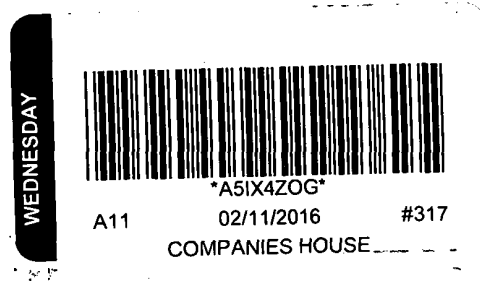


Northgate Vehicle Hire Limited
Report and Financial Statements
Financial year ended 30 April 2016



Company number 01434157

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 2016

| CONTENTS | Page |
|---------------------------------------|-------------|
| Officers | 1 |
| Strategic Report | 2 |
| Directors' Report | 5 |
| Directors' Responsibilities Statement | 7 |
| Independent Auditor's Report | 8 |
| Income Statement | 10 |
| Balance Sheet | 11 |
| Statement Of Changes In Equity | 12 |
| Notes to the Financial Statements | 13 |

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 2016

OFFICERS

DIRECTORS

MA Hunt
D Henderson FCIS
E Aston

SECRETARY

D Henderson FCIS

REGISTERED OFFICE

Northgate Centre
Lingfield Way
Darlington
DL1 4PZ

STRATEGIC REPORT

The Directors present their Strategic Report on Northgate Vehicle Hire Limited for the year ended 30 April 2016.

REVIEW OF THE BUSINESS

The current year has seen continued growth in customer numbers and hire locations, whilst the used vehicle market saw downward pressure on pricing.

Depot network

There were no acquisitions in the current year. At 30 April 2016, the Company operated from a network of 73 rental locations (2015: 72) following the opening of one new depot. Since our network expansion programme commenced in 2013, we have opened 15 new sites in total. These new sites have contributed 4,800 to the closing vehicles on hire.

Vehicle fleet and utilisation

The fleet decreased from 52,900 to 49,600 vehicles. Additions to the vehicle fleet in the year totalled £195,556,000 (2015: £241,151,000). The average utilisation rate for the year was 87% (2015: 88%).

Hire rates

The average vehicle hire revenue per rented vehicle, adjusted for the fleet mix, was stable compared with the previous year.

Used vehicle sales

During the year there has been downward pressure on market pricing for used vehicles. A total of 19,600 vehicles were sold (2015: 17,000) with retail and semi-retail channels accounting for approximately 33% (2015: 31%) of those disposals.

The impact of the decrease in resale values achieved, coupled with the increase in the number of vehicles disposed of, resulted in a decrease of £19,100,000 (2015: £26,300,000) in the depreciation charge.

FUTURE DEVELOPMENTS

Looking forward the primary focus will be on growing the business through our existing network. Further information can be seen in the Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

Economic environment

There is a link in our business between the demand for our products and services and the level of economic activity. The high level of operational gearing in our business model means that changes in demand can lead to higher levels of variation in profitability.

Should there be a further significant economic downturn the flexible nature of the business model enables vehicles to be placed with other customers. Alternatively, utilisation can be maintained through a combination of a decrease in vehicle purchases and increase in disposals, which although affecting short term profitability, generates cash and reduces debt levels.

Competition and hire rates

The markets in which the Company operates are fragmented and competitive, with competitors often pursuing aggressive pricing strategies to increase their market share. This leads to a risk of the Company being forced to reduce hire rates to retain current business or attract new customers.

There is a risk that a lack of understanding of the Company's product offering and low brand awareness could lead to the Group not taking full advantage of the opportunities open to it.

Should there be a significant economic downturn the flexible nature of the Company's business model allows any vehicles returned to be placed with different customers. Alternatively, utilisation can be maintained through purchasing fewer vehicles, increasing disposals or a combination of the two. Although this may affect short term profitability it generates cash and reduces debt.

STRATEGIC REPORT (CONTINUED)

Competition and hire rates (continued)

No individual customer contributes more than 5% of total revenue generated, and ongoing credit analysis is performed on new and existing customers to assess credit risk.

Vehicle holding costs

The overall holding cost of a vehicle is affected by the pricing levels of new vehicles and the disposal value of vehicles sold.

The business purchases substantially all of its fleet from suppliers with no agreement for the repurchase of a vehicle at the end of its hire life cycle. The business is therefore exposed to fluctuations in residual values in the used vehicle market.

An increase in the holding cost of vehicles, if not recovered through hire rate increases, would affect profitability.

