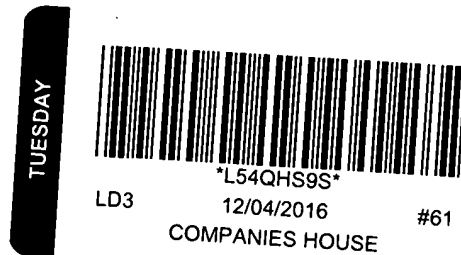


Company Registration No: 05169780

Restore plc

Report & Financial Statements

For the year ended 31 December 2015



Specialising in the UK office services market, we have grown over the last 6 years to become one of the most important suppliers in our sector

Records Management

In an industry worth c.£500–600 million in the UK, we manage millions of archive boxes of document files, magnetic data, film, national heritage items and other materials for blue-chip organisations, from 40 sites across mainland Britain providing near and deep storage.

Record management services include reorganisation of customer documents, cloud storage, electronic data back-up, document restoration and file-tracking services within customers' own buildings.

Scanning

The UK scanning sector is a diverse market with operators ranging from BPOs to software and mailroom providers. We are the second largest traditional bureau scanning operation in the UK.

Shredding

Onsite and offsite secure shredding is a relatively young, fast-growing and fragmented, industry worth c.£180 million per year in the UK, which is undergoing consolidation.

Relocations & Storage

A demanding market where success requires sophisticated logistics for what are mission-critical services to our clients, whether office relocations or more specialised moves such as laboratories or museums, and for both short and long-term storage needs.

IT & Server Relocations

Growth in the IT relocation market is continuing as organisations change hardware configurations particularly to reflect the move to cloud services.

IT Asset Reuse & Recycling

Driven by regulation such as the EU Waste Electrical and Electronic Equipment Directive and clients' requirement for secure destruction, there is significant growth in secure asset disposal, reuse and recycling.

Printer Cartridge Recycling

As a collector of empty printer cartridges, we provide a link between our customers and remanufacturers, of which we estimate there are up to 3,000 across Europe.

See page 12 for more detail.

Highlights

Financial Highlights

- Group revenue up 36% to £91.9m
- Document Management revenue up 46%; adjusted operating profit up 31%
- Relocation revenue up 24%; adjusted operating profit up 24%
- Group adjusted profit before tax up 36% to £16.3m
- Adjusted earnings per share up 27% to 15.6p
- Dividend per share up 33% to 3.2p
- New five-year banking facility agreed

Operational Highlights

- Significant progress in expanding scale and scope of the Group
- Records Management strengthened position in UK market, particularly following the WRM acquisition
- Cintas UK and Cannon Confidential integrated
- Six acquisitions completed
- New business stream entered through acquisition of toner cartridge recycler ITP Group
- Major contract with NDA Archives for Restore Scan

Adjusted Results – Continuing Operations

	2015	2014	% Change
Revenue	£91.9m	£67.5m	36%
EBITDA*	£20.4m	£14.8m	37%
Operating profit*	£17.6m	£12.9m	36%
Profit before tax*	£16.3m	£12.0m	36%
Earnings per share**	15.6p	12.3p	27%
Dividend per share	3.2p	2.4p	33%
Net debt	£60.6m	£30.9m	

Statutory Results – Continuing Operations

	2015	2014
Revenue	£91.9m	£67.5m
Operating profit	£7.7m	£6.9m
Profit before tax	£6.1m	£6.1m
Earnings per share	7.0p	6.4p

* Before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures is shown in the Group Finance Director's statement.

** Calculated based on the weighted average shares in issue and a standard tax charge.

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What we do

Providing office services
nationwide from
58 sites across the UK



Head Office ★

Document Management Division

Records Management ○ Restore Shred □ Restore Scan △

Relocation Division

Harrow Green ◇ Relocom ○ IT Efficient △ ITP Group ✱

Document Management Division

The majority of Records Management's sales are from the storage and retrieval of hard copy documents, typically stored in cardboard boxes. It manages millions of archive boxes of document files, magnetic data, film and other materials for blue-chip organisations, from 40 sites across mainland Britain, including a 70-acre freehold underground site near Bath. The business generates additional service income from the reorganisation of customer documents, document restoration, file-tracking services within customers' own buildings, and electronic data back-up. Restore services a broad range of customers throughout the UK, with the largest sector being law firms who, as meticulous and sophisticated users of storage services, ensure the business remains at the cutting edge of developments in document storage. Other important sectors include accountancy, corporate, financial, insurance and media firms, as well as local authorities, hospital trusts and other government bodies.

Restore Shred offers secure shredding and recycling for customers across the UK and operates from 6 sites, as well as having 7 mobile shredding units. Restore entered the market in October 2011 and has grown its reach through targeted acquisition. The business has also seen sharply increased volumes through cross-selling, with customers of other Group businesses switching to Restore Shred for their secure shredding and recycling needs.

Restore Scan is one of the country's leading document conversion and data management specialists operating from 9 sites. Its main function is the conversion of hard-copy documents into electronic data. As part of its service, it organises and indexes the electronic versions, enabling customers to identify and locate their data more efficiently. A significant part of its revenues derive from contracts involving repeat business, notably for the scanning of exam papers.

* Continuing operations, before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs.

Relocation Division

Harrow Green is the market leader in UK commercial relocations – the physical movement of office furniture and other physical resources when an organisation moves staff either within a building or to a new site. From eight sites across mainland Britain, it serves a diverse range of customers, including large corporates, local businesses and a wide range of public sector bodies, such as libraries, universities and health trusts. The bulk of its business is in London, servicing many of the largest offices, particularly in the financial services sector, with regular customers who have a frequent demand, often involving staff working permanently on customer sites. Harrow Green also operates Global Moving Solutions, providing international moving services, typically for senior managers of global companies.

Relocom is one of the UK's leading IT relocations service providers, helping leading blue-chip organisations during a relocation, reorganisation or period of change. It specialises in server and data centre relocation, desktop IT and trading desk relocation, furniture and IT asset audit and management.

IT Efficient is one of the UK's leading providers of secure data destruction and hardware disposal services for computer equipment. It serves predominately large blue-chip customers nationwide, processing around 200,000 items of IT equipment a year. It provides on- and off-site destruction services alongside recycling, refurbishment and resale of electronic items.

ITP Group, founded in 1992 and acquired by Restore in July 2015, is the UK's leading collector of empty printing cartridges. It collects cartridges from thousands of premises across the UK in all business sectors, including large corporates, SMEs, NHS Trusts and schools. It also makes bulk purchases of cartridges from waste operators and other recycling businesses. Under the ITP, Takeback and Office Green brands, ITP handles over 1.25 million items a year.

Where we've come from

Restore refocused its business to create significant shareholder value and generate excellent shareholder returns

Over the course of the past six years, we have taken a business that in 2009 was close to failure, and refocused it purely on providing office services. In this time, we have been able to create significant shareholder value and generate excellent shareholder returns. Here we chart our progress with the help of extracts from our previous annual reports.

In the 2008 accounts, as Mavinwood plc, we announced our objective to *'acquire and develop specialist support services businesses that have the potential for growth, either organically or in combination with other complementary businesses...the Board is satisfied that Document Handling remains an attractive market to be invested in and would anticipate it growing in the future'*.

Once our course had been set, we began to implement this strategy. Part of this process was to rename the company Restore plc, after our core records management business. By 2010, we were *'pleased to report a return to profitability'* and announced *'our intention to play a role in the consolidation of this market through the sort of acquisitions we made during 2010'*. We knew that what we like to call the 'box' business was good, and we stayed the course.

In 2011, we were *'confident that office services will remain buoyant. We have excellent business visibility and are well positioned to continue to broaden the scale and scope of the Group's activities'*. Therefore, as well as consolidation in our main market, we pursued a strategy of broadening our scope by adding services which complement our existing activities. In that way, we expanded into secure document shredding and recycling, as well as divesting non-core activities. We also recorded revenue for the first time, albeit a small amount, under the complementary activity of office relocation.

By 2012, *'our markets, particularly records management, remained robust and we continued to grow profits at the same time as securing market leadership in UK office relocations and rationalising our operational structure. The company is now wholly focused on UK office services'*. Through the acquisition of Harrow Green we became market leader in office relocation, in addition to adding substantially to our records management revenue. We have reinvented Restore plc, built it as we had planned, and have come a long way from being a new entrant in the market – and turned our lack of legacy operational systems and processes to our advantage.

The rationale behind offering complementary services is that our customer base has similar or identical channels to market – IT and facilities managers – and we are able to use our comprehensive CRM system to make the most of cross-selling. In 2013, we continued *‘to focus on increasing our UK market share. In Records Management this is achieved most successfully through acquisitions. In some of our other services this is most likely to be achieved through organic growth, particularly by leveraging our customer base across the Group’*.

We have always been clear about what we were doing. We have often taken on poor-performing acquisitions and turned them into good performers, understanding that sometimes this takes time, which we can afford to give them while they reach their potential. In 2014, we announced that *‘our principal near-term focus in 2015 is to integrate the acquisitions made in 2014 and to drive operating margins in the integrated businesses towards those we have historically achieved. We are making good progress in this and we are realising the efficiencies anticipated at the time of acquisition’*.

We set out with the aim of becoming the largest UK-based provider of UK records management, with a truly national presence. Through acquisition, and organic growth, we have achieved this. Since 2010, we have completed 26 acquisitions in records management and complementary office services. From our original footprint of seven locations in the South and East of England, we now have 58 sites around mainland Britain. From £12.8 million in 2009, our turnover solely in document management has grown to £54.7 million. The corresponding figures for office relocation show growth from £3.2 million in 2011 to a figure of £37.2 million for 2015, and we are by some distance the market leader. In the UK records management market, we have gone from number nine to number two, and the number one UK-based provider, during that time.

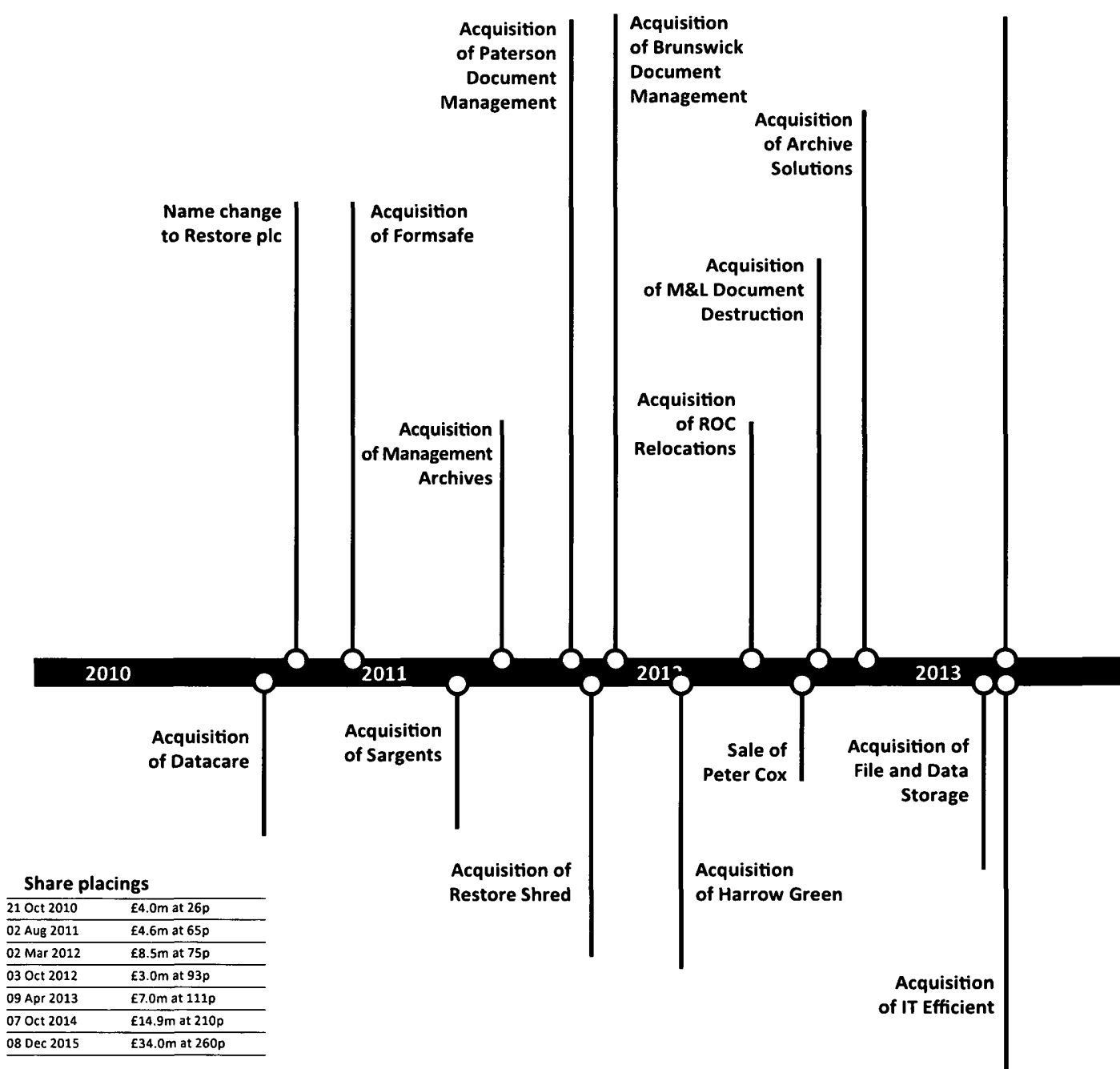
Having achieved stability and strength in the business, our most recent document management acquisition, Wincanton Records Management, has extended our position as the UK’s second biggest records management operator. In March 2016, our subsequent disposal of Restore Document Management Ireland, the Irish business of Wincanton Records Management, reinforces our focus on the market of which we have a deep knowledge and where we can achieve better returns.

We are part of the UK landscape but, importantly, we still have plenty of room to improve and grow.

* Continuing operations, before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures is shown in the Group Finance Director’s statement.

Our history of Growth

A timeline through six years of successful acquisitive growth



Current UK market position

Records Management	Shred	Scan	Relocation	IT Relocation	Reuse & Recycling	Cartridge Recycling Collectors
2	3	2	1	Top 10	Top 10	1

Acquisition of Cintas UK Document Management UK

Acquisition of Cannon Confidential

Acquisition of Filebase

Acquisition of Magnum Secure

2014

2015

2016

Majority stake in Relocom

Acquisition of Papersafe UK

Acquisition of Ancora

Acquisition of Document Imaging & Archiving

Acquisition of Crimson UK

Continuing to build scale (while rationalising nationwide reach), bringing new customers and 2 significant new contracts.

Acquisition of Wincanton Records Management

Yielding 5 additional sites in key areas across mainland Britain – providing an additional 5.2m cu.ft. storage (at 69% capacity) – and c.600 customers.

Acquisition of Diamond Relocations

Acquisition of ITP Group

Entering a new and profitable area of office support recycling, with a customer base of c.5,000, provides further cross-selling opportunities to the Group.

Where we are now

- Strong growth
- Good operating margins
- High visibility of earnings

Growth through acquisition and market consolidation

ACQUISITION OF WINCANTON RECORDS MANAGEMENT

Restore acquired WRM in December 2015, extending its position as the second largest records management business in the UK. The acquisition:

- materially increased the scale of the enlarged Group in the UK in terms of revenue (+£14.8m), RM customer base (+600) and storage capacity (+5.2m cu.ft. at 69% capacity)
- provided an opportunity to realise significant synergies
- is expected to be earnings enhancing in its first full year of ownership.

Integration and improvement of acquisitions

INTEGRATION – CINTAS UK AND CRIMSON

The acquisition of Cintas Document Management UK and, later, Crimson UK have enabled Restore to significantly increase the scale of scanning services, while realising synergies and rationalising our presence across mainland Britain to best meet customers' needs.

Along with new customers, providing further cross-selling opportunities, the enlarged scanning business has brought opportunities to win larger contracts.

Competitive advantage through UK focus and market knowledge

CASE STUDY – OXFORD RADCLIFFE HOSPITAL NHS TRUST

Oxford University Hospitals, a world renowned centre of clinical excellence and one of the largest NHS teaching trusts in the UK, chose Restore to provide record management services to handle the Trust's 1.5 million patient records.

They required storage of both active and non-active records, daily retrievals and collection services, and destruction services.

Critically, they required emergency retrieval within 2 hours which Restore was able to provide through record indexing and near storage.

Group-wide cross-selling opportunities

DIVERSIFYING INTO COMPLEMENTARY MARKETS – ITP GROUP

ITP Group, the market leader in UK empty printer cartridge recycling, provided Restore with a complementary new business opportunity.

Bringing with it a customer base of c.5,000 has given Restore further opportunities to cross-sell Document Management and other Relocation services to our new customers and to cross-sell printer cartridge recycling services to the Group's existing customers.

Growth in revenue of 36% in 2015
Adjusted operating margins of 19% across the Group
Long-term storage and long-term contracts

Complex and mission-critical operational services

CASE STUDY – RELOCATING CAMBRIDGE LMB

The brief: move Cambridge Laboratory of Molecular Biology staff, equipment, facilities, IT desktop equipment and servers into a new purpose-built building, while keeping downtime to a minimum, with departments back in operation in the shortest possible time.

The size: 600 scientists and support staff; 8 weeks; 9,000 crates.

The added solution: 'Hot Teams', flexible in size, ensured downtime to science research projects (expected by the client to be 7 days) was kept to 3-4 days.

