2018

	Salary £'000	Bonus £'000	Benefits in Kind £'000	Total emoluments £'000
Tudor Davies (see below)	**70**	**—**	**—**	**70**

For the year ended 30 September 2017

	Salary £'000	Bonus £'000	Benefits in Kind £'000	Total emoluments £'000
Tudor Davies (see below)	70	—	—	70

Tudor Davies was appointed Executive Chairman on 23 March 2011.

Non-executive directors' remuneration

	2018 £'000	2017 £'000
Mark Butcher (see i below)	**20**	20
Christopher Mills (see ii below)	**20**	20
	40	40

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

ii. 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 during the year at a cost of £493,000 (2017: £375,000), including at the balance sheet date an accrual of £61,000 (2017: £245,000). On conclusion of the court action against Grant Thornton, Cadoc Limited is entitled to a success fee of 15% of the funds realised from the litigation.

Reimbursement of costs of £65,000 (2017: £78,000 costs charged to the company) were made to the company by Harwood Capital LLP, one of the company's significant shareholders, in relation to legal action being taken by the company against the company's former auditors, including at the balance sheet date a receivable of £nil (2017; £78,000 accrual).

25. POST BALANCE SHEET EVENTS

As announced on 16 October 2018, the company received, on 15 October 2018, notice of termination of its contract in the UAE. The contract terminated on 17 December 2018.

On 31 January 2019, the company also announced that, in a judgment which was handed down that morning in AssetCo's case against Grant Thornton LLP ("GT"), AssetCo was awarded damages of approximately £21 million before an additional amount for interest on the damages and costs of the litigation.

At a further hearing on 21 February 2019, GT's application for permission to appeal was dismissed, as was their counterclaim and application for relief under Section 1157 of the Companies Act 2006. GT was ordered to pay into Court a sum of £22.4 million, plus interest of approximately £6 million plus £5 million on account of AssetCo's costs, on which interest will accrue at the judgment rate of 8% per annum. AssetCo was also awarded its costs of the action to be assessed by the Court if not agreed. The amounts paid into Court shall be released to AssetCo upon the refusal of GT's application for permission to appeal by the Court of Appeal, or if permission is granted, upon the dismissal of the appeal by the Court of Appeal.

There are no other post balance sheet events.