Flexibility in our business model allows us to determine the period over which we hold a vehicle and therefore in the event of a decline in residual values we would attempt to mitigate the impact by ageing out our existing fleet.

Employees and the working environment

Failure to attract, develop and retain individuals with the appropriate skills will inhibit the successful delivery of our strategy. Inadequate maintenance of our vehicles and a working environment where individuals do not receive appropriate training and support could place employees and customers' employees at risk from failures in health and safety.

Personal development plans and tailored training are conducted for all employees. Salaries are benchmarked against the market and a range of incentives are provided to attract and retain staff. Succession plans are in place for executive positions.

Regular communication and engagement with everyone across the business is vital to our success. The Health and Safety and Internal Audit functions are responsible for delivering health and safety best practice and reporting any non-compliance to the Board.

Our scheduling and compliance department is overseen by Internal Audit and ensures that vehicles are maintained to the required standards.

IT systems

Reliance is placed upon the proper functioning of IT systems for the effective running of operations. Any interruption to the business' IT systems could have a materially adverse effect on our business.

Prior to any material systems changes being implemented a project plan is approved. The project is then led by a member of the executive team, with an ongoing implementation review being carried out by Internal Audit and external consultants where appropriate. The objective is always to minimise the risk that business interruption could occur as a result of the system changes.

Additionally, the business has an appropriate business continuity plan in the event of interruption arising from an IT systems failure.

STRATEGIC REPORT (CONTINUED)

Access to capital

The Company requires capital to replace vehicles at the end of their rental life and for any growth in the fleet.

The Company relies on on-going support from its parent company, Northgate plc, to provide funding to the Company. The parent has confirmed that it is the current intention to provide sufficient financial support to the Company as disclosed further in the going concern section of this report.

KEY PERFORMANCE INDICATORS

The Directors of Northgate plc, the ultimate parent company, manage the Group's performance on a divisional basis, which is not aligned to statutory entities. For this reason Northgate Vehicle Hire Limited's Directors believe that a discussion of the Group's key performance indicators would not be appropriate for an understanding of the development, performance or position of Northgate Vehicle Hire Limited's business. The key performance indicators of Northgate plc, which include those of Northgate Vehicle Hire Limited, are discussed on pages 36 and 37 of the Group's Annual Report, which does not form part of this report.

Signed on behalf of the Board



MA Hunt
Director
22 September 2016

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 30 April 2016.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was that of hirers of self-drive motor vehicles.

RESULTS AND DIVIDENDS

The income statement for the year is set out on page 10. No dividend (2015: £30,000,000) was paid during the year.

DIRECTORS

The Directors who served during the year and subsequently were:

MA Hunt

D Henderson

E Aston (appointed 22 March 2016)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through informal and formal meetings, as well as the intranet site of the Company. Employees of the Company are entitled to participate in the Northgate plc All Employee Share Scheme, details of which are shown in the Annual Report and Financial Statements of that Company.

FINANCIAL INSTRUMENTS

Strategy

The Company's financing strategy is consistent with the Group's financing strategy, which has been approved by the Board of Northgate plc. The Group uses medium-term debt to finance vehicle fleet and other capital expenditure and working capital is funded by internally generated funds and an overdraft facility. Interest rate exposure is managed on a Group basis by a series of treasury contracts as described below.

Treasury Management

The funding arrangements of the Company are negotiated with banks by a Group treasury function and are monitored centrally. All funds generated by the Company's operations are controlled by the same Group function.

Liquidity

All the Company's liquidity requirements are covered by the Group's aggregate finance facilities, which exceed Group net debt.

Interest Rate Management

All the Company's borrowings are subject to variable interest rates. The Company holds no interest rate derivatives as these are managed on a Group basis as explained in further detail in the Annual Report of Northgate plc.

OUTLOOK

Trading in the new financial year is broadly in line with the Directors' expectations in the first four months. The Directors will continue to focus on maximising fleet utilisation, cash management, cost control and will target growth where the appropriate return exists in the current financial year.

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Directors' Report. The Directors have reviewed the Company's forecasts and projections taking account of reasonably possible downside sensitivities. The Company relies upon the support of its parent company, Northgate plc, and the going concern status of the Company is dependent upon the ongoing support of its parent. The current economic conditions create uncertainty particularly over the level of demand for the Group's rental vehicles and for the disposal of vehicles.

The parent company has confirmed that it will provide sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The Directors have considered this letter of support, have made enquiries of Group management and have concluded that the Company is a going concern. On this basis, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS INDEMNITIES

The Directors have the benefit of qualifying third party indemnity provisions contained in the Company's Articles of Association, which were in force throughout the financial year and remained in force as at the date of signing this report.

