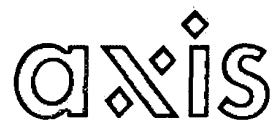


Axis Fleet Management Limited
Financial statements
For the year ended 31 March 2017

Company No 03832633



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Axis Fleet Management Limited
Financial Statements for the year ended 31 March 2017
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Axis Fleet Management Limited
Financial statements for the year ended 31 March 2017
Company Information

Company registration number	03832633
Registered office	14 Fenlock Court Lower Road Long Hanborough Oxfordshire OX29 8LN
Directors	Robert J Montague CBE Stephen J Ball Michael Ledden Gary Bowes Des Evans OBE
Company Secretary	Nicholas Smith
Auditor	James Cowper Kreston Chartered Accountants & Statutory Auditor 2 Chawley Park Cumnor Hill Oxford OX2 9GG

Axis Fleet Management Limited
Financial statements for the year ended 31 March 2017
Report of the Directors

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

The following information has not been included in the Directors' Report as it has been included within the Strategic Report under s414C (11) of the Companies Act 2006:

- Review of Business
- Principal risks and risk management;
- KPIs;
- Future developments;

Directors

All directors served throughout the period except where indicated:

Robert J Montague CBE (Executive Chairman)

Stephen J Ball (Non-Executive Director)

Michael J Ledden (Managing Director) (appointed 14/6/2016)

Gary Bowes (Finance Director) (appointed 19/9/2016)

Robert G Fraser (Ops Director) (appointed 1/8/2016) (resigned 6/2/2017)

David Zbilut (Finance Director) (resigned 17/9/2016)

Neil Kinnear (Sales Director) (resigned 31/1/2017)

Des Evans OBE (Non-Executive Director) (appointed 1/3/2017)

Company Secretary

Nicholas Smith (appointed 31/1/2017)

Statement of Directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Axis Fleet Management Limited
Financial statements for the year ended 31 March 2017
Report of the Directors

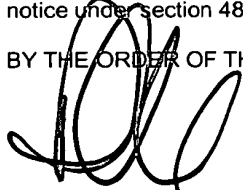
Statement as to disclosure of information to auditor

Each of the persons who are directors at the time when the strategic report and the Report of the directors is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- He has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

James Cowper Kreston, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 485(4) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY THE ORDER OF THE BOARD



Robert J Montague CBE
Executive Chairman
27 June 2017

Strategic Report

Axis Fleet Management Limited

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

A dividend of £Nil (2016 £1,030k) was paid to the parent company during the year.

Key Performance Indicators

The Board use a range of financial and non financial Key Performance Indicators (KPI's) in the management of the company, such as gearing, interest cover and debtor / creditor days' analysis.

Business review

Axis Fleet Management Limited ("Axis Fleet Management" or "the company") is an equipment contract hire company that services the supply chain management, logistics and shipping industries. Its activities comprise contract hire and maintenance of trucks and trailers.

Unlike mainland Europe the UK is unable to benefit from an integrated road/rail transport solution due to its smaller size and inferior rail network and therefore road will, for the foreseeable future, remain the pre-eminent medium for the movement of freight around the UK.

Customers in the UK are increasingly demanding new equipment contracts on terms that match their logistics contracts. This provides a significant opportunity for Axis Fleet Management to provide a Pan-European service, enabling the Company's customers, many of whom have extensive operations in both mainland Europe and the UK, to benefit from a comprehensive transport and logistics equipment solution, including essential repair and maintenance services.

Axis Fleet Management's core business is truck and road trailer contract hire. At 31 March 2017 its combined rental fleet stood at 3,209 units (2016: 3,182 units). Axis Fleet Management has advantageous commercial relationships with leading manufacturers, whereby competitive arrangements are offered on pricing, financing, delivery and technical support, as well as cross sales and marketing. The Company's policy is to secure equipment on a managed basis. Axis Fleet Management has pioneered a truck & trailer rental maintenance package which ensures trailer quality from pre-delivery right through to the end of the contract.