Strong, predictable recurring revenues and high customer retention

CASE STUDY – GRANT THORNTON LLP

Grant Thornton has been a longstanding customer of Restore, having sought a document management provider who could meet its requirements for national coverage and a partner who understood and reflected its priorities of service, value for money, sustainability and excellence.

We provide training for our online web portal that has been tailored to meet its needs, as well as advice on retention periods, destruction best practice, improved KPIs, cost analyses, management information reporting, shredding and scanning.

Strong growth

- Growth through acquisition and market consolidation
- Integration and improvement of acquisitions
- Competitive advantage through UK focus and market knowledge
- Group-wide cross-selling opportunities

In addition to pursuing organic growth, being actively acquisitive in our spheres of expertise provides us with opportunities to benefit from scale.

Good operating margins

- Integration and improvement of acquisitions
- Complex and mission-critical operational services

By offering complex services, which require long-term investment, our businesses typically record double-digit operating margins.

High visibility of earnings

- Strong, predictable recurring revenues and high customer retention

Through long-term contracts in Records Management and Relocation, such as churn based projects, we generate predictable recurring revenues and through first class service have high customer retention levels.



How we work

Restore provides office services across all of mainland Britain

Our strategy

We aim to be a market leader in the spheres we operate in, and to maintain a truly national network across mainland Britain, deriving competitive advantage from our market knowledge and focus. In all of our business streams, particularly Records Management, customers prefer not to change suppliers, due to the complexity and disruption of doing so. This offers a strong source of predictable, recurring revenues, as the volume of documents requiring attention tends not to vary with the economic climate, nor with advances in technology.

We frequently build our market share and reach by acquisition. This way, we have been able to offer customers with national presence the opportunity to consolidate their supplier base. We have a proven record of acquiring and integrating businesses, and achieve industry-leading margins in Records Management through scale, tight cost control and low property rental costs.

Overall we aim to consolidate certain inter-related UK office services where there are benefits from scale and through consistency of demand – and which are of limited interest to large facilities management companies. With a strong

business in Records Management, we have been building our shredding, scanning and recycling activities where the customer base and skillset required are similar. Our relocations and document activities share a similar customer base – which is the IT and facilities managers responsible for keeping their offices running smoothly. We understand these customers, and what it takes for UK offices to work well.

With our activities all having this similar channel to market, we cross-sell the services we offer, using our comprehensive Customer Relationship Management system to identify such opportunities. Our relocations businesses generate excellent opportunities as office and IT relocations often lead to a need for off-site document storage, shredding or scanning, and computer equipment requiring secure recycling or destruction.

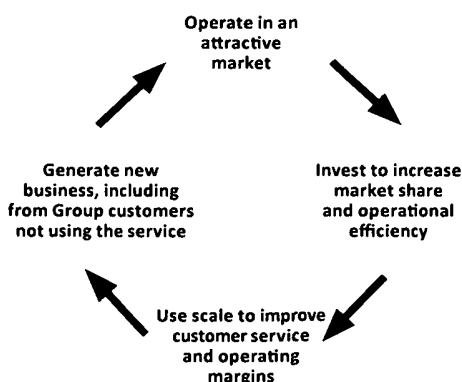
Ours is a decentralised model, with autonomous divisions supported by a head office. Our key principle is that power and responsibility go hand in hand. Our people know what is expected of them and have the power to make their own decisions. This is crucial in a business where first-class customer service is the key to satisfying and retaining customers. We achieve success through well-motivated, capable people doing their jobs to the best of their ability.

HOW WE CREATE VALUE

Operate in areas where:

- Revenues are recurring
- There is operational complexity
- There is a similar channel to market
- It is unattractive for customer to change suppliers
- There is reasonable scope for cross-selling

Operating Model



We aim to consolidate certain inter-related UK office services where there are benefits from scale and through consistency of demand

Our customer base covers a broad range of sectors such as government and local government, public sector, health services, retail, manufacturing, construction, education, utilities, financial services, media, legal, IT and FTSE 100 companies.

We provide services to

60%

of FTSE 100 companies

72%

of top 100 UK legal practices

41%

of UK National Health Service trusts

96%

of top 25 UK accountancy companies

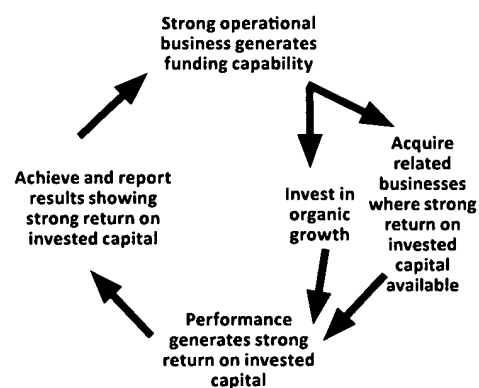
41%

of local authorities in England, Scotland and Wales

Service Offering Expansion Model



Financial Growth Model



Our Markets

We provide outsourced services to offices, principally in mainland Britain

Records Management

This is a large global industry with many international operators. The UK market, worth an estimated £500–600 million per year, has been established for over 30 years and is still growing at around 5 per cent a year. The market continues to be consolidated, offering participants the benefits of operating at scale, which facilitates improved cost control.

There are high barriers to entry in records management, largely due to the difficulty in acquiring new customers and the investment required to meet increasingly higher regulatory standards. Larger customers often seek to consolidate suppliers with a single operator who can provide geographical coverage, whilst achieving efficiency, space and cost savings.

Cloud storage is sometimes perceived as a threat to hard-copy records management; while in percentage terms only a small amount of data now ends up on paper, the amount of data as a whole has increased exponentially and cloud services, which suffer repeatedly from concerns over security, have not affected overall storage volumes.

Restore

We remain number 2 in the UK market behind the leading global player, as we continue to build scale through market consolidation and cross-selling. We offer national coverage and one of our core differentiators is our understanding of the specific requirements of UK customers.

Shredding

The UK security shredding and recycling market is worth approximately £180 million a year. There are two leading players, each with over 15 per cent of the market. Shredding is a relatively young, fragmented and fast-growing industry at the early stages of consolidation. Small regional businesses struggle to meet new legislation and audit standards, or fund modern high-security mobile shredding vehicles.

Sales are generated from the collection and destruction of documents, as well as sales of baled, shredded material for recycling, mainly for tissues. Demand for destruction continues to grow strongly, driven by legislation both for data protection and environmental disposal. Volume shredding is very time-consuming and so outsourcing is likely to remain the chosen option. On the recycling side, tissue consumption is growing at 3.5 per cent a year, and recovered fibre prices rose 15 per cent in 2015.

Restore

Restore is currently ranked number 3 in the UK market. Consolidation and acquisition of mid-market firms will continue to provide growth opportunities in key geographical areas. The Restore Shred business is highly complementary to our storage, scanning and relocations businesses, and this leads to important cross-selling opportunities.

Scanning

It is difficult to assess the size of the scanning market because such a wide range of businesses provide these services. Often they specialise in certain functions and can principally be categorised as:

- Business Process Outsourcing providers
- reprographics and print providers and retailers
- scanning bureaux
- mailroom providers
- software houses
- other document management service providers

A rough estimate would place the size of the entire scanning market at more than £500 million a year. Industry consolidation is underway, especially at the smaller end of the market.

Restore

Restore is the second largest traditional bureau scanning operation in the UK. Historically our segment of the market was dominated by major one-off projects but now we are more focused on recurring revenues from major contracts for long-term backlog clearance, or work such as exam paper processing.

Most of our larger customers have a steady demand for our services, largely unrelated to the economic cycle

Relocation including IT

The market for high-level corporate and specialist workplace relocations remains steady at in excess of £100 million a year in the UK.

Success in this demanding market is based on sophisticated logistics for what clients see as a mission-critical service. Thus, there are high barriers to entry, especially at the top end of the market. Accordingly, customer relationships tend to be long-term as reliability and knowledge of customer sites is key.

Growth in the IT relocation market is continuing as organisations change hardware configuration to reflect the move to cloud services. We also anticipate growth in furniture recycling, a relatively immature market.

IT asset reuse and recycling

The market benefits from regulation relating to the safe and secure disposal of IT equipment and mobile phones, including the EU Waste Electrical and Electronic Equipment Directive. This increasing focus within the industry on responsible handling, together with security and corporate social responsibility, provides significant growth in secure asset disposal, reuse and recycling, often to the benefit of charitable causes.

This service includes a manufacturing and retail element for sale of recycled and refurbished equipment with a target of 0% landfill on disposal.

Printer cartridge recycling

There are an estimated 10,000 cartridge remanufacturers worldwide, employing over 65,000 people. Across Europe we estimate that there are c.2,000–3,000 professional cartridge remanufacturers and many companies which provide the third party empty cartridge supply link between cartridge users and the remanufacturers.

Worldwide cartridge shipments have increased from 450 million units to 466 million, with revenues exceeding \$55 billion. Approximately 20–30% of all cartridges sold worldwide are now remanufactured and of the c.150 million toner cartridges sold in EMEA each year an estimated 100 million units are remanufactured OEM cartridges.

Restore

In this sector, Restore, through its Harrow Green and Relocom businesses, offers national coverage. We are well-established with a blue-chip customer base, for whom our skills in complex project management are essential. Our relocations businesses are also excellent lead generators for our document management and recycling businesses, as relocation often prompts decisions about archiving and legacy equipment.

Restore

IT Efficient has a strong presence in the financial services sector, including services to five of the world's leading investment banks. In addition to bringing in new customers, we look to increase our market share by cross-selling to the Group customer base.

Restore

ITP Group is the UK's leading collector of empty printing cartridges, and also makes bulk purchases from other collectors, so extending the Group's recycling capabilities. ITP continues to be market leaders with innovation, trust, quality and service being key components of its continued growth.

Corporate Social Responsibility

We strive to change even the little things to increase our overall impact

Giving back to society

As a company and as a workforce, everyone at Restore is committed to being a good citizen and playing a useful role in society. We aim to minimise our carbon footprint, support local communities and contribute towards charitable efforts.

Within our own operations, the issues of energy conservation, waste management and the prevention of pollution are key considerations. We work hard to ensure we:

- reduce consumption of materials and promote re-use and recycling – our aim is to achieve 0% landfill
- achieve continual improvement in environmental performance
- minimise the impact of our operations on the environment
- minimise the impact of our buildings, structures and operational plant by reducing visibility and noise levels.

We help our clients:

- make more efficient use of office space and public service facilities, by storing documents in remote premises
- improve access to important documents – our Restore Scan service creates efficient processes for public services
- reduce their carbon footprint with our Restore Shred and ITP Group services
- recycle IT equipment and office furniture, or offer it for charitable re-use or re-sale.

Working to recycle and reduce energy use in our Document Management division

As a provider of full life cycle document and digital information management, recycling is a key element of Restore's business. Paper from millions of archive boxes at end of life is despatched to Restore Shred – with a 100% recycle rate. We also take day-to-day steps to minimise our use of natural resources:

- Archive boxes – we use millions of easily assembled, double-walled construction boxes that are made from material that is 70% recycled, along with responsibly sourced FSC-certified raw material. At end of life, the boxes are turned into toilet paper, carpet and cling film rolls
- Fuel and fleet management – we run a modern fleet of vehicles optimised for fuel efficiency. We plan deliveries and collections to reduce fuel use and use GPS tracking to enhance fleet utilisation

- Energy management and recycling – we work with the Carbon Trust to reduce our environmental impacts through recycling and reducing energy consumption
- Lighting – we are currently migrating our storage facilities to a mix of ultra-low wattage LED lighting, very slim T5 fluorescent tubes and PIR sensors.

Restore continues to work with The Carbon Trust implementing the agreed 10-point plan of action and, having been audited under the Energy Savings Opportunity Scheme in 2015, Restore is now ESOS compliant.

The Restore Shred recycling programme handled 25,000 tonnes of office paper in 2015, which is equivalent to saving over 400,000 trees from being cut down. All of the shredded and baled paper produced is sent to UK tissue mills to be used in products such as paper towels, hand wipes and tissue sheeting for the NHS.

Supporting a local bio-energy project

Our two high-security storage facilities at Bentwaters Park near Ipswich source power from a bio-energy scheme set up by a group of local farmers. Anaerobic digesters run on a mix of vegetable and maize silage and apple pressings, consuming 70,000 tonnes a year. Of that, 60,000 tonnes is sourced from within a five to ten mile radius.

Promoting sustainability at Relocation division

Our Relocation division is fully committed to sustainability. The division is bringing its knowledge, expertise and passion for sustainability together to make energy, carbon and cost savings.

Harrow Green has achieved The Planet Mark sustainability certification, which is provided by Planet First in partnership with the Eden Project. This certification is awarded only after a rigorous assessment of business activity and involvement in the community. It demonstrates our commitment to reducing energy, water and fuel consumption and associated carbon emissions. Through The Planet Mark certification, we achieved a 12% carbon reduction per employee from 2014 to 2015.

Our IT Efficient resale, reuse and recycle programme handled 200,000 items such as mobile phones, PCs and printers, with 0% going to landfill, and our ITP service collected over 1.25 million printer cartridges for reconditioning and reuse in 2015.

In 2015:

1,250,000+

printer cartridges collected
for reconditioning

200,000

IT assets resold,
reused or recycled

25,000

tonnes of paper recycled

2,000+

tonnes of No Longer
Needed assets distributed
to good causes

Investing in people

We believe in caring for our employees, the communities in which we work and for everyone that comes into contact with the organisation. Of course, the more we grow, the more jobs we are able to create. We are also involved with the Growing Talent project run by PricewaterhouseCoopers, which helps get unemployed participants into work.

Our employees regularly take part in a wide variety of charitable and community initiatives, where possible supported by the Group. Recent events include the London Marathon, Moonwalk for Breast Cancer and a skydive raising money for a local charity. Funds have also been raised for:

- MacMillan Cancer Trust
- Pear Tree Specialist School
- NSPCC
- St Clare Hospice
- Jeans for Genes
- Wear it Pink
- Help For Heroes
- British Legion
- Smartworks

Health and Safety

We are proud of our excellent health and safety record and are committed to continually improving health safety management systems and safety cultures throughout the organisation.

Health & safety incidents

	Document Management		Relocation	
	2015	2014	2015	2014
• Employee man months	8,309	4,768		
• Employee man hours*			963,438	604,987
• RIDDOR events	5	5	9	2
• Near misses	7	7	3	1
• RIDDOR events per man month	0.06%	0.10%		
• RIDDOR events per man hour			0.0009%	0.0003%

* Measured in hours due to the nature of the Relocation business.

RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Chairman's Statement

The increase in scale of our business in recent years enhances our ability to grow organically through increased operational efficiency, cross-selling and greater market presence

Results

I am pleased to report another strong performance by your Company. For the year to 31 December 2015, profit before tax, exceptional items, amortisation, discontinued activities and share-based payment charges was £16.3 million, a year-on-year increase of 36% (2014: £12.0 million). Turnover was £91.9 million (2014: £67.5 million), with a large part of the year-on-year increase reflecting acquisitions made in both 2014 and 2015. Earnings per share on an adjusted basis were up 27% at 15.6 pence (2014: 12.3 pence). The recommended final dividend is up 37% at 2.2p.

These results exclude our Irish business, acquired as part of Wincanton Records Management in December 2015, whose sale was completed on 10 March 2016.

Strategy

We are now established as an important supplier of services to UK offices and workplaces. The increase in scale of our business in recent years enhances our ability to grow organically through increased operational efficiency, cross-selling and greater market presence.

The services that all of our operations supply have common features:

- A strong element of recurring revenues
- A degree of operational complexity which enables good margins to be achieved
- A similar channel to market: typically through our customers' facilities managers or IT managers
- Switching suppliers is neither desirable nor practical for customers
- Reasonable scope for cross-selling most of the other services we offer.

Most of our business streams have a significant presence in their respective markets. We are well established as one of the two major records management businesses in the UK, and further strengthened that position following the acquisition of Wincanton Records Management in December 2015. Records Management currently accounts for about half of Group revenues and the majority of Group operating profit and we continue to seek out appropriate records management acquisitions. Harrow Green is the UK market leader in office relocation by some distance and the Relocation division has increased operating profit from £0.3 million to £4.1 million over the last four years.

Restore Records Management and Harrow Green are respectively the two leading businesses in our Document Management and our Relocation divisions. Sitting alongside these two large activities, we have other smaller businesses which either currently have a strong UK market position or the opportunity to build one. Our two other

business streams in the Document Management division, Scan and Shred, both have substantial scope for profitable growth and we expect them to show significant improvements in profitability over the coming years. As part of this, they now have their own newly-appointed managing director who is focused exclusively on these businesses' growth. In the Relocation division, we offer three other services in addition to office relocation: IT relocation, IT recycling and toner cartridge recycling, the last of which was added through the acquisition of ITP Group in July 2015. We believe all these businesses have scope for significant growth and benefit greatly from being part of Restore.

We continue to look at opportunities to enter related markets which share the attributes referred to above.

We have invested heavily in terms of management time in establishing a Group-wide customer relationship management system. This enables all of our sales staff in all our business streams to recognise and leverage the contacts we have developed elsewhere in the Group. Despite being operationally and managerially decentralised, this ability to plug into our Group-wide customer contacts makes the process far more effective for our sales people looking to introduce their service into our Group customers. This creates momentum for all sales staff across the Group.

We believe that it is key to our business that we focus on areas where we can benefit from cost and customer synergies. As part of this, on 10 March 2016 we completed the sale for €36 million (£27.8 million) of our Irish records management business, acquired in December 2015 as part of Wincanton Records Management. While this is a high-quality business, it provides limited scope to generate substantive cost synergies. We are confident that we will be able to generate a better return in the long term on the funds realised by redeploying them in our core UK market.