AUDITOR

In the case of each of the Directors of the Company at the date when this report was approved:


- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

The auditor, PricewaterhouseCoopers LLP, was appointed during the year.

Approved by the Board of Directors.

Signed on behalf of the Board



MA Hunt
Director
22 September 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHGATE VEHICLE HIRE LIMITED

Report on the financial statements

Our opinion

In our opinion, Northgate Vehicle Hire Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the balance sheet as at 30 April 2016;
- the income statement 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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 Directors' Responsibilities Statement, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHGATE
VEHICLE HIRE LIMITED (CONTINUED)**

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

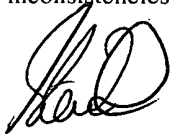
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



Steve Denison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
22 September 2016

Northgate Vehicle Hire Limited

INCOME STATEMENT
Year ended 30 April 2016

| | Note | 2016 £'000 | 2015 £'000 |
|--|------|------------------|------------------|
| REVENUE: HIRE OF VEHICLES | | 290,716 | 298,011 |
| REVENUE: SALE OF VEHICLES | | 123,400 | 111,982 |
| TOTAL REVENUE | 4 | 414,116 | 409,993 |
| Cost of sales | | (319,500) | (300,086) |
| GROSS PROFIT | | 94,616 | 109,907 |
| Administrative expenses | | (41,749) | (46,040) |
| OPERATING PROFIT | 5 | 52,867 | 63,867 |
| Finance costs | 7 | (12,344) | (13,426) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 40,523 | 50,441 |
| Taxation | 8 | (7,686) | (11,872) |
| PROFIT FOR THE YEAR | | 32,837 | 38,569 |

All results arise from continuing operations.

There are no other items of comprehensive income for the current or preceding financial year. Therefore, no separate statement of comprehensive income has been presented.

Northgate Vehicle Hire Limited

BALANCE SHEET
30 April 2016

| | Note | 2016 £'000 | 2015 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 1,768 | 1,273 |
| Property, plant and equipment | | | |
| Vehicles for hire | 11 | 423,804 | 431,957 |
| Other property, plant and equipment | 12 | 31,036 | 33,106 |
| Investments | 13 | 6,351 | 5,976 |
| | | <u>462,959</u> | <u>472,312</u> |
| CURRENT ASSETS | | | |
| Inventories | 14 | 18,723 | 17,938 |
| Trade and other receivables | 15 | 213,511 | 182,250 |
| Cash and cash equivalents | | <u>21,089</u> | <u>8,523</u> |
| | | <u>253,323</u> | <u>208,711</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 16 | <u>(56,720)</u> | <u>(65,782)</u> |
| NET CURRENT ASSETS | | <u>196,603</u> | <u>142,929</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>659,562</u> | <u>615,241</u> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 17 | (578,077) | (565,702) |
| PROVISIONS FOR LIABILITIES | 18 | (2,443) | (3,334) |
| | | <u>79,042</u> | <u>46,205</u> |
| NET ASSETS | | <u>79,042</u> | <u>46,205</u> |
| EQUITY | | | |
| Share capital | 19 | 20,000 | 20,000 |
| Retained earnings | | <u>59,042</u> | <u>26,205</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u>79,042</u> | <u>46,205</u> |

The financial statements were approved by the Board of Directors on 22 September 2016.
Signed on behalf of the Board of Directors:



MA Hunt
Director

Company number 01434157

STATEMENT OF CHANGES IN EQUITY
Year ended 30 April 2016

| | Share capital £'000 | Retained earnings £'000 | Total £'000 |
|--------------------------------------|------------------------------------|--|------------------------|
| Total equity at 1 May 2014 | 20,000 | 17,636 | 37,636 |
| Profit for the year | - | 38,569 | 38,569 |
| Dividends paid | - | (30,000) | (30,000) |
| Total equity at 30 April 2015 | 20,000 | 26,205 | 46,205 |
| Profit for the year | - | 32,837 | 32,837 |
| At 30 April 2016 | 20,000 | 59,042 | 79,042 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1 GENERAL INFORMATION

Northgate Vehicle Hire Limited is a Company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' Report on pages 2 to 6.