This year was a very challenging year for a business that has generated strong margins, profits and cash. The company reported an adjusted loss before tax of £1,286,273 after deducting exceptional restructure expenses during the financial year to 31 March 2017. The key drivers of the loss were low asset utilisation during the first half year and high operational costs as a result of the increasing average age of the fleet. The introduction of a new management team has placed significant focus on increasing utilisation and reducing the operational spend. Management are pleased to confirm that the business reported a trading profit for the final 4 months of the financial year. Management have prepared budgets and expect the company to return to a full year profit before tax in the year to 31 March 2018 that is confirmed by the inclusion of the deferred tax asset in the financial statements.

The Company funds its logistical assets by way of operating leases and hire purchase agreements with UK & European funders. Contract hire and leasing, as opposed to the purchase of equipment, has become increasingly attractive for the transport and logistics industry. The Company seeks to continue its expansion as progressively more companies recognise the benefits of meeting their equipment requirements by these means.

Future developments

The Company will be focusing on maintaining and expanding the customer base. There will be continued investment in the sales force to focus on account management and winning new business. The senior management within the Company have been further enhanced with an appointment of a new Managing Director, Finance Director, Sales Director and Operations Director.

Director third party indemnity provision

There is a third party directors' indemnity insurance in place.

Financial risk management objectives and policies

The major risks perceived are interest rate and liquidity all of which are actively managed on an on going basis by management.

The key business risks of the Company are considered to be the utilisation rate of assets and the financing of new units by funders.

Utilisation rates are key to the Company's success as, without a significant utilisation of assets, the Company may incur significant lease and storage costs which are unable to be passed on to customers. The Board manages this risk by ordering new units only when customers have identified a requirement for those units and by aiming to obtain significant repeat business from customers. Additionally, as far as possible, the Company aims to enter into contracts with customers which match the term of the Company's underlying lease contract. During the year the average utilisation rate of assets was 94% (2016: 97%).

BY THE ORDER OF THE BOARD


Robert J. Montague CBE
Executive Chairman
27 June 2017

**Independent Auditors' Report to the Shareholders of
Axis Fleet Management Limited**

We have audited the financial statements of Axis Fleet Management Limited for the year ended 31 March 2017, set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alexander Peal BSc(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston



Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford OX2 9GG

Date: 19 July 2017

Axis Fleet Management Limited
Profit and Loss Account
for the year ended 31 March 2017

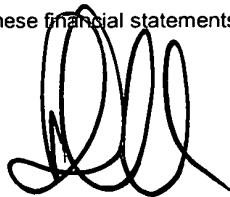
		Year ended	As restated Year ended
	Note:	31 March 2017 £	31 March 2016 £
Turnover	1	25,710,485	23,514,972
Cost of sales		<u>(24,188,836)</u>	<u>(20,431,811)</u>
Gross profit		1,521,649	3,083,161
Administrative expenses	2	(2,410,041)	(2,143,982)
Exceptional restructure expenses		(458,552)	(129,376)
Operating loss / profit	3	(1,346,944)	809,803
Interest receivable		4,315	16,378
Interest payable and similar charges	4	<u>(402,196)</u>	<u>(273,299)</u>
Loss / Profit before tax		(1,744,825)	552,882
Tax on loss / profit	5	267,418	(228,802)
Loss / Profit for the year	12	<u>(1,477,407)</u>	<u>324,080</u>
Total comprehensive income for the year		<u><u>(1,477,407)</u></u>	<u><u>324,080</u></u>

All of the activities of the company are classed as continuing.