Trading

Our Document Management division performed satisfactorily overall. Its turnover was £54.7 million (2014: £37.4 million) and adjusted operating profit was £15.1 million (2014: £11.5 million). Its core Records Management business continued to demonstrate the strength of its financial model. In contrast, our smaller Scan and Shred businesses, which had both been substantially enlarged by acquisitions made in 2014, performed below our expectations during a year of change. We took steps to address the underperformance of both businesses during the year and are confident they will deliver an improved contribution to the Group in 2016.

Our Relocation division continued to trade strongly. The division's turnover was £37.2 million (2014: £30.1 million) and adjusted operating profit was £4.1 million (2014: £3.3 million); these figures include ITP Group, the toner cartridge recycling business acquired in July.

+36%**£91.9m**
(2014: £67.5m)

Revenue (£'m)

+36%**£16.3m**
(2014: £12.0m)Adjusted* profit
before tax (£'m)**+27%****15.6p**
(2014: 12.3p)Adjusted* earnings
per share (p)**+33%****3.2p**
(2014: 2.4p)

Dividend per share (p)

Corporate Transactions

Much of the operational focus of the Group was on integrating the acquisitions made in 2014, notably Cintas UK and Cannon Confidential, both of which were operating at marginal profitability at the time of acquisition. As expected at the time of acquisition, several acquired businesses required substantial restructuring during the year and, following significant investment, these are now showing a marked improvement in profitability under our ownership.

Nonetheless, 2015 was another key year in the strategic development of the Group with several acquisitions including the largest ever undertaken by Restore.

In total, six acquisitions were made in the year:

- In January, we acquired Ancora, a records management business in East Anglia, a region in which we were under-represented, for £0.5 million
- In July, we acquired ITP Group, the UK's largest toner cartridge recycling business, for £3.6 million (net of cash acquired). This took us into a new business activity but one very closely aligned to our existing services
- In August, we acquired Data Imaging and Archiving, a scanning and records management business based in South London, for £1.5 million. We are in the process of relocating the acquired boxes into our estate and have transferred the scanning to our facility in Hanworth, South-West London
- Also in August, we acquired Crimson UK, a Manchester-based scanning business for an initial cash consideration of £1.0 million. We have subsequently moved its Manchester operations into our facility in Manchester
- In December, we acquired Wincanton Records Management, one of the largest UK records management companies, which also has a significant presence in Ireland, for £57.3 million. This extended our position as one of the two major UK records management operators
- Also in December, we acquired Diamond Relocations in South London for £1.0 million. This provides Harrow Green with a South London base and a small records management operation, which has been integrated into Restore.

Funding

Net debt at the year-end was £60.6 million (2014: £30.9 million). The increase in net debt reflects the cost of acquisitions made during the year. As part of the acquisition of Wincanton Records Management in December, a new banking facility was put in place with Barclays and Royal Bank of Scotland. We now have in place a £50 million Term Loan maturing in December 2020 and a 5-year Revolving Credit Facility of £30 million, with an additional

£20 million available. The Wincanton Records Management acquisition was also funded by the placing of 13.1 million shares at 260 pence per share.

Following the disposal of our Irish records management business for €36 million (£27.8 million) on 10 March 2016, net debt has been reduced sharply. We therefore have considerable funds available to us to continue to develop the company.

Dividends

Your Board is recommending a final dividend of 2.2p, payable on 8 July 2016 to shareholders on the register on 10 June 2016. The total dividend for the year is 3.2p, a 33% year-on-year increase. It remains the Board's firm intention to follow a progressive dividend policy.

People

Our business has grown significantly in recent years and that is reflected in the increased size of our workforce. We now have over 1,200 employees. We remain committed to the principle of locking power and responsibility together at all levels within the business and letting our people get on with their job with minimal interference. I believe this lies at the heart of our current success as we are wholly dependent on the abilities of our people and their commitment to serving our customers.

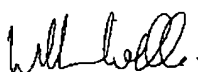
As our Group increases in scale, we are able to offer greater stability and career opportunities for all our people. We are also in a position to provide to our people the support and development that is appropriate to a larger company without losing the flexibility to treat people as individuals.

I thank all our people for their commitment over the last year and look forward to them continuing to share in the success of the Group. I also welcome the people who have joined us through acquisitions made over the year.

Outlook

Looking ahead, our near-term focus will be on delivering the cost and capacity synergies from the Wincanton acquisition, continuing to improve the performance of our Shred and Scan businesses, and ensuring that our newer activities, in particular IT recycling and printer cartridge recycling, benefit in full from the cross-selling opportunities that arise from the breadth of the Group's customer base.

We will continue to pursue our strategy of organic and acquisitive growth. The current year has started satisfactorily and we look forward to delivering another year of strong progress in 2016.



Sir William Wells
Chairman

24 March 2016

* Before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs. The reconciliation of adjusted figures is shown in the Group Finance Director's statement.

Chief Executive's Statement

Our Document Management and Relocation divisions both delivered very strong growth in operating profit

Document Management

Trading in Document Management overall was steady in 2015 with adjusted operating profits increasing by £3.6 million to £15.1 million. Turnover increased from £37.4 million to £54.7 million. The majority of the increase in revenue derived from acquisitions made during the year. The decline in operating margin reflected a higher percentage of revenues deriving from activities other than records management, but was also affected by the limited initial contribution from those activities.

Records Management comprises the bulk of these results and its performance remained robust. Organic box growth in the established business, defined as increase in box numbers from existing customers, continued to run at 7%, while new box growth, at over 6%, was stronger than in prior years and well above the industry average. After box destructions and permanent retrievals, overall net box growth (before acquisitions) was in excess of 6%. The box growth in acquired businesses was at appreciably lower levels at both the former Cintas UK and Wincanton Records Management businesses and we expect this to continue for some time given their weak sales pipelines at the time of acquisition. This will adversely affect the overall box growth rate in the business in the short term.

Prior to the acquisition of Wincanton Records Management, capacity levels across the business were comfortably in excess of 90%, and approaching full capacity in the South East. On acquisition, Cintas UK had been operating at 68% of available space; this is now in excess of 90%, in line with the levels we have historically achieved. Combined with extensive cost restructuring, the profitability of the former Cintas UK business is now in line with the established Restore business. The increase in capacity utilisation has been driven by a combination of box growth and the closure of several sites across the combined business where there was the opportunity to leave inappropriate sites at low cost. The acquisition of Wincanton, whose pre-acquisition capacity levels in the UK business were at 69%, provides us with much-needed space in the South-East, particularly as we will be exiting our site in Charlton in 2017. With the need to accommodate new box growth and the opportunity to leave certain other sites, we are confident that our overall capacity utilisation will have been optimised by the end of 2016 and that operating margins in the records management division will be in line with historic levels.

Alongside additional capacity from acquired businesses, we continue to develop the most attractive of our existing facilities. We are developing another district in our freehold underground site in Wiltshire, which we expect to begin utilising in 2017, and have continued to lease additional hardened aircraft shelters at Upper Heyford, with a further two currently being prepared.

We have taken on similar aircraft shelters in East Anglia and we envisage more capacity will become available there. Overall, we feel we are well positioned with the space currently occupied and available to us across mainland Britain. In the medium term, we expect a shortage of appropriately-priced space in the South East to become more of a feature for the sector as a whole.

Restore Scan, which primarily comprises the Cintas UK scanning business acquired in October 2014, had a difficult year with a poor operational performance on its largest contract and several major contracts being delayed. The management structure was inappropriate and this was substantially changed during the course of the year. We also closed part of our site at Peterborough. Despite the poor operational performance, Scan's largest contract has been extended to 2017 and we also signed a significant 5-year contract in September with NDA Archives. We have several large contracts for NHS Trusts and a stable base of recurring business. We have invested heavily in Scan and following the changes made during the year we believe it has strong growth prospects.

Restore Shred, our secure shredding and recycling business, showed steady organic growth but has yet to achieve the critical mass to generate an appropriate contribution to the Group. We have invested in new equipment, including a new IT system. We continue to expect that Restore Shred will in due course become a significant operator in the UK market, particularly by leveraging the Group's customer base effectively, and remain confident that it can generate good returns.

Relocation

The Relocation division recorded adjusted operating profits for the year of £4.1 million (2014: £3.3 million) on revenue of £37.2 million (2014: £30.1 million). The uplift in revenues partly reflected the acquisition of ITP Group but was also driven by strong organic growth in all three of the ongoing business streams.

Revenues in the core **Harrow Green** office relocation business showed yet another strong year-on-year improvement, as well as an increase in operating margins. Market conditions remained buoyant, particularly in the London office market, and we benefited from a continued good level of activity by our major customers. Major one-off projects undertaken during the year included work for the BBC, European Bank for Reconstruction and Development, Slater & Gordon and Net-a-Porter. We completed our first year of our contract for work with the Ministry of Defence, which was particularly busy following the rebasing of several Army units to the UK from Germany. **GMS**, our international moves business, showed a strong year-on-year improvement in both revenues and contribution.

Divisional Performance

	Revenue 2015	Revenue 2014	Adjusted* Operating Profit 2015	Adjusted* Operating Profit 2014
Document Management	£54.7m	£37.4m	£15.1m	£11.5m
Relocation	£37.2m	£30.1m	£4.1m	£3.3m
Head Office costs	–	–	(£1.6m)	(£1.9m)
Total	£91.9m	£67.5m	£17.6m	£12.9m

* before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments charge and other finance costs.

Relocom, our IT relocation business, had an excellent year with increased revenues and a doubling of its contribution year-on-year. Its major customers were active and its contract to install collection lockers for Amazon continued to grow. It continues to work more closely with Harrow Green and IT Efficient, which is being reflected in higher revenues.

IT Efficient, our IT recycling business, increased revenues although its contribution to the Group was broadly flat year-on-year. In the three years since we entered this market we have established a blue-chip customer base from whom we receive equipment. As we look to broaden IT Efficient's customer base, the Group's customer base, particularly that of the recently acquired ITP business, should be helpful in this regard.

ITP Group, our toner cartridge recycling business acquired in July 2015, achieved revenues and a contribution broadly in line with expectations at the time of acquisition. We expect that volumes should increase over time as ITP benefits from access to the Group's customers, many of whom are showing interest in ITP's services.

Customers

Our focus on the UK office services market means that we deliver at least one of our services to a high proportion of UK offices including most of the UK's larger offices. We seek to utilise this extensive customer base by maintaining and developing our Group customer relationship management system, which all sales people across the Group use. This continues to facilitate cross-selling as most of our customers have a demand for most of our services and the procurement person or team is often the same. We regularly conduct an exercise which shows that our current penetration of customers in various groupings was:

- 60% of FTSE 100 companies
- 96% of top 25 UK accountancy firms
- 72% of top 100 UK legal firms
- 41% of local authorities in England, Scotland and Wales
- 41% of UK National Health Service trusts.

I believe this represents an excellent indication of the strength of our business and the opportunity for future development.



Charles Skinner
Chief Executive

Group Finance Director's Statement

Significant levels of restructuring undertaken to improve operating margins of acquired businesses

Profit Before Tax

Profit before tax from continuing operations for the year ended 31 December 2015 was £6.1 million (2014: £6.1 million). The key underlying factors driving the performance compared to the prior year are:

- Contribution resulting from the performance of businesses acquired in both periods
- Continued performance improvement
- The adverse impact of higher levels of exceptional costs as a result of the significant restructuring activity undertaken in the period.

Exceptional costs of £6.4 million (2014: £3.1 million) largely reflect double running costs and restructuring undertaken in acquired businesses. The most significant of these is the restructuring and integration of Cintas UK which was acquired in October 2014. The integration of acquired businesses is essential to enable them to attain the operating margins we achieve in the core business and the financial return expected at the point of acquisition. The costs incurred in restructuring Cintas UK have overall been broadly in line with those expected at the time of the acquisition; within these costs a higher proportion than expected has been spent on scanning. Amortisation of intangible assets for the year was £2.6 million (2014: £1.9 million) with the increase attributable to the higher carrying value of intangible assets.

Due to the one-off nature of exceptional costs and the non-cash element of certain charges, the Directors believe that an adjusted measure of profit before tax and earnings per share provides shareholders with a more appropriate representation of the underlying earnings derived from the Restore Group's business. The items adjusted for in arriving at that adjusted profit before tax are as follows:

Continuing operations	2015 £'m	2014 £'m
Profit before tax	6.1	6.1
Share based payments charge	0.9	1.0
Exceptional items	6.4	3.1
Amortisation of intangible assets	2.6	1.9
Other finance costs	0.3	(0.1)
Adjusted profit before tax	16.3	12.0

Reconciliation of Reported Operating Profit to Adjusted Operating Profit and Adjusted EBITDA

Continuing operations	2015 £'m	2014 £'m
Operating profit	7.7	6.9
Share based payments charge	0.9	1.0
Exceptional items	6.4	3.1
Amortisation of intangible assets	2.6	1.9
Adjusted operating profit	17.6	12.9
Depreciation	2.8	1.9
Adjusted EBITDA	20.4	14.8

Earnings Per Share (EPS)

Continuing operations	2015	2014
Basic adjusted earnings per share (pence)	15.6p	12.3p
Basic earnings per share (pence)	7.0p	6.4p

Basic adjusted earnings per share are calculated as adjusted profit for the year less standard tax charge divided by the weighted average number of shares in issue in the year. Basic earnings per share reflect the actual tax charge which in 2015 includes the utilisation of £2.0 million of brought forward losses acquired as part of the Cintas UK acquisition.

Exceptional Costs

	2015 £'m	2014 £'m
Acquisition – transaction costs	0.4	0.4
Acquisition – box relocation and transport costs	0.1	0.4
Restructuring and redundancy costs	5.1	2.5
Other exceptional	0.8	(0.2)
Total	6.4	3.1

96% increase in net cash inflow from operations largely driven by reduction in working capital usage

The integration of acquisitions remains the key driver of exceptional costs. In the period the Group completed six acquisitions and undertook the bulk of the restructuring of the Cintas UK and Cannon Confidential businesses.

Transaction costs include the cost of legal and professional fees incurred as part of the acquisitions made in 2015.

Box relocation and transport costs include the cost of uplifting boxes to existing facilities and the movement of boxes from facilities which closed as result of the Cintas UK acquisition.

Restructuring and redundancy costs have increased to £5.1 million in 2015. As expected at the time of acquisition, the Cintas UK business has required significant restructuring to enable it to operate at the margins expected. This has included a rationalisation of the overhead structure, rationalisation of the storage property portfolio to enable increased utilisation and the combination of two scanning businesses to deliver synergies. Also included in the restructuring and redundancy costs are the costs from the other acquisitions including:

- The integration of both Crimson and Data Imaging acquisitions into our scanning and storage operations
- The completion of the integration of Cannon Confidential into our shredding operations
- The integration of ITP into our Relocation division
- The initial integration costs of the Wincanton acquisition.

Other exceptional costs include £0.6 million in relation to a seasonal scanning contract. The contract involves scanning exam papers primarily over a two month period in May and June each year. Due to technical issues during the process which had not occurred in previous years, significant additional costs were required to deliver the contract. Further to the costs borne directly by the Group further fines and costs were recharged by the customer. Management believe the root cause of the technical issues has been identified which will enable the cost of delivering this contract in future periods to fall in line with patterns previously experienced. As a result of the one off nature of these costs and their relative size they have been shown as exceptional to enable a better understanding of the underlying trading of the Group during the year.

Interest

Net finance costs amounted to £1.6 million (2014: £0.8 million) which reflects the increased levels of debt as a result of acquisition activity. Included within finance cost is a credit of £0.1 million (2014: £0.1 million) representing the change in fair value of the interest rate collar.

Taxation

UK Corporation Tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit/(loss) for the year. The UK Corporation Tax rate reduced on 1 April 2015 to 20%, with a further reduction to 19% on 1 April 2017 falling further to 18% on 1 April 2020; accordingly, these rate reductions have been reflected in the deferred tax balance which forms part of the statement of financial position.

Statement of Financial Position

Net assets increased to £104.7 million (2014: £67.0 million) following the six acquisitions and placing of shares. Goodwill and intangibles at 31 December 2015 were £118.6 million (2014: £68.9 million).

Property, plant and equipment totalled £37.4 million (2014: £30.2 million), comprising the freehold underground storage facilities in Wiltshire, storage racking, vehicles and computer systems. The development of additional storage space in the underground facility has continued in 2015 including exploratory investigations into the viability of a further chamber in the facility which could lead to increased capacity.

Group Finance Director's Statement continued

Cash Flow

The net cash inflow from operations increased 96% to £11.0 million (2014: £5.6 million). The improvement from the prior year has been driven by:

- A reduction of £3.1 million in working capital usage due to lower levels of one off acquisition related working capital movements
- An increase of £1.6 million in non cash depreciation and amortisation charges in the income statement.

Net working capital usage in the year was £3.0 million which included movement on property provisions, including the Cintas UK Charlton property, of £2.1 million. Capital expenditure totalled £4.0 million (2014: £3.6 million) following the continued development of additional space in the underground storage facility, development of storage capacity in other sites and investment in additional scanning capability.

Net Debt

Net debt at the end of the year was £60.6 million (2014: £30.9 million) reflecting the additional debt taken on to fund the acquisition spend of £65.9 million which was partially funded through a placing of shares raising £32.9 million. As part of the acquisition of Wincanton's records management business the Group refinanced its debt facilities entering into a two bank club arrangement. Facilities at the end of the period totalled £100 million (£80 million committed) comprising a £50 million term loan, £30 million revolving credit facility and a potential £20 million accordion facility. Total amount drawn against these facilities at the year end was £68.5 million. Following the sale of Restore Document Management Ireland Limited for €36 million (£27.8 million) on 10 March 2016, net debt has reduced significantly, greatly increasing the funding available to the Group to continue to deliver its growth strategy.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategies are subject to a number of risks. The key business risks affecting the Group are shown below.