The financial statements are presented in UK Sterling because this is the currency of the primary economic environment in which the Company operates.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

IFRS 7, 'Financial Instruments: Disclosures'

Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:

- (i) paragraph 79(a)(iv) of IAS 1;
- (ii) paragraph 73(e) of IAS 16, 'Property, Plant and Equipment; and
- (iii) paragraph 118(e) of IAS 38, 'Intangible Assets' (reconciliations between the carrying amount at the beginning and end of the period)

The following paragraphs of IAS 1, 'Presentation of Financial Statements':

- 10(d) (statement of cash flows)
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
- 16 (statement of compliance with all IFRS)
- 38A (requirement for minimum of two primary statements, including statements of cash flows)
- 40A-D (requirements for a third balance sheet)
- 111 (cash flow information) and
- 134-136 (capital management disclosures)

IAS 7, 'Statement of Cash Flows'

Paragraph 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

Paragraph 17 of IAS 24, 'Related Party Disclosures' (key management compensation)

The requirements in IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Directors have reviewed the Company's forecasts and projections taking account of reasonably possible downside sensitivities. The Company relies upon the support of its parent company, Northgate plc, and the going concern status of the Company is dependent upon the ongoing support of its parent. The current economic conditions create uncertainty particularly over the level of demand for the Group's rental vehicles and for the disposal of vehicles.

The parent company has confirmed that it is the current intention to provide sufficient financial support to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The Directors have considered this letter of intent, have made enquiries of Group management and have concluded that the Company is a going concern. The Directors have considered this uncertainty and the intention of the parent to continue to support the Company and after making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

2 ACCOUNTING POLICIES (continued)

Intangible assets – software

Software assets are amortised on a straight line basis over their estimated useful lives, which do not exceed three years.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and any provision for impairment. Depreciation is provided so as to write off the cost of assets to residual values on a straight line basis over the assets' useful estimated lives as follows:

| | |
|-----------------------------|--|
| Freehold buildings | 50 years |
| Leasehold buildings | 50 years or over the life of the lease, whichever is shorter |
| Plant, equipment & fittings | 3 to 10 years |
| Vehicles for hire | 3 to 12 years |
| Motor vehicles | 3 to 6 years |

Vehicles for hire are depreciated on a straight line basis using depreciation rates that reflect economic lives of between three and twelve years. These depreciation rates have been determined with the anticipation that the net book values at the point the vehicles are transferred into inventories is in line with the open market values for those vehicles. Depreciation charges reflect adjustments made as a result of differences between expected and actual residual values of used vehicles, taking into account the further directly attributable costs to sell the vehicles.

Property under construction is not depreciated. Depreciation commences when these assets are ready for their intended use. Freehold land is not depreciated.

Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

Impairment

At the balance sheet date, the Company reviews the carrying amounts of its intangible and tangible assets and investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less selling costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Where an impairment loss has been recognised in an earlier period, at each subsequent balance sheet date, the Company reassesses whether there are any indications that such impairment loss has decreased or no longer exists. In these circumstances, any impairment loss is reversed.

Inventories

Used vehicles held for resale are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Other inventories comprise spare parts and consumables and are valued at the lower of cost or net realisable value.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in respect of the hire of vehicles, sale of used vehicles and the supply of related goods and services in the normal course of business, net of value added tax and discounts.

Revenue from vehicle hire is recognised evenly over the hire period. Revenue from sales of other related goods and services is recognised at the point at which the goods or services are provided.

Revenue from the sale of used vehicles is recognised at the point of sale which is usually represented by the point at which the customer takes possession of the vehicle. Where cash is received in advance of customers collecting or taking delivery of vehicles, revenue is recognised subject to the bill and hold criteria of IAS 18 (Revenue) being met.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

2 ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current and deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the current or deferred tax is also dealt with in equity.

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument.

Trade receivables are non-interest bearing and are initially stated at their fair value and subsequently at amortised cost less any appropriate provision for irrecoverable amounts. Trade payables are non-interest bearing and are stated initially at their fair value and subsequently at amortised cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and bank overdrafts.

Leasing

As lessee:

If the lease transfers substantially all the risks and rewards incident to ownership of the asset then it is classified as a finance lease. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

As lessor:

Motor vehicles and equipment leased to customers under operating leases are included within property, plant and equipment. Income from such leases is taken to the income statement evenly over the period of the operating lease agreements.

Pensions

The Company operates defined contribution pension schemes. Contributions in respect of defined contribution arrangements are charged to the income statement as they become payable by the Company. Pension contributions in respect of one of these arrangements are held in trustee administered funds, independently of the Company's finances.

Consolidation

The Company has taken advantage of the exemption in the Companies Act 2006 s400 and has presented financial statements for the Company only, on the grounds that it is a wholly owned subsidiary undertaking of Northgate plc, which prepares Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

2 ACCOUNTING POLICIES (continued)

Foreign currency

Transactions in foreign currencies other than UK Sterling are recorded at the rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Finance costs

Finance costs are recognised in the income statement using the effective interest rate method.