Axis Fleet Management Limited
Balance Sheet
as at 31 March 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Tangible assets	6	8,810,390	7,386,107
		<u>8,810,390</u>	<u>7,386,107</u>
Current assets			
Debtors	7	5,867,098	6,652,987
Cash at bank and in hand		<u>0</u>	<u>227,241</u>
		5,867,098	6,880,228
Creditors: amounts falling due within one year	8	6,464,527	5,179,133
Net current (liabilities) / assets		<u>(597,429)</u>	<u>1,701,095</u>
Total assets less current liabilities		8,212,961	9,087,202
Creditors: amounts falling due after more than one year	9	5,822,781	5,024,988
Provisions for liabilities & charges	10	153,154	347,781
		<u>2,237,026</u>	<u>3,714,433</u>
Capital and reserves			
Called up equity share capital	11	4,000,000	4,000,000
Share based payment reserve	12	12,753	12,753
Profit and loss account	12	(1,775,727)	(298,320)
Shareholder's equity	13	<u>2,237,026</u>	<u>3,714,433</u>

These financial statements were approved by the board on 27 June 2017 and are signed on their behalf by:



R J Montague CBE
Executive Chairman

The accounting policies on pages 11 to 13 and notes on pages 14 to 20 form part of these financial statements

Company number: 03832633

Axis Fleet Management Limited
Statement of changes in equity
for the year ended 31 March 2017

	Share capital £	Share based payment reserve	Retained earnings	Total equity
At 1 April 2016	4,000,000	12,753	(298,320)	3,714,433
Comprehensive income for the year				
Loss for the year	-	-	(1,477,407)	(1,477,407)
Total comprehensive income for the year	-	-	(1,477,407)	(1,477,407)
Dividends: Equity capital			0	0
At 31 March 2017	<u>4,000,000</u>	<u>12,753</u>	<u>(1,775,727)</u>	<u>2,237,026</u>

Statement of changes in equity
for the year ended 31 March 2016 (as restated)

	Share capital £	Share based payment reserve	Retained earnings	Total equity
At 1 April 2015	4,000,000	12,753	407,600	4,420,353
Comprehensive income for the year				
Profit for the year (as previously stated)	-	-	655,304	655,304
Prior year adjustment (note 22)	-	-	- 331,224	(331,224)
Total comprehensive income for the year	-	-	324,080	324,080
Dividends: Equity capital			(1,030,000)	(1,030,000)
At 31 March 2016	<u>4,000,000</u>	<u>12,753</u>	<u>(298,320)</u>	<u>3,714,433</u>

Axis Fleet Management Limited
Statement of cash flows
for the year ended 31 March 2017

	2017 £	As restated 2016 £
Cash flows from operating activities		
Loss / Profit for the financial year	(1,744,825)	552,882
Adjustments for:		
Depreciation of tangible assets	2,099,456	1,526,147
Loss / Profit on disposal of assets	6,954	(93,168)
Interest received	(4,315)	(16,378)
Interest paid	402,196	273,299
Increase in debtors	(201,502)	(803,380)
Decrease / (Increase) in amounts owed by associates	997,980	(674,286)
Increase in creditors	132,409	1,241,519
Corporation tax paid	-	(181,447)
Net cash generated from operating activities	<u>1,688,353</u>	<u>1,825,188</u>
Cash flows from investing activities		
Sales of tangible fixed assets	459,087	391,439
Purchase of tangible fixed assets	(3,989,780)	(3,719,567)
Interest received	4,315	16,378
Net cash from investing activities	<u>(3,526,378)</u>	<u>(3,311,750)</u>
Cash flows from financing activities		
Interest payments	(402,196)	(273,299)
Financing of property, plant and equipment	3,813,740	3,498,305
Repayment of finance leases	(2,133,328)	(1,531,574)
Dividends paid	-	(1,030,000)
Net cash used in financing activities	<u>1,278,217</u>	<u>663,432</u>
Net decrease in cash and cash equivalents	<u>(559,808)</u>	<u>(823,130)</u>
Cash and cash equivalents at beginning of year	227,241	1,050,371
Cash and cash equivalents at the end of year	<u>(332,567)</u>	<u>227,241</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	(332,567)	227,241
	<u>(332,567)</u>	<u>227,241</u>

Axis Fleet Management Limited
Principal Accounting Policies
Year ended 31 March 2017

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Going Concern

The key business risks to which the Company are exposed are described in the Report of the directors.

The directors have prepared forecasts for the period of at least 12 months from the date of approval of these financial statements, which take account of possible changes in trading performance based on various assumptions that the directors consider are reasonable given their knowledge of the business and indicate that the Company is able to operate within its funding constraints.