Risk Management

The significant financial risks the Group faces have been considered and policies have been implemented to best deal with each risk. The three most significant risks are considered to be liquidity risk, finance cost risk and customer relationship risk. The Group is primarily based in the United Kingdom so the direct exposure to exchange risk is considered to be small.

Liquidity Risk

The year end net debt was £60.6 million (2014: £30.9 million), which consisted of £68.5 million of interest bearing loans and borrowings plus £1.4 million of overdrafts (note 18), (2014: £37.0 million of interest bearing loans and borrowings plus £1.2 million of overdrafts). Net debt is monitored on a daily basis and banking facilities are reviewed against future expected cash flow movements to ensure that adequate facilities are in place.

Finance Cost Risk

The Group pays finance costs on its bank facilities. The bank facilities finance cost is a variable cost linked to LIBOR plus a margin. Interest rates are managed through an interest rate swap. The average finance cost on bank facilities for the Group in 2015 was 2.7% (2014: 2.7%). The potential exposure to LIBOR movements is deemed acceptable given the current and anticipated future levels of debt.

Customer Relationship Risk

The Group has commercial relationships with over 14,000 business customers. Attrition rates are low and relationships are strong. The largest customer accounts for less than 4% of Group revenue, with the majority of large customers tied into longer term contracts. Due to the relatively low revenue concentration of our largest customers the perceived customer relationship risk is deemed to be low.

Management

It is likely that changes to members of the senior management team might impact on the Group's ability to perform to the expectations within its strategy. The Board ensures that the management team is appropriately rewarded for its efforts and that succession planning is considered.

Legislative

The Group has systems and procedures in place to ensure compliance with, and to manage the impact of changes in, Government legislation such as agency worker regulations, vehicle operating procedures and environmental requirements.

Key Performance Indicators ('KPIs')

The Group uses many different KPIs at an operational level which are specific to the business and provide information to management. At an executive level, a selection of operational KPIs, which allow a relevant and robust review of operational performance, are considered with operational management on a monthly basis. The Board also relies on KPIs that focus on the financial performance of the Group.

The table below shows the main KPIs used to manage the Group's performance during the year.

Key Performance Indicator	2015 £'m	2014 £'m	Analysis
Revenue	91.9	67.5	Year-on-year change in revenues analysed by segment (see note 4).
Adjusted operating profit	17.6	12.9	Year-on-year change in adjusted operating profit analysed by segment (see note 4).
Operating cash flow before financing costs and tax	11.0	5.6	Operating cash flow generated in 2015 increased due to lower one of working capital movements compared to 2014.
Bank interest cost	1.2	0.9	Year-on-year change in cost of Group finance. Finance costs in the year remained increased as a result of higher levels of net debt.
Net debt	60.6	30.9	Year-on-year change in bank debt, which increased to fund the acquisitions in the year.

The non-financial indicators that are regularly monitored are customer satisfaction and retention as well as staff turnover ratios. Customer attrition rates are very low, as the business has strong and long-term relationships and a high level of customer satisfaction. The Group has a strong team of experienced and dedicated staff and staff turnover rates are low.



Adam Councill
Group Finance Director

The strategic report on pages 4 to 23 was approved by the Board of Directors on 24 March 2016 and signed on its behalf by:



Charles Skinner
Chief Executive



Adam Councill
Group Finance Director

Board of Directors

Sir William Wells

Aged 76, Non-Executive Chairman

Sir William Wells was appointed Chairman of the Board on 8 June 2009. His career encompasses senior positions in public health, commercial property, insurance and business services. He was Managing Partner and then Chairman of Chesterton Chartered Surveyors for 34 years, where he oversaw their transition from a private partnership to a listed company. His other experience includes Non-Executive Director roles with AMP (UK), Henderson Group plc and Exel plc, which was subsequently acquired by Deutsche Post. Sir William is Chairman of ADL plc, a care home provider, CMG plc, a specialist in the care of adults with learning difficulties, Pure Sports Medicine, a leading provider of specialist muscular skeletal services, and The Practice Group, a leading provider of primary and community care across England. He was the Chairman of the Department of Health's Commercial Advisory Board and NHS Appointments Commission.

Charles Skinner

Aged 55, Chief Executive

Charles Skinner was appointed Chief Executive of the Group on 8 June 2009. Charles was previously Chief Executive of Johnson Services Group plc and Brandon Hire plc for nine years, prior to which he was at SG Warburg, 3i plc and editor of Management Today. Charles has nearly 20 years experience as Chief Executive of quoted companies in the business-to-business services sector.

Stephen Davidson

Aged 60, Non-Executive Director

Stephen Davidson joined the Board on 8 January 2014. He is Non-Executive Chairman of Datatec Limited and PRS for Music. Stephen is also Non-Executive Director of Informa plc, Inmarsat plc and Jaywing plc. In his earlier career Stephen was Chief Financial Officer then Chief Executive officer of Telewest Communications plc and Vice Chairman of investment banking at WestLB Panmure. Stephen has a 1st class honours degree in mathematics and statistics from the University of Aberdeen.

James Wilde

Aged 62, Non-Executive Director

James Wilde joined the Board on 1 June 2014. He is currently Non-Executive Chairman of Nirvana Equity Limited, the holding company of NSL Services Group. He has previously been Non-Executive Chairman of several support services and manufacturing businesses, including Deb Group Limited, Zenith Vehicle Contracts Group Limited, ATPI Limited and Allied Glass Group Limited. He was on the Board of the Navy Army and Air Force Institutes (NAAFI) for six years and spent much of his executive career at Securiguard Group plc and Rentokil Initial plc, where he was Chief Executive.

Adam Councill

Aged 37, Group Finance Director

Adam Councill was appointed Group Finance Director on 18 June 2012. Adam began his career at Whitbread plc in the accounts department of The Pelican Group restaurant division before moving to the Milward Brown Precis subsidiary of WPP plc. He joined Rentokil Initial plc in 2003, where he held a variety of finance posts including Commercial Director of the Business and Industry division and Finance Director of Catering and the combined Catering and Hospitals division. Most recently, he was Finance Director of the UK Business Services division, supervising eight businesses with a combined turnover of £250 million.

Sharon Baylay

Aged 47, Non-Executive Director

Sharon Baylay joined the board on 10 September 2014. She is a Non-Executive Director of ITE Group plc, the listed organiser of international trade exhibitions and conferences, and Market Tech Holdings, the listed company combining real estate assets with e-commerce. She is also Non-Executive Chairman of Dot Net Solutions Ltd, a private equity backed Cloud Computing business. She has previously been Marketing Director and main Board Director of the BBC, responsible for Marketing Communications and Audiences, and spent much of her career at Microsoft where she was Board Director of Microsoft UK and Regional General Manager of MSN International. Sharon is also a holder of the FT/Pearson Non-Executive Director Diploma.

Directors' report

The Directors submit their report and the financial statements of Restore plc for the year ended 31 December 2015.

Restore plc is a public limited company quoted on AIM, incorporated and domiciled primarily in the United Kingdom and has no branches outside the UK.

Results

The profit before tax for the year ended 31 December 2015 for continuing operations was £6.1 million (2014: £6.1 million).

Dividends

The Directors recommend a final dividend for the year of 2.2 pence per share payable on 8 July 2016 (2014: 1.6 pence per share). An interim dividend of 1.0 pence was paid during the year (2014: 0.8 pence). The estimated final dividend to be paid is £2.1 million (2014: £1.3 million).

Principal Activities

The principal activities of the Group during the year were that of Document Management and Relocation.

Business Review and Future Developments

This is dealt with in the Strategic report on pages 16 to 23.

Directors

The following directors have held office during the year:

Sir William Wells (Chairman)

Charles Skinner (Chief Executive)

Adam Cuncell (Group Finance Director)

Stephen Davidson (Non-Executive Director)

James Wilde (Non-Executive Director)

Sharon Baylay (Non-Executive Director)

Information on Directors' remuneration, share options, long-term executive plans, pension contributions and benefits is set out in the Remuneration Report on pages 30 to 32.

The Company maintains liability insurance for its directors and officers.

Share Capital

Full details of the authorised and issued share capital of the Company are set out in note 23 to the financial statements.

Substantial Shareholdings

At 22 March 2016 the Company had been notified of the following interests amounting to 3% or more of the Company's issued share capital:

	Number of 5p ordinary shares	Percentage of issued share capital
Hargreave Hale	12,471,328	13.0%
BlackRock Investment Management (UK)	10,304,693	10.7%
Octopus Investments	9,278,072	9.7%
Old Mutual Global Investors	5,958,107	6.2%
Slater Investments	5,807,600	6.1%
Franklin Templeton Investments (UK)	4,210,000	4.4%
River & Mercantile Asset Management	3,639,000	3.8%
M&G Investments	2,911,500	3.0%

Property Values

The Directors are aware that a significant difference may exist between market and book values, as shown in the Consolidated Statement of Financial Position at 31 December 2015, for the Group's freehold properties, all of which have a market value in excess of the book value recorded. The Directors believe that this excess is in the region of £7.4 million.

Employees

The Group's people are its most important asset. Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occurs at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Environmental Policy

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities in which we operate. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment.

Health and Safety

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Health and safety is a particular concern to our customers. Consequently, both of our business segments have appointed Health and Safety Officers.

The Group's operational report to the board on a monthly basis includes a section on all health and safety matters.

Financial Risk Management

Information in respect of the financial risk management objectives and policies of the Group, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the exposure of the Group to market risk, credit risk, liquidity risk and cash flow risk is contained in note 3, and detailed in the Group Finance Director's statement.

Political and Charitable Donations

Donations of £22,000 were made by the Group for charitable purposes during the year (2014: £12,000). The Group does not make political donations.

Statement, as to Disclosure of Information to Auditors

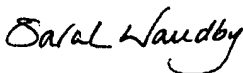
The Directors in office on 24 March 2016 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Annual General Meeting

The notice of the Annual General Meeting to be held on 23 May 2016 is set out on pages 91 to 94.

Post Balance Sheet Events

Details of post balance sheet events are given in note 35 of the financial statements.



Sarah Waudby
Company Secretary

24 March 2016

Corporate Governance Statement

The policy of the Board is to manage the affairs of the Company having regard to Quoted Company Alliance. The Directors support the principles underlying these requirements insofar as is appropriate for a group of the size of Restore plc.

The Board of Directors

The Group is led and controlled by a Board comprising two Executive Directors and four Non-Executive Directors.

Board meetings are held on a regular basis and no significant decision is made other than by the Directors.

All Directors participate in the key areas of decision-making, including the appointment of new directors. There is no separate Nomination Committee due to the current size of the Board. The Board receives timely information on all material aspects of the Group to enable it to discharge its duties.

All Directors submit themselves for re-election at the Annual General Meeting at regular intervals. The following were Directors during the year:

	Number of Board meetings attended during the year ended 31 December 2015	Number of Audit Committee meetings attended during the year ended 31 December 2015	Number of Remuneration Committee meetings attended during the year ended 31 December 2015
	Total 11	Total 2	Total 2
Executive Directors			
Charles Skinner	11	2	–
Adam Councill	11	2	–
Non-Executive Directors			
Sir William Wells	11	2	2
Stephen Davidson	11	2	2
James Wilde	11	2	2
Sharon Baylay	11	2	2

The Executive Directors are not members of the Audit Committee or Remuneration Committee but may attend the meetings as a guest of the chair of the committee.

Directors' Remuneration

The Company has an established Remuneration Committee.

Details of the remuneration of each Director are set out in the Remuneration report on page 30.

Accountability and Audit

The Company has established an Audit Committee comprising the Chairman and Non-Executive Directors who are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

Relations with Shareholders

The Chief Executive and the Group Finance Director are the Company's principal contact for investors, fund managers, the press and other interested parties. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material mis-statement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Turnbull guidance for Directors on reporting on internal financial control.

The Board considers that, in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will continue to review the need to put in place an internal audit function.

Going Concern

As more fully explained in note 2, having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future.

Directors' Remuneration Report

Remuneration Committee

The Company has an established remuneration committee consisting of the Chairman and the Non-Executive Directors. The Chairman and Non-Executive Directors are responsible for the consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other Directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The committee will meet at least once a year and at other times as appropriate.

Directors' Contracts and Letters of Appointment

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance code, they are to be terminable by the Company on one year's or 6 months' notice.

The Non-Executive Directors do not have service contracts but have letters of appointment.

	Date of contract	Notice period
Executive Directors		
Charles Skinner	8 June 2009	12 months
Adam Councill	1 May 2012	6 months

	Date of Letter	Notice period
Non-Executive Directors		
Sir William Wells	8 June 2009	3 months
Stephen Davidson	8 January 2014	3 months
James Wilde	28 March 2014	3 months
Sharon Baylay	12 August 2014	3 months

Directors' Emoluments

The aggregate emoluments of the Directors of the Company were:

£'000	Salary & Fees	Benefits	Pension costs	Total 2015	Salary & Fees	Benefits	Pension Costs	Total 2014
Executive Directors								
Charles Skinner	432	4	–	436	402	12	–	414
Adam Councill	181	1	21	203	155	1	17	173
Non-Executive Directors								
Sir William Wells	65	–	–	65	60	–	–	60
Stephen Davidson	40	–	–	40	35	–	–	35
James Wilde	35	–	–	35	20	–	–	20
Sharon Baylay	35	–	–	35	11	–	–	11
	788	5	21	814	683	13	17	713

Directors' Interests in Shares and Options

The beneficial interests of the Directors who were in office at 31 December 2015 in the shares of the Company, including family interests were as follows:

	Number of ordinary shares of 5p each 31 December 2015	Number of ordinary shares of 5p each 31 December 2014
Charles Skinner	541,415	541,415
Adam Councill	–	–
Sir William Wells	352,553	352,553
Stephen Davidson	–	–
James Wilde	–	–
Sharon Baylay	–	–

As at 24 March 2016 there has been no change in any of the above holdings.

The Directors believe that the success of the Group will depend to a high degree on the future performance of the management team. The Company has established incentive arrangements which will reward the Directors when shareholder value is created, thereby aligning the interests of the management directly with those of the shareholders.

Restore Share Option Scheme – 2015 Grants

Employee Share Options

The following options have been granted to employees within the Group during the year.

Date of Grant	Granted	Number of ordinary shares of 5p each	Exercise price	Date from which exercisable	Expiry date
15 June 2015	100,000	100,000	271.0p	15 June 2018	15 June 2025

The share options granted have no performance conditions. See note 29 for details of the grant.

The closing price for Restore shares at 31 December 2015 was 299.0 pence. During the year the market price of the Company's ordinary shares ranged between 231.7 pence and 309.5 pence.

The Directors' interests in the share options schemes are as follows:

	Number of ordinary shares of 5p each 31 December 2015	Number of ordinary shares of 5p each 31 December 2014
Charles Skinner	2,699,611	2,699,611
Sir William Wells	1,053,389	1,053,389
Adam Councill	400,000	400,000

No share options were exercised by any of the Directors in the year (2014: nil).