Dividends

Dividends on Ordinary shares are recognised in the period in which they are either paid or formally approved, whichever is earlier.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in Note 2, the Directors have made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Depreciation

Vehicles for hire are depreciated on a straight line basis using depreciation rates that reflect economic lives of between three and twelve years. These depreciation rates have been determined with the anticipation that the net book values at the point the vehicles are transferred into inventories is in line with the open market values for those vehicles.

Under IAS 16 'Property, Plant and Equipment', the Company is required to review its depreciation rates and estimated useful lives regularly to ensure that the net book value of disposals of tangible fixed assets are broadly equivalent to their market value.

Depreciation charges reflect adjustments made as a result of differences between expected and actual residual values of used vehicles, taking into account the further directly attributable costs to sell the vehicles.

Provision for bad and doubtful debts

Trade receivables are stated in the balance sheet at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether provision is required against any trade receivable, judgement is required in estimating the likely levels of recovery. In exercising this judgement, consideration is given to both the overall economic environment in which a debtor operates, as well as specific indicators that the recovery of the nominal balance may be in doubt, for example days' sales outstanding in excess of agreed credit terms or other qualitative information in respect of a customer.

Taxation

The Company carries out tax planning consistent with a Company of its size and makes appropriate provision, based on best estimates, until tax computations are agreed with the tax authorities. To the extent that tax estimates result in the recognition of deferred tax assets, those assets are only carried in the balance sheet to the extent that it is considered probable that taxable profit will be available against which the deductible temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

4 REVENUE

Revenue is derived from the hire and sale of vehicles. The Company operates in all material respects in the United Kingdom and turnover relates to customers in the United Kingdom.

5 OPERATING PROFIT

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Operating profit is stated after charging: | | |
| Depreciation of property, plant and equipment | 92,088 | 82,471 |
| Amortisation of intangible assets (included within administrative expenses) | 1,123 | 1,174 |
| Hire of plant and equipment and other assets | 3,526 | 3,297 |
| Cost of inventories recognised as an expense | 149,133 | 139,678 |
| Net impairment of trade receivables | 2,644 | 2,422 |
| Auditor's remuneration | 200 | 200 |
| Loss on sale of property, plant and equipment | 15 | 46 |

Auditor's remuneration consists of audit fees payable in relation to the audit of the financial statements for the year ended 30 April 2016.

6 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| Directors | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Directors' emoluments | 176 | 98 |
| Remuneration of the highest paid director, excluding pension contributions of £19,317 (2015: £8,739) | 139 | 63 |

One director (2015: two directors), included in the above, received accrued benefits under the defined contribution pension schemes. Total contributions for the year were £19,317 (2015: £13,999).

| Employees | 2016 Number | 2015 Number |
|---|----------------|----------------|
| Average number of persons employed | | |
| Direct operations | 1,418 | 1,472 |
| Administration | 457 | 461 |
| | 1,875 | 1,933 |

The staff costs of these employees were as follows:

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Wages and salaries | 53,928 | 55,848 |
| Social security costs | 4,898 | 4,837 |
| Other pension costs – defined contribution plans | 1,389 | 1,181 |
| | 60,215 | 61,866 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

7 FINANCE COSTS

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Interest on loans from group undertakings | <u>12,344</u> | <u>13,426</u> |

8 TAXATION

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Current taxation | | |
| UK corporation tax for the year | 7,046 | 6,111 |
| Adjustment in respect of prior years | <u>1,531</u> | <u>(978)</u> |
| | <u>8,577</u> | <u>5,133</u> |
| Deferred taxation | | |
| Origination and reversal of timing differences | 1,189 | 5,104 |
| Adjustment in respect of prior years | (2,080) | 1,799 |
| Rate adjustment | - | (164) |
| | <u>(891)</u> | <u>6,739</u> |
| Total tax charge for the year | <u>7,686</u> | <u>11,872</u> |

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before taxation | <u>40,523</u> | <u>50,441</u> |
| Tax on profit on ordinary activities at the standard rate of 20% (2015: 20.92%) | 8,105 | 10,552 |
| Expenses not deductible for tax purposes | 674 | 816 |
| Income not subject to tax | (543) | (153) |
| Rate adjustment | - | (164) |
| Adjustment in respect of prior years | <u>(550)</u> | <u>821</u> |
| Tax charge | <u>7,686</u> | <u>11,872</u> |