The directors are confident that the Company has adequate resources to meet its liabilities as and when they fall due for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives range as follows:

Trucks, rigids and trailers	3 to 15 years
Fixtures, fittings and equipment	10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or there is an indication of a significant change since last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within 'other operating income' in the Profit and Loss Account.

Turnover

Turnover (excluding Value Added Tax) is stated after trade discounts and comprises contract hire income receivable from third parties relating to trailers, chassis and trucks calculated on a daily rate basis, the supply of maintenance and repair management services, fees chargeable to the transport and logistics industries and commission income from the order of new units. Turnover is recognised once the company has fulfilled its obligations in connection therewith, net of discounts and other sales related taxes.

Revenue is recognised on commissions receivable when, in management's opinion, the Company's obligation to place an order for an asset has passed. There is sometimes a delay between transfer of the Company's obligations, in connection with placing the order and a contractual obligation arising, due to the nature of the global contract negotiations.

Where obligations pass in advance of invoicing, this is recognised as accrued income. Where the effect of time value of money is material, accrued income is discounted using the company's estimated weighted average cost of capital.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Axis Fleet Management Limited
Principal Accounting Policies
Year ended 31 March 2017

Certain assets leased under hire purchase agreements are treated in the same manner as operating leases (being off balance sheet), given that the company acts as 'sales agent' in some instances as specifically stated in the agreement and this equipment cannot be owned by Axis Fleet Management Limited. In this scenario the company is contractually obliged to sell the equipment to a third party. If the equipment is not sold, a secondary rental or 'peppercorn' rental is paid until the asset has been sold to a third party.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of leases. Customers contracts are entered into on a matched term basis where commercially possible. However, a number of key customers will only enter into a rolling contract. The contract is treated on an evergreen basis. There are a small number of customer contracts that are on a spot hire basis.

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value and measured using the exchange rate when fair value was determined.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using effective interest method.

Axis Fleet Management Limited
Principal Accounting Policies
Year ended 31 March 2017

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not a market rate, the financial asset or liability is measured, initially, at present value of the future cash flow discounted at a market rate of interest for a smaller debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i. At fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii. At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates.

Key estimates are made regarding revenue recognition on commissions (see turnover accounting policy) and regarding the use of tax losses and recognition of a deferred tax asset.

Operational work in progress costs are estimated regularly. These costs are held on the balance sheet as a liability and any movement is expensed on the Profit and Loss Account.

The management regularly carry out valuation assessments on equipment and an impairment review is carried out where necessary.

Allocation of interest is expensed or credited to the Profit and Loss Account on a straight line basis over the term of the hire purchase agreement.

Deferred tax assets are recognised by the Company when management have sufficient certainty that the company will generate taxable profits in the foreseeable future. When the company has a history of recent losses, deferred tax assets are recognised when management believe there is convincing other evidence that taxable profits will be generated in the foreseeable future.

Key judgements are made regarding the categorisation of leases as either finance leases or operating leases.

Axis Fleet Management Limited
Notes to the Financial Statements

1 Turnover

The turnover and profit before tax are attributable to the principal activity of the company.

An analysis of turnover is given below.

	2017 £	2016 £
United Kingdom	25,708,028	23,087,892
Rest of Europe	2,457	427,080
	<u>25,710,485</u>	<u>23,514,972</u>

2 Administration expenses

	2017 £	2016 £
Administration expenses	2,410,041	2,143,982
Exceptional operating expenses	458,552	129,376
Operating charges	<u>2,868,593</u>	<u>2,273,358</u>

Exceptional one off costs have been incurred in the year. £458,552 relate to consultancy costs, termination costs and recruitment costs of senior management and new sales teams.