Directors' Remuneration Report continued

Restore Executive Incentive Plan

The Company has an Executive Incentive Plan ('EIP'), details of which are given in note 29. The Directors' interests in the EIP are as follows:

	Number of performance units 31 December 2015	Number of performance units 31 December 2014
Charles Skinner	66,667	66,667
Adam Councill	16,667	16,667

By order of the Board



Stephen Davidson

Chairman of the Remuneration Committee

24 March 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report and the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under company law to prepare the company financial statements also in accordance with IFRS.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company 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;
- for the Group and company financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 corporate and financial information included on the Restore plc 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 Restore plc

For the year ended 31 December 2015

We have audited the group and parent company financial statements ('the financial statements') on pages 35 to 90. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 33, 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 Auditing Practices Board's (APB'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 FRC's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Mark Harwood

(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

Chartered Accountants
25 Farringdon Street
London EC4A 4AB

24 March 2016

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Note	Year Ended 31 December 2015			Year Ended 31 December 2014		
		Before exceptional items £'m	Exceptional items (note 5) £'m	After exceptional items £'m	Before exceptional items £'m	Exceptional items (note 5) £'m	After exceptional items £'m
Revenue	4	91.9	–	91.9	67.5	–	67.5
Cost of sales	6	(59.0)	–	(59.0)	(43.8)	–	(43.8)
Gross Profit		32.9	–	32.9	23.7	–	23.7
Administrative expenses	6	(16.2)	(6.4)	(22.6)	(11.8)	(3.1)	(14.9)
Amortisation of intangible assets	13	(2.6)	–	(2.6)	(1.9)	–	(1.9)
Operating profit	6	14.1	(6.4)	7.7	10.0	(3.1)	6.9
Finance costs	7	(1.6)	–	(1.6)	(0.8)	–	(0.8)
Profit before tax		12.5	(6.4)	6.1	9.2	(3.1)	6.1
Income tax (charge)/credit	8	(1.6)	1.3	(0.3)	(1.8)	0.6	(1.2)
Profit and total comprehensive income for the year from continuing operations		10.9	(5.1)	5.8	7.4	(2.5)	4.9
Profit from discontinued operations	4	0.2	–	0.2	–	–	–
Attributable to owners of the parent		11.1	(5.1)	6.0	7.4	(2.5)	4.9
Earnings per share attributable to owners of the parent (pence)	9						
Total							
– Basic				7.2p			6.4p
– Diluted				6.8p			6.0p
Continuing operations							
– Basic				7.0p			–
– Diluted				6.6p			–
Discounted operations							
– Basic				0.2p			–
– Diluted				0.2p			–

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Attributable to owners of the parent				
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2014	3.7	21.3	1.9	20.2	47.1
Profit for the year	–	–	–	4.9	4.9
Total comprehensive income for the year	–	–	–	4.9	4.9
Transactions with owners					
Issue of shares during the year	0.4	14.6	–	–	15.0
Issue costs	–	(0.6)	–	–	(0.6)
Dividends	–	–	–	(1.6)	(1.6)
Transfers (note 26)	–	–	(0.3)	0.3	–
Share-based payments charge	–	–	1.0	–	1.0
Deferred tax on share-based payments	–	–	1.2	–	1.2
	0.4	14.0	1.9	(1.3)	15.0
Balance at 31 December 2014	4.1	35.3	3.8	23.8	67.0
Balance at 1 January 2015	4.1	35.3	3.8	23.8	67.0
Profit for the year	–	–	–	6.0	6.0
Total comprehensive income for the year	–	–	–	6.0	6.0
Transactions with owners					
Issue of shares during the year	0.7	33.2	–	–	33.9
Issue costs	–	(1.0)	–	–	(1.0)
Dividends	–	–	–	(2.2)	(2.2)
Transfers (note 26)	–	–	(0.1)	0.1	–
Share-based payments charge	–	–	0.9	–	0.9
Deferred tax on share-based payments	–	–	0.1	–	0.1
	0.7	32.2	0.9	(2.1)	31.7
Balance at 31 December 2015	4.8	67.5	4.7	27.7	104.7

Consolidated statement of financial position

For the year ended 31 December 2015

Company registered no. 05169780

	Note	2015 £'m	2014 £'m
ASSETS			
Non-current assets			
Intangible assets	13	118.6	68.9
Property, plant and equipment	14	37.4	30.2
Deferred tax asset	22	4.3	4.2
		160.3	103.3
Current assets			
Inventories	15	1.7	0.6
Trade and other receivables	16	28.8	24.7
Cash and cash equivalents	20	8.5	6.9
		39.0	32.2
Assets held directly for sale	12	24.2	–
Total assets		223.5	135.5
LIABILITIES			
Current liabilities			
Trade and other payables	17	(22.4)	(15.2)
Financial liabilities – borrowings	18	(3.7)	(3.7)
Other financial liabilities	19	(0.1)	–
Current tax liabilities		(2.2)	(0.6)
Provisions	21	(0.8)	(1.0)
		(29.2)	(20.5)
Liabilities associated with assets held for sale	12	(4.6)	–
		(33.8)	(20.5)
Non-current liabilities			
Financial liabilities – borrowings	18	(65.4)	(34.1)
Other long term liabilities	11	(0.5)	(1.2)
Other financial liabilities	19	(0.2)	(0.3)
Deferred tax liability	22	(12.0)	(6.2)
Provisions	21	(6.9)	(6.2)
		(85.0)	(48.0)
Total liabilities		(118.8)	(68.5)
Net assets		104.7	67.0
Equity			
Share capital	23	4.8	4.1
Share premium account	24	67.5	35.3
Other reserves	25	4.7	3.8
Retained earnings	26	27.7	23.8
Equity attributable to the owners of the parent		104.7	67.0

These financial statements were approved by the Board of Directors and authorised for issue on 24 March 2016 and were signed on its behalf by:



Charles Skinner
Chief Executive



Adam Councill
Group Finance Director

Consolidated statement of cash flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Net cash generated from operations	27	11.0	5.6
Net finance costs		(1.1)	(0.9)
Income taxes paid		(0.8)	(1.0)
Net cash generated from operating activities		9.1	3.7
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(4.0)	(3.6)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired	11	(63.9)	(28.9)
Purchase of trade and assets	11	(2.0)	–
Sale of subsidiary		–	1.2
Cash flows used in investing activities		(69.9)	(31.3)
Cash flows from financing activities			
Net proceeds from share issues		32.9	14.4
Dividends paid		(2.2)	(1.6)
Repayment of bank borrowings		(47.0)	(16.0)
Drawdown of revolving credit facility		28.5	21.9
New bank loans raised		50.0	15.0
Increase in bank overdrafts		0.2	0.9
Finance lease repayments		–	(0.1)
Net cash generated from financing activities		62.4	34.5
Net increase in cash and cash equivalents		1.6	6.9
Cash and cash equivalents at start of year		6.9	–
Cash and cash equivalents at end of year	20	8.5	6.9
Cash and cash equivalents shown above comprise:			
Cash at bank		8.5	6.9

Notes to the Group financial statements

For the year ended 31 December 2015

1 GENERAL INFORMATION

Restore plc and its subsidiaries specifically focus on Document Management and Relocation. The Group primarily operates in the UK. The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its primarily registered office is The Databank, Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.

The Company is listed on the AIM market.

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

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of Restore plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis although derivatives are reflected at their fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 16 to 23.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire in November 2020. Details of the Group's borrowing facilities are given in note 20 of the financial statements.

The Group's budgets for 2016 and forecasts for 2017, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date, about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Notes to the Group financial statements continued

For the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Basis of Consolidation continued

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

Other changes in contingent consideration are recognised through profit or loss, unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

In the opinion of the Directors, the chief operating decision maker is the Board of Restore plc and there are two segments, Document Management and Relocation, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Sale of services – Document Management

Revenue from Records Management represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

The Group sells scanning and IT services which are provided on a time basis or as a fixed price contract with contract terms ranging up to three years, in which case revenue is recognised based upon the value of work completed, or revenue may be received on a contractual basis, either as a fixed proportion of managed costs or other fee mechanism, in which case revenue is recognised once those contractual conditions have been satisfied, either based on managed costs incurred, on a time basis, or other appropriate contractual measurement.

The Group provides all round secure document destruction and recycling processes, including the rental and servicing of office recycling units as well as larger secure waste containers providing a confidential waste destruction process. Revenue is recognised on a time-apportioned basis in respect of rental and when destruction is complete.

Sale of services – Relocation

Revenue represents amounts in respect of relocation, furniture storage and asset disposal and recycling. Revenue is recognised based upon the value of the work completed for removals, storage revenue is recognised on a per day basis for the furniture stored on behalf of its customers and when a disposal is complete.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of investments and subsidiaries, redundancy, integration and other restructuring costs, provisions made in respect of onerous leases and acquisition costs relating to business combinations.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible Assets

Intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured.

Intangible assets that are regarded as having indefinite useful lives are not amortised. Intangible assets that are regarded as having limited useful lives are amortised on a straight-line basis over those lives. Assets with indefinite lives are reviewed for impairment annually and other assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of value in use or fair value less cost to sell. Amortisation and any impairment write downs are recognised immediately in profit or loss.

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually. The life of customer relationships for storage customers was assessed during the year following a review of historic customer attrition rates and management believe that a 5% rate on average is appropriate extending the life of customer relationships from 10 to 20 years. All customer relationships are being written off on a straight-line basis and have a remaining life of 5 to 20 years. The customer lists are considered annually to ensure that this classification is still appropriate.

Trade names

Acquired trade names are identified as a separate intangible asset. The life of the trade name is assessed annually. Trade names are being written off on a straight-line basis over 10 years, except where the trade names are assessed as having an indefinite life due to the history of trading and the Group being a market leader in the services provided.

Application software and IT

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

Notes to the Group financial statements continued

For the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment, except freehold land.

	% per annum
Freehold and long leasehold buildings	2–5%
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50%
Racking	5%
Office equipment, fixtures and fittings	10–40%
Motor vehicles	20–25%

Leased Assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease. Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership to the Group are classified as finance leases. Finance leases are classified as a financial liability and measured at amortised cost. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments and depreciated over the period of the lease. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Investments

Loan notes are loans and receivables and measured at amortised cost. Impairment losses are recognised in profit or loss when there is evidence of impairment. Available for sale investments are non-derivative assets and are initially recognised at fair value net of any transaction costs and are subsequently carried at fair value. Fair value gains and losses are recognised in other comprehensive income and are recycled to profit or loss on disposal of the investment. If a fair value for an investment cannot be reliably measured, due to the variability in the range of reasonable fair value estimates being significant, or the probabilities of the various estimates within the range not being able to be reasonably assessed, that investment will be carried at cost. An impairment test is performed annually on the carrying value of the investment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Investments which are held for the long term and over which management do not exercise significant control are carried at cost. An impairment review is carried out annually.

Investments Accounted for Using the Equity Method

Investments which are held for the long term, and in which the Group has a participating interest and exercises joint control with one or more other parties under a contractual arrangement, are treated as joint ventures and accounted for by the equity method. The Group's share of the results of investments is included in the Consolidated Income Statement and the Group's share of net assets is included in investments in the Statement of Financial Position.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and Other Receivables

Trade receivables, classified as loans and receivables in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the assets' carrying amount and the present value of future cash flows discounted at the effective interest rate. The movement in the provision is recognised in profit or loss. Any other receivables are recognised at their initial fair value less an allowance for any doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

Customer Incentives

Incentives provided to new customers are in the form of either costs borne on behalf of new customers or the provision of services free of charge. Such incentives are recognised as an asset at amortised cost at the point when the contract is signed and the costs are incurred, or when the service is provided and are amortised in the income statement over the period of the contract.

Cash and Cash Equivalents

Cash and cash equivalents as defined for the Consolidated Statement of Cash flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

Assets Held For Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met and the assets and disposal groups are held for continuing use they are transferred out of assets held for sale in the current year. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to profit or loss.

Trade Payables

Trade payables, classified as other liabilities in accordance with IAS 39, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are classified as other liabilities in accordance with IAS 39 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated Statement of Comprehensive Income 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and 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 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 the initial recognition of 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 profits nor the accounting profit.

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 based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Notes to the Group financial statements continued

For the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Equity Instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based Payment.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic pricing model. Where employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The assumptions made in 2014 for the acquisition of Cintas UK have been reassessed in the year and are shown in note 11 and historic attrition rates experienced by the group have extended the life of the customer relationships to 20 years.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Acquisitions

The Group has made some significant acquisitions in the year, mainly the acquisition of Wincanton Records Management (note 11). The assessment of the fair values of the assets and liabilities at acquisition is inherently judgemental and where these are still being assessed until further information is received, the amounts included in these financial statements are included as provisional. The key assumptions that have been made are in respect of the valuation of customer relationships.

Exceptional costs

Included within exceptional costs, and as disclosed in note 5, are amounts included in respect of restructuring and reorganisation and the related duplication of costs. The period taken to complete restructuring varies for each acquisition and management judgement is applied in determining the level of duplication of costs incurred, particularly in relation to personnel costs where it can take some time for the optimal levels of staffing to be achieved.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 13.

Valuation of separable intangibles on acquisition

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year were £48.2m (2014: £8.8m) as detailed further in note 11.

Provisions

Included within provisions is an 'over-renting' provision which relates to the amount by which future lease rental commitments, arising as a result of acquisitions, exceed the fair market rentals. In calculating this provision the key estimates are those relating to the fair values of the rentals on the properties concerned, the impact of future rent reviews and the discount rate applicable.

Adoption of New and Revised Standards

a) New standards, amendments and interpretations issued and effective during the financial year commencing 1 January 2015

Annual Improvements to IFRSs 2011–2013 Cycle

The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards.

b) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Annual Improvements to IFRSs 2010–2012 Cycle

The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards.

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

The amendments allow fixed contributions to be recognised as a reduction in the service cost in the period in which the employee's services are rendered, instead of being attributed to periods of service as a 'negative benefit'.

Amendments to IAS 1: Disclosure Initiative

Amended to further clarify the concept of materiality, namely that it is applicable to the financial statements as a whole, not just the primary statements and that it applies to specific disclosures required by an IFRS and, therefore, an entity does not have to disclose information required by an IFRS if that information would not be material.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Clarifies that preparers should not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Introduces guidance as to how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 Business Combinations. Proposes that a joint operator should apply the relevant principles for business combinations accounting in IFRS 3 and other relevant IFRSs when accounting for these acquisitions.

Annual Improvements to IFRSs 2012–2014 Cycle

The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards.

Amendments to IAS 27: Equity Method in Separate Financial Statements

Restoration of the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

IFRS 9: Financial Instruments*

Replacement to IAS 39 and is built on a logical, single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics. Also addresses the so-called 'own credit' issue and includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment.

IFRS 15: Revenue from Contracts with Customers*

Introduces requirements for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue and provides or improves guidance for transactions that were not previously addressed comprehensively and for multiple-element arrangements.

*Not yet endorsed by the EU

Notes to the Group financial statements continued

For the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Adoption of New and Revised Standards continued

IFRS 16: Leases*

The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.

*Not yet endorsed by the EU

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group when the relevant standards and interpretations come into effect.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out centrally under policies approved by the Board of Directors. The Group evaluates and hedges financial risks. The Board provides written principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk:

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk:

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2015 and 2014, the Group's borrowings at variable rates were denominated in the UK pound. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. Interest rate swaps are an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating rate calculated by reference to the notional principal amount as shown in note 20.

(b) Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount as disclosed in note 16.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as also shown in note 16.

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 20.

Capital risk management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, other reserves, retained earnings and net debt as noted below. Net debt includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

No changes were made in the objectives, policies or processes during the years ending 31 December 2015 and 31 December 2014.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

	2015 £'m	2014 £'m
Debt to Capital Ratio		
Total debt	69.1	37.8
Less: cash and cash equivalents (note 20)	(8.5)	(6.9)
Net debt	60.6	30.9
Total equity	104.7	67.0
Debt to capital ratio	0.6	0.5

The gearing, during 2015 increased as a result of the additional debt to acquire the businesses in the year (note 11) exceeding the equity raised (note 23). The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

4 SEGMENTAL ANALYSIS

The Group is organised into two main operating segments, Document Management and Relocation, and incurs head office costs. Services per segment operate as described in the Strategic report. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Revenue

The revenue from external customers was derived from the Group's principal activities primarily in the UK (the Company is domiciled in England) as follows:

	Document Management £'m	Relocation £'m	Head Office £'m	2015 Total £'m
Revenue	54.7	37.2	–	91.9
Segment adjusted operating profit/(loss)	15.1	4.1	(1.6)	17.6
Exceptional items				(6.4)
Share-based payments charge				(0.9)
Amortisation of intangible assets				(2.6)
Operating profit				7.7
Finance costs				(1.6)
Profit before tax				6.1
Tax charge				(0.3)
Profit after tax				5.8
Segment assets	183.5	39.7	0.3	223.5
Segment liabilities	41.0	7.8	70.0	118.8
Capital expenditure	3.8	0.2	–	4.0
Depreciation and amortisation	4.6	0.8	–	5.4

Notes to the Group financial statements continued

For the year ended 31 December 2015

4 SEGMENTAL ANALYSIS CONTINUED

Revenue continued

	Document Management £'m	Relocation £'m	Head Office £'m	2014 Total £'m
Revenue	37.4	30.1	–	67.5
Segment adjusted operating profit/(loss)	11.5	3.3	(1.9)	12.9
Exceptional items				(3.1)
Share-based payments charge				(1.0)
Amortisation of intangible assets				(1.9)
Operating profit				6.9
Finance costs				(0.8)
Profit before tax				6.1
Tax charge				(1.2)
Profit after tax				4.9
Segment assets	101.1	27.4	7.0	135.5
Segment liabilities	23.3	7.0	38.2	68.5
Capital expenditure	3.5	0.1	–	3.6
Depreciation and amortisation	3.2	0.6	–	3.8

	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Discontinued Operations		
Revenue	0.6	–
Operating profit	0.2	–
Profit before tax	0.2	–
Tax charge	–	–
Profit for the year from discontinued operations	0.2	–

Restore Document Management Ireland Limited (previously Wincanton Ireland) has been shown as a discontinued operation (note 12). Due to the short period between acquisition and the year end there were no cashflows from discontinued operations.

Major Customers

For the year ended 31 December 2015 no customers individually accounted for more than 4% (2014: 4%) of the Group's total revenue.

5 EXCEPTIONAL ITEMS

	2015 £'m	2014 £'m
Acquisition – transaction costs	0.4	0.4
Acquisition – box relocation and transport costs	0.1	0.4
Restructuring and redundancy costs	5.1	2.5
Release of deferred consideration provisions	–	(1.0)
Additional consideration on sale of Peter Cox	–	(0.6)
Other exceptional items	0.8	1.4
Total	6.4	3.1

The integration of acquisitions remains the key driver of exceptional costs. In the period the Group completed six acquisitions and undertook the bulk of the restructuring of the Cintas UK business. As expected at the time of acquisition the Cintas UK business has required significant restructuring to enable it to operate at the margins expected. This has included a rationalisation of the overhead structure, rationalisation of the storage property portfolio to enable increased utilisation and the combination of two scanning businesses to deliver synergies.

Transaction costs include the cost of legal and professional fees incurred as part of the acquisition.

Box relocation and transport costs include the cost of uplifting boxes to existing facilities and the movement of boxes from facilities which closed as result of the Cintas UK acquisition.

Restructuring and redundancy costs have increased to £5.1m in 2015. As noted above these primarily relate to the Cintas UK restructuring but also included are the costs from the other acquisitions including:

- the integration of both Crimson and Data Imaging acquisitions into our scanning and storage operations
- the integrations of ITP into our Relocation division
- the initial integration costs of the Wincanton acquisition.