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

9 DIVIDENDS

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Equity dividends on ordinary shares: | | |
| Interim dividend in respect of the year ended 30 April 2016 | | |
| of £Nil (2015: £1.50) per Ordinary share | - | 30,000 |

10 INTANGIBLE ASSETS

| | Software £'000 |
|-------------------------|-------------------|
| Cost | |
| At 1 May 2015 | 13,108 |
| Additions | 1,618 |
| | <u>14,726</u> |
| At 30 April 2016 | |
| | <u>14,726</u> |
| Amortisation | |
| At 1 May 2015 | 11,835 |
| Charge for the year | 1,123 |
| | <u>12,958</u> |
| Net book value | |
| 30 April 2016 | <u>1,768</u> |
| 1 May 2015 | <u>1,273</u> |

11 VEHICLES FOR HIRE

| | £'000 |
|----------------------------|----------------|
| Cost | |
| At 1 May 2015 | 643,369 |
| Transfer to motor vehicles | (663) |
| Additions | 195,556 |
| Disposals | (220,483) |
| | <u>617,779</u> |
| At 30 April 2016 | |
| | <u>617,779</u> |
| Depreciation | |
| At 1 May 2015 | 211,412 |
| Transfer to motor vehicles | (170) |
| Charge for the year | 87,388 |
| Disposals | (104,655) |
| | <u>193,975</u> |
| At 30 April 2016 | |
| | <u>193,975</u> |
| Net book value | |
| 30 April 2016 | <u>423,804</u> |
| 1 May 2015 | <u>431,957</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

12 OTHER PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings £'000 | Plant equipment & fittings £'000 | Motor vehicles £'000 | Total £'000 |
|---|-----------------------------------|---|----------------------------|----------------|
| Cost | | | | |
| At 1 May 2015 | 37,707 | 10,155 | 3,355 | 51,217 |
| Transfer from vehicles for hire | - | - | 663 | 663 |
| Additions | 726 | 870 | 1,274 | 2,870 |
| Disposals | (324) | (762) | (1,489) | (2,575) |
| At 30 April 2016 | 38,109 | 10,263 | 3,803 | 52,175 |
| Depreciation | | | | |
| At 1 May 2015 | 11,704 | 5,342 | 1,065 | 18,111 |
| Transfer from vehicles for hire | - | - | 170 | 170 |
| Charge for the year | 1,884 | 2,117 | 699 | 4,700 |
| Disposals | (323) | (750) | (769) | (1,842) |
| At 30 April 2016 | 13,265 | 6,709 | 1,165 | 21,139 |
| Net book value 30 April 2016 | 24,844 | 3,554 | 2,638 | 31,036 |
| 1 May 2015 | 26,003 | 4,813 | 2,290 | 33,106 |
| | | | | |
| | | | | 2016 £'000 |
| | | | | 2015 £'000 |
| Land and buildings by category | | | | |
| Freehold | | | 22,156 | 22,570 |
| Short leasehold | | | 2,688 | 3,433 |
| Net book value | | | 24,844 | 26,003 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

13 FIXED ASSET INVESTMENTS

| | Shares in subsidiary undertakings £'000 |
|------------------------------------|--|
| Cost | |
| At 1 May 2015 | 12,658 |
| Exchange differences | 375 |
| At 30 April 2016 | 13,033 |
| Provisions | |
| At 1 May 2015 and at 30 April 2016 | 6,682 |
| Net book value | |
| 30 April 2016 | 6,351 |
| 1 May 2015 | 5,976 |

At 30 April 2016, the Company had the following wholly owned subsidiary undertakings, all of which are registered in England and Wales unless otherwise stated below:

| | Principal activity |
|--|--------------------|
| Northgate Vehicle Hire (Ireland) Limited (incorporated in Republic of Ireland) | Vehicle hire |
| Northgate Vehicle Sales Limited | Non-trading |
| Goode Durrant Administration Limited | Non-trading |
| Fleet Technique Limited | Non-trading |

14 INVENTORIES

| | 2016 £'000 | 2015 £'000 |
|-----------------------------|---------------|---------------|
| Vehicles held for resale | 13,861 | 12,226 |
| Spare parts and consumables | 4,862 | 5,712 |
| | 18,723 | 17,938 |