3 Operating loss / profit

	2017 £	2016 £
Operating loss / profit is stated after charging:-		
Net foreign exchange losses	273	125
Depreciation of tangible assets	2,099,456	1,526,147
Loss / (profit) on disposal of tangible assets	6,954	(93,168)
Operating lease rentals		
- Plant and machinery	12,785,547	10,479,929
Fees payable to the company's auditor		
- Audit fees	14,598	19,050
- Corporation tax compliance services	3,180	4,150
- Other services	2,222	2,900

Fees payable to the company's auditor include amounts totalling £4,000 borne on behalf of a fellow group company, Axis Fleet Management Leasing Limited. These costs relate to audit fees (£2,866), corporation tax compliance services (£556) and other services (£578).

4 Interest payable

	2017 £	2016 £
Included in interest payable are the following amounts:-		
Bank overdraft interest	4,650	-
Hire purchase interest	397,276	273,299
Other interest	270	-
	<u>402,196</u>	<u>273,299</u>

Axis Fleet Management Limited
Notes to the Financial Statements

5 Tax on loss / profit on ordinary activities

	2017 £	as restated 2016 £
Loss / Profit on ordinary activities before tax	(1,744,825)	552,882
Loss / Profit on ordinary activities by rate of tax 20% (2016 20%)	(348,965)	110,576
<i>Effects of:</i>		
Fixed asset differences	116	237.00
Expenses not deductible	1,901	622
Differences in timing allowances	259	-
Losses carried back	73,169	-
Adjustment in respect of prior year	(72,792)	156,385
Adjust closing deferred tax to average rate of 20%	(27,027)	(38,642)
Adjust opening deferred tax to average rate of 20%	38,642	-
Group relief	67,279	-
Other short term timing differences	-	(376)
Corporation tax charge for the period	(267,418)	228,802
Deferred tax	-	0
Current period tax (credit) / charge	(267,418)	228,802

6 Tangible fixed assets

	Trucks and trailers £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2016	11,215,932	58,618	11,274,550
Additions	3,970,123	19,657	3,989,780
Disposals	(1,253,744)	(1,530)	(1,255,275)
At 31 March 2017	13,932,311	76,745	14,009,056
Depreciation			
At 1 April 2016	(3,846,232)	(42,211)	(3,888,443)
Charge for the year	(2,082,134)	(17,321)	(2,099,456)
Disposals	787,877	1,356	789,233
At 31 March 2017	(5,140,489)	(58,176)	(5,198,666)
Net book value			
At 31 March 2016	7,369,700	16,407	7,386,107
At 31 March 2017	8,791,822	18,568	8,810,390

Included in the above are assets held under finance lease or hire purchase contracts as follows:

	Trucks and trailers
Net book value	
At 31 March 2016	6,942,107
At 31 March 2017	8,460,029
Depreciation charge for the year	
At 31 March 2016	1,247,588
At 31 March 2017	1,866,565

Axis Fleet Management Limited
Notes to the Financial Statements

7 Debtors

	2017	2016
	£	£
Trade debtors	1,882,621	1,699,962
Amounts owed by other group companies	944,836	1,901,629
Other debtors	39,628	122,555
Prepayments and accrued income	2,758,020	2,442,550
Corporation Tax debtor	15	-
VAT recoverable	241,978	486,291
	<u>5,867,098</u>	<u>6,652,987</u>

The following amounts are due in more than one year:

Amounts owed by other group companies	<u>944,836</u>	<u>1,901,629</u>
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8 Creditors: amounts falling due within one year

	2017	As restated 2016
	£	£
Net obligations under finance leases and hire purchase contracts	2,536,588	1,656,843
Trade creditors	2,283,386	1,956,842
Taxation & Social security	45,297	114,638
Other creditors	23,210	24,357
Accruals and deferred income	989,209	1,213,370
Amounts owed to other group companies	254,270	213,083
Bank Overdrafts	332,567	-
	<u>6,464,527</u>	<u>5,179,133</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate at an average interest rate of 6.30%. (2016: 6.73%)

9 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Net obligations under finance leases and hire purchase contracts	5,575,038	4,774,371
Customer deposits	247,743	250,617
	<u>5,822,781</u>	<u>5,024,988</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate at an average interest rate of 6.30%. (2016: 6.73%)