Other exceptional costs include £0.6 million in relation to a seasonal scanning contract. The contract involves scanning exam papers primarily over a two month period in May and June each year. Due to technical issues during the process which had not occurred in previous years significant additional costs were required to deliver the contract. Further to the costs borne directly by the Group fines and costs were recharged by the customer. Management believe the root cause of the technical issues has been identified which will enable the cost of delivering this contract in future periods to fall in line with patterns previously experienced. As a result the one off nature of these costs and their relative size they have been shown as exceptional to enable a better understanding of the underlying trading of the Group during the period.

6 OPERATING PROFIT

	2015 £'m	2014 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets	2.6	1.9
Depreciation of property, plant and equipment	2.8	1.9
Share-based payments charge	0.9	1.0
Operating leases – plant and machinery	1.4	1.8
Operating leases – land and buildings	6.5	4.5
Auditors' remuneration:		
– Parent and consolidated financial statements	0.1	0.1
– Audit of company's subsidiaries pursuant to legislation	0.1	0.1
– Corporate finance services	0.1	0.1
– Tax compliance services	0.1	0.1
Expenses by function:		
Staff costs (note 30)	28.3	20.2
Depreciation	2.8	1.9
Premises costs	13.2	9.2
Materials	3.8	3.1
Subcontractors	13.6	11.2
Selling and distribution expenses	0.4	0.2
Transport costs	4.2	3.5
Computer costs	1.3	0.8
Audit and tax services	0.3	0.3
Legal and professional	0.4	0.3
Telecommunication costs	0.6	0.4
Exceptional items	6.4	3.1
Other expenses	6.3	4.5
Total cost of sales and administrative expenses	81.6	58.7
Amortisation of intangible assets	2.6	1.9
Total operating costs	84.2	60.6

Notes to the Group financial statements continued

For the year ended 31 December 2015

7 FINANCE COSTS

	2015 £'m	2014 £'m
Interest on bank loans and overdrafts	1.2	0.9
Amortisation of deferred finance costs	0.1	–
Unwind of discount	0.1	–
Interest rate swap	(0.1)	(0.1)
	1.3	0.8
Exceptional finance costs	0.3	–
Total	1.6	0.8

Exceptional finance costs relate to the write off of bank arrangement fees as the facility was replaced during the year.

8 TAXATION

	2015 £'m	2014 £'m
Current tax:		
UK corporation tax on profit for the year	1.0	1.1
Adjustments in respect of previous periods	(0.1)	0.1
Total current tax	0.9	1.2
Deferred tax: (note 22)		
Current year	(0.2)	–
Adjustments in respect of previous periods	(0.4)	–
Total deferred tax	(0.6)	–
Total tax charge	0.3	1.2

The charge for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive income as follows:

	2015 £'m	2014 £'m
Profit before tax	6.1	6.1
Profit before tax multiplied by the rate of corporation tax of 20.25% (2014: 21.5%)	1.2	1.3
Effects of:		
Expenses not deductible for tax purposes	0.2	0.2
Tax losses utilised	(0.6)	(0.3)
Effect of change in rate used for deferred tax	–	(0.1)
Adjustments in respect of corporation tax for previous periods	(0.1)	0.1
Adjustments in respect of deferred tax for previous periods	(0.4)	–
Tax charge	0.3	1.2

9 EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated on the profit for the year after taxation and the weighted average number of ordinary shares in issue during the year.

	2015	2014
Weighted average number of shares in issue	83,442,266	76,624,278
Total profit for the year	£6.0m	£4.9m
Total basic earnings per ordinary share (pence)	7.2p	6.4p
Weighted average number of shares in issue	83,442,266	76,624,278
Share options	4,430,077	4,490,487
Executive incentive plan	373,579	616,035
Weighted average fully diluted number of shares in issue	88,245,922	81,730,800
Total fully diluted earnings per share (pence)	6.8p	6.0p
Continuing profit for the year	£5.8m	£4.9m
Continuing basic earnings per share	7.0p	6.4p
Continuing fully diluted earnings per share	6.6p	6.0p
Discontinued profit for the year	£0.2m	–
Discontinued basic earnings per share	0.2p	–
Discontinued fully diluted earnings per share	0.2p	–

Adjusted earnings per share

The Directors believe that the adjusted earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusting items are shown in the table below:

	2015 £'m	2014 £'m
Continuing profit before tax	6.1	6.1
Adjustments:		
Amortisation of intangible assets	2.6	1.9
Exceptional items	6.4	3.1
Share-based payments charge	0.9	1.0
Other finance costs	0.3	(0.1)
Adjusted profit for the year	16.3	12.0

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, 83.4m (2014: 76.6m) is calculated below:

	2015	2014
Adjusted profit before taxation (£'m)	16.3	12.0
Tax at 20.25% / 21.5% (£'m)	(3.3)	(2.6)
Adjusted profit after taxation (£'m)	13.0	9.4
Adjusted basic earnings per share (pence)	15.6p	12.3p
Adjusted fully diluted earnings per share (pence)	14.7p	11.5p

10 DIVIDENDS

In respect of the current year, the Directors propose a final dividend of 2.2p per share (2014: 1.6p) will be paid to ordinary shareholders on 8 July 2016. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. An interim dividend of 1.0p per share (2014: 0.8p) was paid during the year.

The proposed final dividend for 2015 is payable to all shareholders on the Register of Members on 10 June 2016. The final estimated dividend to be paid is £2.1m (2014: £1.3m).

Notes to the Group financial statements continued

For the year ended 31 December 2015

11 BUSINESS COMBINATIONS

On 2 January 2015, the Company acquired the business and assets of Ancora Solutions ('Ancora'), a records management business for a cash consideration of £0.5m. The fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	0.5
Net assets acquired	0.5
Consideration	0.5
Satisfied by:	
Cash to vendors	0.5

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £10k incurred and have been charged to profit or loss.

On 6 July 2015, the Company acquired ITP Group Holdings Limited ('ITP'), the UK's leading collector of empty printing cartridges. The acquisition broadens the capabilities of the Group to offer additional office services alongside its existing IT recycling, document management and office relocation activities. The initial cash consideration was £6.9m, with deferred consideration of £0.4m paid on 5th January 2016, and a further earn out of £0.4m depending on performance. The provisional fair values are as follows:

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	1.6
Property, plant and equipment	0.1
Inventories	0.6
Trade receivables	1.2
Cash	4.1
Trade and other payables	(1.4)
Current tax liabilities	0.1
Deferred tax liabilities	(0.3)
Net assets acquired	6.0
Goodwill	1.7
Consideration	7.7
Satisfied by:	
Cash to vendors	6.9
Deferred consideration	0.4
Earn out consideration	0.4

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £83k were incurred and have been charged to profit or loss.

On 5 August 2015, the Company acquired the business of the Data Imaging and Archiving Company, 'DIAC', a document management company, for cash consideration of £1.5m. The fair values are as follows:

	Fair value at acquisition £'m
Intangible assets – customer relationships	1.5
Deferred tax liabilities	(0.3)
Net assets acquired	1.2
Goodwill	0.3
Consideration	1.5
Satisfied by:	
Cash to vendors	1.5

On 14 August 2015, the Group acquired Crimson UK Limited ('Crimson'), a document scanning business for an initial cash consideration of £1.0m, a further payment of £0.2m was made on 17 September 2015 following the award of a major contract and further payments of up to a maximum of £0.5m over five years, dependent on the award and execution of a potential major contract. At 31 December £0.2m was due after more than one year. The provisional fair values are as follows:

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	0.5
Property, plant and equipment	0.3
Other receivables	0.5
Cash	0.1
Trade and other payables	(0.3)
Deferred tax liabilities	(0.1)
Net assets acquired	1.0
Goodwill	0.7
Consideration	1.7
Satisfied by:	1.7
Cash to vendors	1.2
Contingent consideration	0.5

Deferred tax at 18.5% has been provided on the value of intangible assets. Acquisition costs of £32k were incurred and have been charged to profit or loss.

Notes to the Group financial statements continued

For the year ended 31 December 2015

11 BUSINESS COMBINATIONS CONTINUED

On 8 December 2015, the company acquired the records management business of Wincanton plc, 'WRM' for consideration of £40.3m and settlement of existing debt of £17.0m. The acquisition was financed by a placing (note 23) and new debt facilities of £80.0m (note 20). Acquisition costs of £245k were incurred and charged to profit or loss. The provisional fair values are as follows:

Wincanton UK

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	27.2
Property, plant and equipment	6.3
Trade and other payables	(2.9)
Deferred tax liabilities	(5.0)
Net assets acquired	25.6
Goodwill	14.5
Consideration	40.1
Satisfied by:	
Cash to vendors	28.6
Settlement of existing debt	11.5

Wincanton Ireland

	Provisional fair value at acquisition £'m
Intangible assets – customer relationships	13.0
Property, plant and equipment	3.4
Trade and other payables	(1.6)
Deferred tax liabilities	(2.4)
Net assets acquired	12.4
Goodwill	4.8
Consideration	17.2
Satisfied by:	
Cash to vendors	10.1
Cash in escrow	1.6
Settlement of existing debt	5.5

Deferred tax at 18.5% has been provided on the value of intangible assets.

Restore Document Management Ireland Limited (previously Wincanton Ireland) was sold on 10 March 2016, and the assets have been presented as held for sale (note 12).

On 17 December 2015, the Company acquired Diamond Relocations Limited, a commercial relocations business, for a cash consideration of £1.0m and settlement of existing debt of £1.5m.

	Provisional fair value at acquisition £'m
Property, plant and equipment	2.2
Trade receivables	0.1
Trade and other payables	(0.1)
Deferred tax liabilities	(0.1)
Net assets acquired	2.1
Goodwill	0.4
Consideration	2.5
Satisfied by:	
Cash to vendors	1.0
Settlement of existing debt	1.5

Acquisition costs of £1k were incurred and charged to profit or loss.

Reassessment of previous fair values

On 7 October 2014, the Company acquired 100% of the share capital of Cintas UK Document Management Limited and the fair value of the assets and liabilities acquired, were included in the 2014 financial statements as provisional amounts. Further assessments have been made during the year as more information has become available and the fair values recognised on the acquisition have been finalised. The main changes are the valuation of customer relationships, increasing the value by £3.9m and adjusting the assumption used in assessing the over-renting provision resulting in an increase of £1.7m. Other changes have been made to the value acquired assets and liabilities as well as deferred tax resulting in a reduction in goodwill of £0.8m. The final fair value table is as follows:

	Fair Value £'m
Intangible assets – customer relationships	10.6
Property, plant and equipment	8.0
Deferred tax assets	1.3
Inventories	0.1
Trade receivables	2.0
Other receivables	2.0
Cash	2.5
Trade and other payables	(4.1)
Deferred tax liabilities	(2.0)
Provisions	(7.1)
Net assets required	13.3
Goodwill	13.3
Consideration	26.6
Satisfied by:	
Cash to vendors	23.5
Purchase price adjustment	0.6
Reimbursement – less than 1 year	1.0
Reimbursement – more than 1 year	1.5

The reimbursement amounts cover rents to the end of the lease for a site which was acquired as it could not be excluded from the acquisition and was surplus to requirements. The reimbursement of these costs is separate to the business acquisition. The amounts are included as a deferred income creditor and are being released against costs incurred and is expected to be used by 2017. At 31 December 2015, £0.3m (2014: £1.2m) was classified as due after more than one year.

Notes to the Group financial statements continued

For the year ended 31 December 2015

11 BUSINESS COMBINATIONS CONTINUED

Post acquisition results

	Ancora £'m	ITP £'m	Crimson UK £'m	DIAC £'m	Wincanton UK £'m	Diamond £'m
Revenue	0.5	2.0	0.5	0.8	1.3	–
Profit before tax since acquisition included in the consolidated statement of comprehensive income	0.2	0.6	0.1	0.1	0.4	–

If the acquisitions had been completed on the first day of the financial year, the revenue would have been £116.3m and Group profit before tax would have been £10.3m. As explained in note 5, following acquisition a number of restructuring costs are incurred, and after this post acquisition restructuring the acquisitions have a positive impact on Group profit before tax.

The goodwill on each acquisition represents the value attributable to new business and the assembled and trained workforce.

The acquisitions of the document management businesses were made to extend national coverage and increase the Group's market share.

The acquisition of ITP, broadened the capabilities of the Group to offer additional services alongside its existing services.

The acquisition of Diamond Relocations Limited created an additional relocation site.

12 ASSETS CLASSIFIED AS HELD FOR SALE

The assets and liabilities related to Restore Document Management Ireland Limited (previously Wincanton Ireland) have been presented as held for sale (note 35).

In addition, a freehold site acquired as part of the acquisition of Diamond Relocations Limited has also been classified as held for sale.

	2015 £'m	2014 £'m
Assets classified as held for sale		
Intangible assets	17.8	–
Property plant and equipment	5.6	–
Other current assets	0.8	–
	24.2	–
Liabilities classified as held for sale		
Trade and other payables	2.2	–
Deferred taxation	2.4	–
	4.6	–

13 INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software & IT £'m	Total £'m
Cost					
1 January 2014	39.4	13.3	2.0	2.8	57.5
Additions – external	–	–	–	0.7	0.7
Acquisitions	–	–	–	0.3	0.3
Arising on acquisition of subsidiaries	19.1	8.8	–	–	27.9
31 December 2014	58.5	22.1	2.0	3.8	86.4
Cost					
1 January 2015	58.5	22.1	2.0	3.8	86.4
Additions – external	–	–	–	0.5	0.5
Disposals	–	–	–	(1.6)	(1.6)
Arising on acquisition of subsidiaries	21.6	48.2	–	–	69.8
Transferred to assets held for sale	(4.8)	(13.0)	–	–	(17.8)
31 December 2015	75.3	57.3	2.0	2.7	137.3
Accumulated amortisation and impairment					
1 January 2014	10.6	2.7	0.7	1.6	15.6
Charge for the year	–	1.2	0.2	0.5	1.9
31 December 2014	10.6	3.9	0.9	2.1	17.5
Accumulated amortisation and impairment					
1 January 2015	10.6	3.9	0.9	2.1	17.5
Charge for the year	–	1.9	0.2	0.5	2.6
Disposals	–	–	–	(1.3)	(1.3)
Transferred to assets held for sale	–	(0.1)	–	–	(0.1)
31 December 2015	10.6	5.7	1.1	1.3	18.7
Carrying amount					
31 December 2015	64.7	51.6	0.9	1.4	118.6
31 December 2014	47.9	18.2	1.1	1.7	68.9
1 January 2014	28.8	10.6	1.3	1.2	41.9

The customer relationships have a remaining life of 5–20 years.

Notes to the Group financial statements continued

For the year ended 31 December 2015

13 INTANGIBLE ASSETS CONTINUED

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2014	39.4
Acquired – Magnum	3.0
Acquired – Relocom	0.6
Acquired – Filebase	0.4
Acquired – Cannon Confidential	0.7
Acquired – Papersafe	0.1
Acquired – Cintas UK	14.3
31 December 2014	58.5
Acquired – ITP	1.7
Acquired – DIAC	0.3
Acquired – Crimson	0.7
Acquired – Wincanton	19.3
Acquired – Diamond	0.4
Adjusted – Cintas UK	(0.8)
Transferred to assets held for sale	(4.8)
31 December 2015	75.3
Accumulated impairment	
1 January 2014 and 31 December 2014	10.6
31 December 2015	10.6
Carrying amount at 31 December 2015	64.7
Carrying amount at 31 December 2014	47.9
Carrying amount 1 January 2014	28.8

Allocation to cash-generating units

Goodwill and indefinite life intangible assets have been allocated for impairment testing purposes to the following cash-generating units.

The carrying value is as follows:

	Goodwill		Indefinite life intangibles	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Document Management	57.2	42.5	–	2.9
Relocation	7.5	5.4	–	–
	64.7	47.9	–	2.9

Annual test for impairment

For the purpose of impairment testing, goodwill and other intangibles are allocated to business segments which represent the lowest level that those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit is determined from value-in-use calculations. The calculations use pre tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which each cash-generating unit operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2016 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Document Management and Relocation divisions. The forecasts have been discounted at a pre-tax rate of 10.3% (2014: 13.1%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group. The key assumptions used for the value in use calculations are as follows:

	Document Management %	Relocation %
Revenue growth – average over 3 years	4	2
Revenue growth – remainder	1	1
Cost growth – employee/overheads, average over 3 years	4	1

Sensitivity

The Group has not identified any reasonably possible changes to key assumptions that would cause the carrying value of the remaining goodwill or intangible to exceed its recoverable amount.

Notes to the Group financial statements continued

For the year ended 31 December 2015

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
At 1 January 2014	11.1	2.5	10.1	4.1	0.5	28.3
Reclassification	–	–	0.8	(1.3)	(0.1)	(0.6)
Additions	0.4	0.6	1.2	0.3	0.4	2.9
Acquisitions	–	3.9	4.2	0.8	0.2	9.1
31 December 2014	11.5	7.0	16.3	3.9	1.0	39.7
1 January 2015						
Additions	0.4	0.8	1.7	0.5	0.1	3.5
Disposals	–	(1.0)	(1.9)	(2.5)	(0.4)	(5.8)
Acquisitions	2.2	–	0.1	9.7	0.1	12.1
Transfer to assets held for sale	(2.2)	–	–	(3.4)	–	(5.6)
31 December 2015	11.9	6.8	16.2	8.2	0.8	43.9
Accumulated Depreciation						
1 January 2014	0.7	0.9	3.8	2.5	0.3	8.2
Reclassification	–	–	–	(0.5)	(0.1)	(0.6)
Charged in the year	0.1	0.3	1.0	0.3	0.2	1.9
31 December 2014	0.8	1.2	4.8	2.3	0.4	9.5
At 1 January 2015						
Charged in the year	0.1	0.5	1.3	0.7	0.2	2.8
Disposals	–	(1.0)	(1.9)	(2.5)	(0.4)	(5.8)
31 December 2015	0.9	0.7	4.2	0.5	0.2	6.5
Net book value						
31 December 2015	11.0	6.1	12.0	7.7	0.6	37.4
31 December 2014	10.7	5.8	11.5	1.6	0.6	30.2
1 January 2014	10.4	1.6	6.3	1.6	0.2	20.1

Capital expenditure contracted for but not provided in the financial statements is shown in note 32.