15 TRADE AND OTHER RECEIVABLES

| | 2016 £'000 | 2015 £'000 |
|--|----------------|----------------|
| Trade receivables | 35,028 | 35,840 |
| Amounts due from fellow group undertakings | 170,027 | 137,545 |
| Other receivables | 731 | 557 |
| Prepayments and accrued income | 7,725 | 7,456 |
| Corporation tax recoverable | - | 852 |
| | 213,511 | 182,250 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Trade payables | 8,228 | 11,862 |
| Amounts owed to fellow group undertakings | 19,806 | 28,474 |
| UK corporation tax | 2,837 | - |
| Social security and other taxes | 6,227 | 4,724 |
| Accruals and deferred income | 19,622 | 20,722 |
| | <u>56,720</u> | <u>65,782</u> |

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The only creditors falling due after more than one year are borrowings. Details of total borrowings, including those due within one year, are as follows:

| | 2016 £'000 | 2015 £'000 |
|---|----------------|----------------|
| Amounts falling due after more than one year | | |
| Amount due to fellow group undertaking | 531,077 | 518,702 |
| Amount due to immediate parent company | <u>47,000</u> | <u>47,000</u> |
| | <u>578,077</u> | <u>565,702</u> |
| Due within two to five years | | |
| Amount due to fellow group undertaking | <u>531,077</u> | <u>518,702</u> |
| Due after more than five years | | |
| Amount due to immediate parent company | <u>47,000</u> | <u>47,000</u> |

The amount due to a fellow group undertaking is unsecured and interest bearing.

The amount due to the immediate parent company is unsecured and non-interest bearing.

18 PROVISIONS FOR LIABILITIES

Deferred tax

| | (Depreciation in excess of capital allowances)/ accelerated capital allowances £'000 | Other £'000 | Total £'000 |
|--|---|----------------|----------------|
| At 1 May 2014 | (2,173) | (1,232) | (3,405) |
| Charged to the income statement | 6,592 | 311 | 6,903 |
| Rate adjustment | (193) | 29 | (164) |
| | <u>4,226</u> | <u>(892)</u> | <u>3,334</u> |
| At 1 May 2015 | | | |
| (Credited) charged to the income statement | (1,030) | 139 | (891) |
| | <u>3,196</u> | <u>(753)</u> | <u>2,443</u> |
| At 30 April 2016 | | | |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

19 SHARE CAPITAL

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Allotted, called up and fully paid: | | |
| 20,000,000 Ordinary shares of £1 each | <u>20,000</u> | <u>20,000</u> |

20 COMMITMENTS

| | | |
|--|-----------------------|-----------------------|
| Capital expenditure commitments: | 2016 £'000 | 2015 £'000 |
| Capital expenditure contracted for but not provided in the financial statements: | | |
| - Fleet | 7,982 | 15,792 |
| - Other property, plant and equipment | <u>27</u> | <u>183</u> |
| | <u>8,009</u> | <u>15,975</u> |

Financial commitments:

As at 30 April 2016 the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2016 Land and buildings £'000 | 2015 Land and buildings £'000 |
|--|--|--|
| Within one year | 3,555 | 3,391 |
| In the second to fifth years inclusive | 10,197 | 10,404 |
| After five years | <u>11,682</u> | <u>14,139</u> |
| | <u>25,434</u> | <u>27,934</u> |

21 CONTINGENT LIABILITIES

The Company is a guarantor of certain of the borrowings of Northgate plc amounting to £320,779,000 (2015: £336,472,000).

22 ULTIMATE PARENT COMPANY

The immediate and ultimate controlling parent company is Northgate plc, a company incorporated in the United Kingdom and registered in England & Wales, which is the parent undertaking of the only Group to consolidate these financial statements. Copies of the financial statements of Northgate plc can be obtained from Northgate Centre, Lingfield Way, Darlington, County Durham, DL1 4PZ.

23 FIRST-TIME ADOPTION OF FRS 101

Background

This is the first year in respect of which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 April 2015 were prepared under 'old UK GAAP'. The date of transition to FRS 101 is 1 May 2014. Set out below is a description of the implementation option applied by the Company in preparing the financial statements for the year ended 30 April 2016, as well as reconciliations from 'old UK GAAP' to FRS 101 for both profit for the year ended 30 April 2015 and total equity as at 1 May 2014 and 30 April 2015.

Mandatory exceptions

Set out below is the applicable mandatory exception to retrospective application in IFRS 1 applied in converting from 'old UK GAAP' to FRS 101.