10 Provisions for liabilities and charges

	2017	2016
	£	£
Deferred tax		
Balance at 31 March 2016	347,781	348,155
Amounts debited to the profit and loss account	(194,627)	(374)
Balance at 31 March 2017	<u>153,154</u>	<u>347,781</u>

Deferred tax is made up as follows:

	2017	2016
	£	£
Deferred tax liability		
Accelerated Capital Allowances	276,535	347,781
Tax losses carried forward	(123,381)	-
	<u>153,154</u>	<u>347,781</u>

11 Share capital

	2017	2016
	£	£
Ordinary shares of £1 each		
Allotted, issued and fully paid	<u>4,000,000</u>	<u>4,000,000</u>

Axis Fleet Management Limited
Notes to the Financial Statements

12 Reserves

	Profit and loss account	Share based Payment reserve
At 31 March 2015	407,600	12,753
Profit for the year (as restated)	324,080	-
Share based payment movement	-	-
Dividends paid	<u>(1,030,000)</u>	<u>-</u>
At 31 March 2016	(298,320)	12,753
Loss for the year	(1,477,407)	-
Share based payment movement	-	-
Dividends paid	<u>-</u>	<u>-</u>
At 31 March 2017	<u>(1,775,727)</u>	<u>12,753</u>

The profit and loss account represents the cumulative profit available for distribution to the shareholders

The share based payment reserve represents the cumulative liability to employees in respect of share options issued.

13 Reconciliation of movements in shareholder's funds

	2017 £	As restated 2016 £
(Loss) / Profit for the year	(1,477,407)	324,080
Dividends paid	<u>-</u>	<u>(1,030,000)</u>
Net decrease in shareholder's funds	<u>(1,477,407)</u>	<u>(705,920)</u>
Opening shareholder's funds	3,714,433	4,420,353
Closing shareholder's funds	<u>2,237,026</u>	<u>3,714,433</u>

14 Share based payments

During the year, the Company participated in the Intermodal Resource Approved Option Scheme (with Unapproved Schedule) (the "Option Scheme"), to incentivise employees.

Option scheme

The option scheme provides for a grant price equal to the average but no longer quoted market price of the Group's shares on the date of grant. The vesting period is three years. If any of the options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before the options are exercised. All options are equity settled.

	Options	2017 Weighted average exercise price (in £)	Options	2016 Weighted average exercise price (in £)
Outstanding at 1 April	350,000	0.0596	845,000	0.0596
Granted during the year	1,600,000	0.0598	-	-
Exercised during year	-	-	-	-
Lapsed during the year	(150,000)	0.0598	(495,000)	0.0596
Outstanding at 31 March	<u>1,800,000</u>	<u>0.0598</u>	<u>350,000</u>	<u>0.0596</u>

The options outstanding at 31 March 2017 had a weighted average remaining contractual life of four years (five years in 2016).

Axis Fleet Management Limited
Notes to the Financial Statements

14 Share based payments (cont.)

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life (years)	Risk free rate
18 August 2010	£0.0030	£0.0275	£0.0500	39.2442%	3.0	5.0100%
21 January 2011	£0.0040	£0.0275	£0.0500	39.2442%	3.0	5.3900%
17 August 2011	£0.0438	£0.0800	£0.0500	40.0000%	4.0	5.0000%
13 September 2012	£0.0300	£0.0800	£0.0800	40.0000%	4.0	4.2500%
9 January 2017	£0.0200	£0.0500	£0.0500	40.0000%	3.0	4.2500%

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of peer group companies' (listed on AIM and operating in the Transport and Plant and Equipment Leasing industries) share prices calculated back from the date of grant and commensurate with the expected life of the option. This has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise expected life used in the model has restrictions, and behavioural considerations.