Depreciation is charged to profit or loss as an administrative expense. £nil (2014: £0.2m) of plant and machinery is held under a finance lease.

15 INVENTORIES

	2015 £'m	2014 £'m
Finished goods and goods for resale	1.7	0.6

£1.2m (2014: £0.2m) of inventories were recognised as an expense in cost of sales in the year.

16 TRADE AND OTHER RECEIVABLES

	2015 £'m	2014 £'m
Trade receivables	17.3	16.5
Less: provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables – net	17.2	16.4
Other receivables	2.7	1.6
Prepayments and accrued income	8.9	6.7
	28.8	24.7

The average credit period is 57 days (2014: 74 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

	2015 £'m	2014 £'m
Movement in the allowance for impairment		
Balance at beginning and end of the year	0.1	0.1

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 20 for an analysis of trade receivables that were past due but not impaired.

17 TRADE AND OTHER PAYABLES

	2015 £'m	2014 £'m
Trade payables	9.0	5.8
Other taxation and social security	2.6	2.8
Other payables	1.3	0.8
Accruals and deferred income	9.5	5.8
	22.4	15.2

Other payables include the fair value of the interest rate swap of £nil (2014: £0.1m), see note 20.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 70 days (2014: 60 days).

Notes to the Group financial statements continued

For the year ended 31 December 2015

18 FINANCIAL LIABILITIES – BORROWINGS

	2015 £'m	2014 £'m
Current		
Bank loans and overdrafts due within one year		
Overdrafts on demand	1.4	1.2
Bank loans – secured	2.5	2.6
Deferred financing costs	(0.2)	(0.1)
	3.7	3.7
Non-current		
Bank loans – secured	66.0	34.4
Deferred financing costs	(0.6)	(0.3)
	65.4	34.1

The bank debt is due to Royal Bank of Scotland plc and Barclays Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 20. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

	2015 £'m	2014 £'m
Cash at bank and in hand	8.5	6.9
Bank loans and overdrafts due within one year	(3.7)	(3.7)
Bank loans due after one year	(65.4)	(34.1)
	(60.6)	(30.9)

19 OTHER FINANCIAL LIABILITIES

	2015 £'m	2014 £'m
Obligations under finance leases – present value of finance lease liabilities	0.3	0.3
Repayable by instalments:		
In less than one year	0.1	–
In two to five years	0.2	0.1
Over five years	–	0.2
	0.3	0.3

20 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

Cash and cash equivalents

	2015 £'m	2014 £'m
Cash at bank and in hand	8.5	6.9

As at 31 December 2015, trade receivables of £3.3m (2014: £3.3m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 £'m	2014 £'m
60–90 days	1.5	1.4
Greater than 90 days	1.8	1.9

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2015 £'m	2014 £'m
Loans and receivables	18.5	18.1
Derivatives used for hedging	–	(0.1)
Financial liabilities measured at amortised cost	(19.5)	(13.5)

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of between 1.35% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	Total £'m	Fixed rate financial liabilities £'m	Floating rate financial liabilities £'m	Subject to interest rate collar £'m	Weighted average interest rates %
Sterling at 31 December 2015	69.1	–	65.6	3.5	2.7
Sterling at 31 December 2014	38.2	–	33.7	4.5	2.7

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2015 £'m	2014 £'m
6 months or less	69.1	38.2

Notes to the Group financial statements continued

For the year ended 31 December 2015

20 FINANCIAL INSTRUMENTS CONTINUED

Interest rate sensitivity

At 31 December 2015, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £0.2m (2014: £0.1m) lower. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Group's sensitivity to future interest rates changes has increased during the current year due to the increased debt.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash in hand. The cash in hand earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payments), other than short-term trade payables and accruals which are due within one year was as follows:

	Bank Debt £'m	Other financial liabilities £'m	2015 Total £'m	Bank Debt £'m	Other financial liabilities £'m	2014 Total £'m
Within one year, or on demand	3.7	1.6	5.3	1.2	0.4	1.6
Between one and two years	6.0	–	6.0	0.1	–	0.1
Between two and five years	59.7	–	59.7	37.2	–	37.2
	69.4	1.6	71.0	38.5	0.4	38.9

Borrowing facilities

The Group has a finance facility with Royal Bank of Scotland plc and Barclays Bank plc. This facility comprises a term loan of £50.0m, a 5 year revolving credit facility (RCF) of £30.0m, both expiring on 4 November 2020, and an on demand net overdraft facility of £1.5m (2014: a term loan of £15.0m expiring on 30 June 2016, a 3 year revolving credit facility (RCF) of £3.0m, an on demand net overdraft facility of £1.5m). An offset facility is in place and on a gross basis, £8.6m of the overdraft facility was unutilised at 31 December 2015 (2014: £7.2m). Details of security are given in note 18. Committed but undrawn borrowing facilities as at 31 December 2015 amounted to £8.6m (2014: £8.3m).

All of the Group's borrowings are in Sterling.

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

The Group holds two interest rate swaps. The Group exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the issued variable rate debt held. The fair value of the interest rate swaps at the year end is as follows:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2015 %	2014 %	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Between one and two years	2.8	2.8	3.5	3.3	–	–
Between two and five years	–	2.8	–	0.6	–	(0.1)
Greater than five years	–	1.5	–	–	–	–

The interest rate swap of 2.8% was entered into on 13 July 2011, expires on 30 June 2016 and settles on a quarterly basis. The swap was for £5.0m and decreases on a straight-line basis so that it totals 50% of the original term loan facility. A further swap was entered into on 13 March 2013 for £1.5m in order to hedge the additional £1.5m term loan, put in place to fund the acquisition of Harrow Green. Both of these term facilities were repaid in 2014. As the hedge was not designated as effective on inception the movement in fair value has been taken to profit or loss. The valuation of derivatives is within level 2 of the fair value hierarchy as the significant inputs to the valuation are observable.

The hierarchy levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

21 PROVISIONS

	2015 £'m	2014 £'m
Onerous lease provisions		
1 January	7.2	2.4
Used during the year	(1.1)	(0.6)
Arising on the acquisition of Cintas UK	1.6	5.4
31 December	7.7	7.2

The onerous leases provision relates to future payments on onerous leases as required in the lease agreements. £1.3m of costs are expected to be incurred within one year and the balance over the next 7 years. This provision has been discounted at 8%.

Provisions are analysed as follows:

	2015 £'m	2014 £'m
Current	0.8	1.0
Non-current	6.9	6.2
Total	7.7	7.2

The provision arising on the acquisition of Cintas UK, 2015 £5.9m (2014: £5.0m) relates to a number of onerous leases expiring between March 2015 and March 2030 in relation to paying over market rent. The provision has been discounted at 6% (2014:8%).

22 DEFERRED TAX

	2015 £'m	2014 £'m
Summary of balances		
Deferred tax liabilities	(12.0)	(6.2)
Deferred tax asset	4.3	4.2
Net position at 31 December	(7.7)	(2.0)

The movement in the year in the Group's net deferred tax position is as follows:

	2015 £'m	2014 £'m
1 January	(2.0)	(2.5)
Charge to profit or loss for the year	0.6	–
Tax credited directly to equity	0.1	1.2
Acquisitions	(8.8)	(0.7)
Transferred to liabilities held for sale	2.4	–
31 December	(7.7)	(2.0)

Notes to the Group financial statements continued

For the year ended 31 December 2015

22 DEFERRED TAX CONTINUED

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	On intangible assets £'m	Properties £'m	Total £'m
1 January 2014	(0.9)	(2.5)	(1.1)	(4.5)
(Charge)/credit to income for the year	(0.3)	0.3	0.1	0.1
Acquisitions	(0.1)	(1.7)	–	(1.8)
31 December 2014	(1.3)	(3.9)	(1.0)	(6.2)
Credit to income for the year	0.1	0.7	0.1	0.9
Acquisitions	(0.1)	(8.9)	(0.1)	(9.1)
Transferred to liabilities held for sale	–	2.4	–	2.4
31 December 2015	(1.3)	(9.7)	(1.0)	(12.0)

Deferred tax assets

	Share-based payments £'m	Losses £'m	Depreciation in excess of capital allowances £'m	Provisions £'m	Total £'m
1 January 2014	1.2	0.3	0.1	0.4	2.0
(Credit)/charge to income for the year	0.2	(0.1)	–	(0.2)	(0.1)
Acquisitions	–	–	–	1.1	1.1
Transactions with owners	1.2	–	–	–	1.2
31 December 2014	2.6	0.2	0.1	1.3	4.2
(Charge)/credit to income for the year	(0.1)	(0.2)	0.2	(0.2)	(0.3)
Acquisitions	–	–	–	0.3	0.3
Transactions with owners	0.1	–	–	–	0.1
31 December 2015	2.6	–	0.3	1.4	4.3

A deferred tax asset has been recognised on the share-based payments charge. An amount of £0.1m (2014: £1.2m) has been taken directly to equity.

A deferred tax asset of £nil (2014: £0.2m) has been recognised on brought forward tax losses due to greater certainty over recoverability of the asset. A potential deferred tax asset amounting to £0.9m (2014: £1.2m) on tax losses of £4.6m (2014: £5.9m) has not been recognised due to uncertainty over the recoverability of the asset.

23 CALLED UP SHARE CAPITAL

	2015 £'m	2014 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
95,954,760 (2014: 82,213,540) ordinary shares of 5p each	4.8	4.1

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2014	74,900,491	
3 July 2014 – exercise of share options	80,000	83.0p
18 August 2014 – exercise of share options	20,000	83.0p
7 October 2014 – equity raised to acquire Cintas UK	7,090,049	210.0p
16 October 2014 – exercise of share options	123,000	32.5p
31 December 2014	82,213,540	
23 April 2015 – exercise of share options	372,541	5.0p
10 June 2015 – exercise of share options	256,016	5.0p
16 November 2015 – exercise of share options	35,739	5.0p
8 December 2015 – equity raised to acquire Wincanton	13,076,924	260.0p
31 December 2015	95,954,760	

24 SHARE PREMIUM ACCOUNT

	2015 £'m	2014 £'m
1 January	35.3	21.3
Premium on shares issued during the year	33.2	14.6
Share issue costs	(1.0)	(0.6)
31 December	67.5	35.3

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval, and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

25 OTHER RESERVES

	2015 £'m	2014 £'m
Share-based payments reserve		
1 January	3.8	1.9
Charge for the year	0.9	1.0
Deferred tax on share-based payments charge	0.1	1.2
Transfers*	(0.1)	(0.3)
31 December	4.7	3.8

* A net amount of £0.1m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options, 2014: £0.3m (in respect of lapsed and exercised).

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity compensation schemes.

Notes to the Group financial statements continued

For the year ended 31 December 2015

26 RETAINED EARNINGS

	2015 £'m	2014 £'m
1 January	23.8	20.2
Profit for the year	6.0	4.9
Dividends paid	(2.2)	(1.6)
Transfers*	0.1	0.3
31 December	27.7	23.8

* A net amount of £0.1m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2014: £0.3m).

Retained earnings are the balance of income retained by the Group. Retained earnings may be distributed to shareholders by a dividend payment.

27 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Profit before tax	6.1	6.1
Depreciation of property, plant and equipment	2.8	1.9
Amortisation of intangible assets	2.6	1.9
Net finance costs	1.6	0.8
Share-based payments charge	0.9	1.0
Increase in inventories	(0.5)	(0.2)
Increase in trade and other receivables	(1.5)	(2.4)
Decrease in trade and other payables	(1.0)	(3.5)
Net cash generated from operations	11.0	5.6

28 PENSIONS

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £0.6m (2014: £0.3m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

29 SHARE-BASED PAYMENTS

Share options scheme

The Restore share option scheme was introduced in May 2005. Under the scheme the Remuneration Committee can grant options over shares in the Company to Directors and employees of the Group. Options are granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the option is 10 years. Awards under the scheme are generally reserved for employees at senior management level and above.

Between 2010 and 2015 the Company made a grant of options to senior management and Directors, on which there are no performance conditions and which are exercisable within 0–10 years.

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation are as follows:

Grant date	15 June 2015	2 December 2014	27 November 2013	21 June 2012	30 July 2011	3 May 2011	16 April 2010
Share price at grant date	271.0p	240.0p	149.5p	83.0p	60.0p	53.0p	41.0p
Exercise price	271.0p	240.0p	149.5p	83.0p	69.5p	50.0p	32.5p
Number of employees	1	2	10	13	1	4	7
Share options granted	100,000	200,000	675,000	3,422,588	400,000	1,160,000	3,360,000
Vesting period (years)	3	3	3	2	2	2	2
Expected volatility	30%	30%	30%	30%	30%	30%	30%
Option life (years)	10	10	10	10	10	10	10
Expected life (years)	6	6	6	6	6	6	6
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	5.6%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%	0%
Fair value per option	100.3p	90.2p	55.9p	30.4p	18.9p	21.0p	5.0p

The total fair value of options issued in the year was £0.1m (2014: £0.2m). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

A reconciliation of share option movements over the two years to 31 December 2015 is:

Grant date	2015		2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	7,036,588	73.1p	7,084,588	68.0p
Granted	100,000	271.0p	200,000	240.0p
Exercised	(820,000)	51.5p	(223,000)	36.5p
Lapsed	–	–	(25,000)	149.5p
Outstanding at 31 December	6,316,588	79.0p	7,036,588	73.1p
Exercisable at 31 December	5,366,588	60.9p	6,186,588	59.7p

The options outstanding at 31 December 2015 had an exercise price of between 32.5p and 271.0p and a weighted average remaining contractual life of 5.9 years (2014: 5.6 years). The weighted average share price at exercise date for options exercised in the year was 265.7p.

Notes to the Group financial statements continued

For the year ended 31 December 2015

29 SHARE-BASED PAYMENTS CONTINUED

Executive Incentive Plan (EIP)

The Director's interests in the performance units of the EIP is as follows:

	2015	2014
Charles Skinner	66,667	66,667
Adam Councill	16,667	16,667

No payment has been made for the grant of these awards. Performance units will convert into a certain number of ordinary shares (in the form of nil-cost options) at the end of a three year performance period, provided that the value created for shareholders is in excess of a hurdle ('Threshold Hurdle') calculated by reference to 10% annualised growth in the market capitalisation of the Company plus dividend payments minus net shareholder investments, from the start of the performance period being 26 November 2013. Providing the Threshold Hurdle has been achieved by the end of the performance period, participants will be entitled to receive in aggregate 10% of the value created for shareholders above the hurdle. 50% of the entitlement will vest at the end of the performance period with 25% at the end of each of the following two years.

The fair value per unit and the assumptions used in the calculation are as follows:

Date of grant	Share price at date of grant (pence)	Exercise price (pence)	Expected dividend yield (%)	Expected volatility (%)	Risk-free rate (%)	Term (years)	Fair value per unit (£)
26 November 2013	149.5	–	1.1	37.7	0.7	3	18

30 DIRECTORS AND EMPLOYEES

	2015 £'m	2014 £'m
Staff costs during the year		
Wages and salaries	24.4	17.2
Social security costs	2.4	1.7
Pension costs	0.6	0.3
Share-based payments charge	0.9	1.0
	28.3	20.2

Average monthly number of employees during the year	Number	Number
Directors	2	2
Management	169	107
Administration	82	66
Operatives	886	561
	1,139	736

No Directors exercised share options during the year.

	2015 £'m	2014 £'m
Total amounts for Directors' remuneration and other benefits		
Emoluments for Directors' services	0.8	0.7

Directors' remuneration shown above included the following amounts in respect of the highest paid Director:

Salary and benefits	0.4	0.4
---------------------	-----	-----

	2015 £'m	2014 £'m
Key management compensation		
Short-term employment benefits	2.2	2.3
Post employment benefits	0.1	0.1
Share-based payments	1.0	1.0
	3.3	3.4

The key management of the Group are management attending divisional Board meetings within each division.

31 LEASING COMMITMENTS

The Group leases various premises and assets under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
Future aggregate minimum lease payments under non-cancellable operating leases	2015 £'m	2014 £'m	2015 £'m	2014 £'m
– Within one year	9.4	5.4	1.1	1.0
– Within two to five years	28.8	21.6	2.0	1.7
– Over five years	48.9	51.9	0.2	
	87.1	78.9	3.3	2.7

The operating leases represent rentals payable by the Group for certain properties, vehicles and equipment.

32 CAPITAL COMMITMENTS

	2015 £'m	2014 £'m
Capital expenditure		
Contracted for but not provided in the financial statements	–	0.1

33 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £60.6m at 31 December 2015 (2014: £30.9m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

34 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 30. Dividends of £14,077 and £13,846 (2014: £11,370 and £7,404) were paid to Charles Skinner and Sir William Wells respectively.

The Directors do not consider there to be a controlling party.

35 POST BALANCE SHEET EVENTS

On 10 March 2016, the Group disposed of Restore Document Management Ireland Limited for €36.0m.