Exception for estimates

Estimates made as at 1 May 2014 under FRS 101 are consistent with those made previously under 'old UK GAAP'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

23 FIRST-TIME ADOPTION OF FRS 101 (continued)

Reconciliation of equity at 1 May 2014

| | Note | Old UK GAAP £'000 | Effect of transition to FRS 101 £'000 | FRS 101 £'000 |
|--|------|-------------------------|---|------------------|
| FIXED ASSETS | | | | |
| Intangible assets | (a) | - | 1,695 | 1,695 |
| Tangible assets | | | | |
| Vehicles for hire | | 382,795 | - | 382,795 |
| Other fixed assets | (a) | 34,868 | (1,695) | 33,173 |
| Investments | | 4,181 | - | 4,181 |
| | | <u>421,844</u> | <u>-</u> | <u>421,844</u> |
| CURRENT ASSETS | | | | |
| Stocks | | 16,434 | - | 16,434 |
| Debtors | | 169,605 | - | 169,605 |
| Cash at bank and in hand | | 30,324 | - | 30,324 |
| | | <u>216,363</u> | <u>-</u> | <u>216,363</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | <u>(48,327)</u> | <u>-</u> | <u>(48,327)</u> |
| NET CURRENT ASSETS | | <u>168,036</u> | <u>-</u> | <u>168,036</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>589,880</u> | <u>-</u> | <u>589,880</u> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | <u>(552,244)</u> | <u>-</u> | <u>(552,244)</u> |
| NET ASSETS | | <u>37,636</u> | <u>-</u> | <u>37,636</u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | | 20,000 | - | 20,000 |
| Profit and loss account | | 17,636 | - | 17,636 |
| SHAREHOLDERS' FUNDS | | <u>37,636</u> | <u>-</u> | <u>37,636</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

23 FIRST-TIME ADOPTION OF FRS 101 (continued)

Reconciliation of equity at 30 April 2015

| | Note | Old UK GAAP £'000 | Effect of transition to FRS 101 £'000 | FRS 101 £'000 |
|--|------|-------------------------|---|------------------|
| FIXED ASSETS | | | | |
| Intangible assets | (a) | - | 1,273 | 1,273 |
| Tangible assets | | | | |
| Vehicles for hire | | 431,957 | - | 431,957 |
| Other fixed assets | (a) | 34,379 | (1,273) | 33,106 |
| Investments | | 5,976 | - | 5,976 |
| | | <u>472,312</u> | <u>-</u> | <u>472,312</u> |
| CURRENT ASSETS | | | | |
| Stocks | | 17,938 | - | 17,938 |
| Debtors | | 182,250 | - | 182,250 |
| Cash at bank and in hand | | 8,523 | - | 8,523 |
| | | <u>208,711</u> | <u>-</u> | <u>208,711</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | <u>(65,782)</u> | <u>-</u> | <u>(65,782)</u> |
| NET CURRENT ASSETS | | <u>142,929</u> | <u>-</u> | <u>142,929</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>615,241</u> | <u>-</u> | <u>615,241</u> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | <u>(565,702)</u> | <u>-</u> | <u>(565,702)</u> |
| PROVISIONS FOR LIABILITIES | | <u>(3,334)</u> | <u>-</u> | <u>(3,334)</u> |
| NET ASSETS | | <u>46,205</u> | <u>-</u> | <u>46,205</u> |
| CAPITAL AND RESERVES | | | | |
| Called up share capital | | 20,000 | - | 20,000 |
| Profit and loss account | | 26,205 | - | 26,205 |
| SHAREHOLDERS' FUNDS | | <u>46,205</u> | <u>-</u> | <u>46,205</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2016

23 FIRST-TIME ADOPTION OF FRS 101 (continued)

Reconciliation of profit for the year ended 30 April 2015

| | | Old UK GAAP | Effect of transition to FRS 101 | FRS 101 |
|--|------|----------------------|--|----------------------|
| | Note | £'000 | £'000 | £'000 |
| TURNOVER | (b) | 298,011 | 111,982 | 409,993 |
| Cost of sales | (b) | <u>(188,104)</u> | <u>(111,982)</u> | <u>(300,086)</u> |
| GROSS PROFIT | | 109,907 | - | 109,907 |
| Administrative expenses | | <u>(46,040)</u> | - | <u>(46,040)</u> |
| OPERATING PROFIT | | 63,867 | - | 63,867 |
| Interest payable | | <u>(13,426)</u> | - | <u>(13,426)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 50,441 | - | 50,441 |
| Tax on profit on ordinary activities | | <u>(11,872)</u> | - | <u>(11,872)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>38,569</u> | - | <u>38,569</u> |

Notes to the reconciliations

(a) This adjustment relates to the reclassification of software from property, plant and equipment to intangible assets.

(b) As required by IFRS vehicle sales proceeds are included within revenue.