15 Directors and employees

The average number of staff employed by the Company during the financial period amounted to:

	2017	2016
Sales and customer services	26	21
Administrative	7	7
	<u>33</u>	<u>28</u>

The aggregate payroll costs of the above were

	2017	2016
	£	£
Wages and salaries	1,483,111	1,355,792
Social security costs	188,859	173,321
Pension contributions	38,722	20,554
	<u>1,710,692</u>	<u>1,549,667</u>

16 Directors

	2017	2016
	£	£
Emoluments receivable	512,275	580,276
Pension costs	24,153	17,429
	<u>536,428</u>	<u>597,705</u>

During the year seven directors received pension contributions into their pension scheme of £24,153 (2016: £17,429)

During the year the highest paid director's emoluments are £106,564 (2016: £306,785). During the year the highest paid director received pension contributions into their pension scheme of £5,503 (2016: £7,674)

During the year exceptional costs were incurred due to the loss of office of Directors. The aggregate of compensation for loss of office is £168,756 (2016: £129,376)

17 Borrowings

Net obligations under hire purchase contracts

	2017	2016
	£	£
Repayable within one year	2,536,588	1,656,843
Repayable between two and five years	5,504,612	4,767,569
Repayable after five years	70,427	6,802
	<u>8,111,627</u>	<u>6,431,214</u>
Bank borrowings		
Bank Overdrafts	<u>332,567</u>	<u>-</u>

Axis Fleet Management Limited
Notes to the Financial Statements

17 Borrowings (cont.)

Due within one year	Bank and other borrowings	-	-
	Finance leases	2,536,588	1,656,843
After one year and within five years	Bank and other borrowings	-	-
	Finance leases	5,504,612	4,767,569
After five years	Bank and other borrowings	-	-
	Finance leases	70,427	6,802

Finance lease and hire purchase creditors are secured on the assets concerned.

18 Pension costs

	2017 £	2016 £
Pension costs - defined contributions		
Contributions payable by the Company	<u>38,722</u>	<u>19,377</u>
Pension contribution liability	<u>5,409</u>	<u>-</u>

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £38,722 (2016: £19,377). Contributions totalling £5,409 (2016: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

19 Commitments under operating leases

As at 31 March 2017 the Company was committed to making the following payments under non cancellable operating leases.

	2017 £	2016 £
Not later than one year	15,849,205	20,837,337
Later than one year, not later than five years	29,846,795	31,637,743
Later than five years	1,395,050	294,488
	<u>47,091,050</u>	<u>52,769,568</u>
Commitments under operating leases (cont.)	2017 £	2016 £
Associated revenue compared to operating leases due in:		
Not later than one year	22,738,655	29,155,377
Later than one year, not later than five years	43,890,848	47,541,058
Later than five years	2,090,188	491,544
	<u>68,719,691</u>	<u>77,187,979</u>

20 Ultimate parent company

The ultimate parent undertaking of this company is its parent company Axis Intermodal Limited, a company registered in England and Wales. The ultimate controlling party of this company is Robert J Montague CBE.

Copies of accounts can be obtained from 14 Fenlock Court, Lower Road, Long Hanborough, Oxfordshire, OX29 8LN.

Axis Fleet Management Limited
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21 Related party transactions

During the year, fees were charged to Axis Fleet Management Leasing Limited of £11,391,187 (2016: £11,700,955)

During the year, management fees were paid to Axis Intermodal Limited of £420,000 (2016: £Nil)

Intercompany balances outstanding at year end

	2017	2016
	£	£
Amounts owed by Axis Intermodal Limited	944,836	1,900,000
Amounts owed by Axis Intermodal Deutschland Limited	0	1,629
Amounts owed to Axis Fleet Management Leasing Limited	(254,270)	(213,083)

The loan balance due from Axis Intermodal Limited of £944,836 (2016: £1,900,000) is due for repayment one year and one day from 31 March 2017 and bears interest at a rate of 1% (2016: 1%) per annum.

All other intercompany balances are interest free and repayable on demand.

22 Prior year adjustment

A prior year adjustment has been made in respect of certain costs identified during the year which relate to the prior year. The effect of the adjustment has been to increase cost of sales by £414,031 in the year ended 31 March 2016 and to reduce shareholders equity by £331,224 at 31 March 2016, being the effect of the adjustment net of corporation tax.