Company statement of changes in equity

For the year ended 31 December 2015

	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2014	3.7	21.3	1.9	9.5	36.4
Profit for the year	–	–	–	2.4	2.4
Total comprehensive income for the year	–	–	–	2.4	2.4
Transactions with owners					
Issue of shares during the year	0.4	14.6	–	–	15.0
Issue costs	–	(0.6)	–	–	(0.6)
Dividends	–	–	–	(1.6)	(1.6)
Transfers*	–	–	(0.3)	0.3	–
Share based payments charge	–	–	0.9	–	0.9
Deferred tax on share based payments	–	–	1.2	–	1.2
	0.4	14.0	1.8	(1.3)	14.9
Balance at 31 December 2014	4.1	35.3	3.7	10.6	53.7
Balance at 1 January 2015	4.1	35.3	3.7	10.6	53.7
Loss for the year	–	–	–	(3.1)	(3.1)
Total comprehensive income for the year	–	–	–	(3.1)	(3.1)
Transactions with owners					
Issue of shares during the year	0.7	33.2	–	–	33.9
Issue costs	–	(1.0)	–	–	(1.0)
Dividends	–	–	–	(2.2)	(2.2)
Transfers*	–	–	(0.1)	0.1	–
Acquisition*	–	–	–	7.2	7.2
Share based payments charge	–	–	0.9	–	0.9
Deferred tax on share based payments	–	–	0.1	–	0.1
	0.7	32.2	0.9	5.1	38.9
Balance at 31 December 2015	4.8	67.5	4.6	12.6	89.5

* A net amount of £0.1m has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2014: £0.3m).
As a result of acquisitions shown in note 36, retained earnings of £7.2m were transferred to the Company (2014: £nil).

Company statement of financial position

As at 31 December 2015

	Note	2015 £'m	2014 £'m
ASSETS – Non current assets			
Intangible assets	36	43.8	21.7
Property, plant and equipment	37	22.3	13.1
Investments	38	80.6	53.6
Deferred tax asset	47	2.3	2.2
		149.0	90.6
Current assets			
Inventories	40	0.2	0.1
Trade and other receivables	41	19.9	22.2
Cash and cash equivalents	45	3.9	2.7
		24.0	25.0
Assets held directly for sale	39	17.2	–
Total assets		190.2	115.6
LIABILITIES – Current liabilities			
Trade and other payables	42	(12.5)	(6.1)
Financial liabilities – borrowings	43	(2.3)	(2.5)
Current tax liabilities		(2.1)	(0.5)
		(16.9)	(9.1)
Non current liabilities			
Financial liabilities – borrowings	43	(65.4)	(34.1)
Other long term liabilities	44	(15.2)	(17.4)
Deferred tax liability	47	(3.1)	(1.2)
Provisions	46	(0.1)	(0.1)
		(83.8)	(52.8)
Total liabilities		(100.7)	(61.9)
Net assets		89.5	53.7
Equity			
Share capital	48	4.8	4.1
Share premium account		67.5	35.3
Other reserves		4.6	3.7
Retained earnings		12.6	10.6
Equity attributable to the owners of the parent		89.5	53.7

These financial statements were approved by the Board of Directors and authorised for issue on 24 March 2016 and were signed on its behalf by:



Charles Skinner
Chief Executive



Adam Councill
Group Finance Director

Company statement of cash flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
Net cash generated (used by) from operations	49	11.8	0.6
Net finance costs		(1.1)	(0.8)
Income taxes paid		(0.8)	(0.8)
Net cash generated from operating activities		9.9	(1.0)
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(2.3)	(1.6)
Purchase of subsidiary undertakings including acquisition costs, net of cash acquired		(66.6)	(30.8)
Purchase of trade and assets		(2.0)	–
Sale of subsidiary		–	1.2
Cash flows used in investing activities		(70.9)	(31.2)
Cash flows from financing activities			
Net proceeds from share issues		32.9	14.4
Dividends paid		(2.2)	(1.6)
Repayment of bank borrowings		(47.0)	(15.7)
Drawdown of revolving credit facility		28.5	21.9
New bank loans raised		50.0	15.0
Decrease in bank overdrafts		–	(0.1)
Net cash generated from financing activities		62.2	33.9
Net increase in cash and cash equivalents		1.2	1.7
Cash and cash equivalents at start of year		2.7	1.0
Cash and cash equivalents at end of year		3.9	2.7
Cash and cash equivalents shown above comprise:			
Cash at bank	45	3.9	2.7

Company accounting policies

These Financial Statements for the Company have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and EU endorsed International Financial Reporting Standards (IFRS). The Directors consider that the accounting policies as shown on pages 39 to 46 are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. A summary of the more important accounting policies is set out below.

FIRST TIME ADOPTION OF IFRS

These financial statements are the first financial statements of restore plc prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements of Restore plc for the year ended 31 December 2014 were prepared in accordance with UK GAAP.

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the directors have amended certain accounting policies to comply with IFRS. The directors have also taken advantage of certain exemptions from the requirements of IFRS permitted by IFRS 1.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of IFRS permitted by IFRS 1. Adjustments are recognised directly in retained earnings at the transition date.

GOING CONCERN

The going concern basis has been applied in these accounts on the basis that funds will be made available from other group companies.

The going concern position is discussed further in the consolidated financial statements of the Group on page 39 and applies to the Company.

COMPANY PROFIT AND LOSS ACCOUNT

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The results for the financial year of the Company are given on page 72 of the financial statements.

Notes to the Company financial statements

For the year ended 31 December 2015

36 INTANGIBLE ASSETS

	Goodwill £'m	Customer Relationships £'m	Applications Software & IT £'m	Total £'m
Cost				
1 January 2014	20.3	–	1.3	21.6
Additions – external	–	–	0.3	0.3
Acquisitions	–	–	0.1	0.1
Arising on acquisition	2.6	1.8	–	4.4
31 December 2014	22.9	1.8	1.7	26.4
Cost				
1 January 2015	22.9	1.8	1.7	26.4
Additions – external	–	–	0.3	0.3
Transfer from subsidiaries	–	–	0.2	0.2
Disposals	–	–	(0.5)	(0.5)
Arising on acquisition	10.5	12.1	–	22.6
31 December 2015	33.4	13.9	1.7	49.0
Accumulated amortisation and impairment				
1 January 2014	3.1	–	0.4	3.5
Charge for the year	0.7	0.1	0.4	1.2
31 December 2014	3.8	0.1	0.8	4.7
Accumulated amortisation and impairment				
1 January 2015	3.8	0.1	0.8	4.7
Charge for the year	–	0.5	0.3	0.8
Disposals	–	–	(0.3)	(0.3)
31 December 2015	3.8	0.6	0.8	5.2
Carrying amount				
31 December 2015	29.6	13.3	0.9	43.8
31 December 2014	19.1	1.7	0.9	21.7
1 January 2014	17.2	–	0.9	18.1

Customer relationships have a life of 5–20 years. Amortisation is charged to profit or loss as an administrative expense.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2014	20.3
Acquired – Magnum	2.6
31 December 2014	22.9
Acquired – Wansdyke Security	6.0
Acquired – Filebase	0.2
Acquired – Restore Scan	4.5
Acquired – DIAC	(0.2)
31 December 2015	33.4
Accumulated impairment	
1 January 2014	3.1
31 December 2014	3.8
31 December 2015	3.8
Carrying amount at 31 December 2015	29.6
Carrying amount at 31 December 2014	19.1
Carrying amount 1 January 2014	17.2

Annual test for impairment

The recoverable amount of the Company is determined from value-in-use calculations. The calculations use pre tax cash flow projections based on financial budgets approved by the Directors for year one and cash flow projections for years two and three using growth rates that are considered to be in line with the general trends in which the Company operates. Terminal cash flows are based on these 3 year projections, assumed to grow perpetually at 1%. In accordance with IAS 36, the growth rates for beyond the forecasted three years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are in revenues and margins. Revenues for 2016 have been assessed by reference to existing contracts and market volumes. Margins have been assumed to be consistent with those currently achieved in the Document Management division. The forecasts have been discounted at a pre-tax rate of 10.3% (2014: 13.1%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Company.

The key assumptions used for the value in use calculations are as follows:

	Document Management %
Revenue growth – average over 3 years	4
Revenue growth – remainder	1
Cost growth – employee/overheads, average over 3 years	4

Sensitivity

The Company has not identified any reasonably possible changes to key assumptions that would cause the carrying value of the remaining goodwill or intangible to exceed its recoverable amount.

Notes to the Company financial statements continued

For the year ended 31 December 2015

37 PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
At 1 January 2014	5.0	1.2	3.6	2.2	0.1	12.1
Reclassification	–	–	1.9	(1.9)	–	–
Additions	–	0.3	0.9	0.1	–	1.3
Acquisitions	0.3	0.2	0.6	0.1	–	1.2
31 December 2014	5.3	1.7	7.0	0.5	0.1	14.6
1 January 2015						
Additions	0.4	0.5	0.9	0.2	–	2.0
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
Acquisitions	–	3.8	5.0	0.2	0.1	9.1
31 December 2015	5.7	6.0	12.9	0.8	0.1	25.5
Accumulated depreciation						
1 January 2014	0.1	0.2	0.4	–	–	0.7
Charged in the year	–	0.1	0.5	0.2	–	0.8
31 December 2014	0.1	0.3	0.9	0.2	–	1.5
At 1 January 2015						
Charged in the year	0.1	0.5	1.0	0.2	0.1	1.9
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
31 December 2015	0.2	0.8	1.9	0.3	–	3.2
Net book value						
31 December 2015	5.5	5.2	11.0	0.5	0.1	22.3
31 December 2014	5.2	1.4	6.1	0.3	0.1	13.1
1 January 2014	4.9	1.0	3.2	2.2	0.1	11.4

Capital expenditure contracted for but not provided in the financial statements is shown in note 52.

Depreciation is charged to profit or loss as an administrative expense. £nil (2014: £0.1m) of plant and machinery is held under a finance lease.

38 INVESTMENTS

Shares in subsidiary undertakings

	£'m
Cost	
1 January 2014	55.1
Acquired – Magnum	3.2
Acquired – Filebase	0.4
Acquired – Papersafe	0.2
Acquired – Cintas UK	26.6
Capital Contribution – subsidiary share based payments	0.1
Transfer to intangible assets (less deferred taxation)	(3.2)
31 December 2014	82.4
1 January 2015	
Adjusted – Shred	0.3
Acquired – ITP	7.7
Acquired – DIAC	0.7
Acquired – Wincanton	57.3
Acquired – Diamond	2.5
Capital contribution – subsidiary share based payment	0.1
Transfer to intangible assets (less deferred tax)	(19.4)
Transferred to assets held for sale (note 39)	(17.2)
31 December 2015	114.4
Provision for impairment	
At 1 January 2014 and 31 December 2014	28.8
Charge for the year	5.0
31 December 2015	33.8
Net book value	
31 December 2015	80.6
31 December 2014	53.6
1 January 2014	26.3

Notes to the Company financial statements continued

For the year ended 31 December 2015

38 INVESTMENTS CONTINUED

At 31 December 2015 the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
Document Management Division				
*Restore (Spur) Limited**	Ordinary	100%	England and Wales	Records Management
*Restore Document Management Ireland Limited**	Ordinary	100%	Ireland	Records Management
*Restore Shred Limited**	Ordinary	100%	England and Wales	Shredding Services
*Restore Scan Limited**	Ordinary	100%	England and Wales	Document Scanning
*Magnum Secure Limited**	Ordinary	100%	England and Wales	Holding Company
*Stapledon Holdings Limited**	Ordinary	100%	England and Wales	Holding Company
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Dormant
Document Control Services Limited	Ordinary	100%	England and Wales	Dormant
*File and Data Storage Limited	Ordinary	100%	England and Wales	Dormant
Magnum Docstore Limited	Ordinary	100%	England and Wales	Dormant
*Filebase Limited	Ordinary	100%	England and Wales	Dormant
Preview Services Limited	Ordinary	100%	England and Wales	Dormant
Keymorr imaging Services Limited	Ordinary	100%	England and Wales	Dormant
Crimson UK Limited	Ordinary	100%	England and Wales	Dormant
AARMS Limited	Ordinary	100%	England and Wales	Dormant
*Sargents Trading Limited	Ordinary	100%	England and Wales	Dormant
Relocation Division				
*Harrow Green Limited	Ordinary	100%	England and Wales	Relocations
Relocom Limited**	Ordinary	83%	England and Wales	Relocations
*Diamond Relocations Limited**	Ordinary	100%	England and Wales	Relocations
*IT Efficient Limited**	Ordinary	100%	England and Wales	IT Asset Disposal
*ITP Group Holdings Limited**	Ordinary	100%	England and Wales	Holding Company
International technology products (UK) Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling
International technology products GmbH**	Ordinary	100%	Germany	Printer Cartridge Recycling
Office Green Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling
Takeback Limited**	Ordinary	100%	England and Wales	Printer Cartridge Recycling

* Held directly

** The Company has taken the exemption from audit under section 479A of the Companies Act 2006.

Dormant companies are exempt from filing accounts under section 394 of the Companies Act 2006.

39 ASSETS CLASSIFIED AS HELD FOR SALE

The assets related to Restore Document Management Ireland Limited (previously Wincanton Ireland) have been presented as held for sale (note 55).

	2015 £'m	2014 £'m
Assets classified as held for sale		
Investments	17.2	–

40 INVENTORIES

	2015 £'m	2014 £'m
Finished goods and goods for resale	0.2	0.1

£0.1m (2014: £nil) of inventories were recognised as an expense in cost of sales on the year.

41 TRADE AND OTHER RECEIVABLES

	2015 £'m	2014 £'m
Due in less than one year		
Trade receivables	8.4	5.1
Less: provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables – net	8.3	5.0
Amounts due from group undertakings	2.5	0.4
Other receivables	0.1	0.1
Prepayments and accrued income	4.9	2.9
	15.8	8.4
Due after more than one year		
Amounts due from group undertakings	4.1	13.8
Total	19.9	22.2

The average credit period is 62 days (2014: 67 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance. Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

	2015 £'m	2014 £'m
Movement in the allowance for impairment		
Balance at beginning and end of the year	0.1	0.1

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 45 for an analysis of trade receivables that were past due but not impaired.

42 TRADE AND OTHER PAYABLES

	2015 £'m	2014 £'m
Trade payables	4.9	2.0
Amount due to group undertakings	1.4	0.3
Other taxation and social security	1.3	1.2
Other payables	1.0	0.7
Accruals and deferred income	3.9	1.9
	12.5	6.1

Other payables include the fair value of the interest rate swap of £nil (2014: £0.1m), see note 45.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 95 days (2014: 71 days).

Notes to the Company financial statements continued

For the year ended 31 December 2015

43 FINANCIAL LIABILITIES – BORROWINGS

	2015 £'m	2014 £'m
Current		
Bank loans and overdrafts due within one year		
Bank loans – secured	2.5	2.6
Deferred financing costs	(0.2)	(0.1)
	2.3	2.5
Non-current		
Bank loans – secured	66.0	34.4
Deferred financing costs	(0.6)	(0.3)
	65.4	34.1

The bank debt is due to Royal Bank of Scotland plc and Barclays Bank plc and is secured by a fixed and floating charge over the assets of the Group. The interest rate profile and an analysis of borrowings is given in note 45. Under the bank facility the Group is required to meet quarterly covenant tests in respect of cashflow cover, interest cover and leverage. All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

	2015 £'m	2014 £'m
Cash at bank and in hand	3.9	2.7
Bank loans and overdrafts due within one year	(2.3)	(2.5)
Bank loans due after one year	(65.4)	(34.1)
	(63.8)	(33.9)

44 OTHER FINANCIAL LIABILITIES

	2015 £'m	2014 £'m
Amounts due to group undertakings	14.8	17.4
Other long term liabilities	0.4	–
	15.2	17.4

45 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash, bank and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Company operations.

Cash and cash equivalents

	2015 £'m	2014 £'m
Cash at bank and in hand	3.9	2.7

As at 31 December 2015, trade receivables of £1.3m (2014: £1.2m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 £'m	2014 £'m
60–90 days	0.5	0.4
Greater than 90 days	0.8	0.8

The main financial risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2015 £'m	2014 £'m
Loans and receivables	10.7	5.4
Derivatives used for hedging	–	(0.1)
Financial liabilities measured at amortised cost	(11.2)	(4.8)

Currency and interest rate risk profile of financial liabilities

All bank borrowings are subject to floating interest rates, at LIBOR plus a margin of between 1.35% and 2.35%, depending on the leverage covenant.

The interest rate risk profile of the Company's gross borrowings for the year was:

Currency	Total £'m	Fixed rate financial liabilities £'m	Floating rate financial liabilities £'m	Subject to interest rate collar £'m	Weighted average interest rates %
Sterling at 31 December 2015	67.7	–	64.2	3.5	2.7
Sterling at 31 December 2014	36.6	–	32.1	4.5	2.6

The exposure of Company's borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2015 £'m	2014 £'m
6 months or less	67.7	36.6

Interest rate sensitivity

At 31 December 2015, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Company's loss before tax would be approximately £0.2m higher (2014: profit £0.1m lower). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Company's sensitivity to future interest rates changes has increased during the current year due to the increased debt.

Financial assets recognised in the statement of financial position and interest rate profile.

All financial assets are short-term receivables and cash in hand. The cash in hand earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Notes to the Company financial statements continued

For the year ended 31 December 2015

45 FINANCIAL INSTRUMENTS CONTINUED

Maturity of financial liabilities

The maturity profile of the carrying amount of the Company's financial liabilities (including interest payments), other than short-term trade payables and accruals which are due within one year was as follows:

	Bank Debt £'m	Other financial liabilities £'m	2015 Total £'m	Bank Debt £'m	Other financial liabilities £'m	2014 Total £'m
Within one year, or on demand	2.3	1.6	3.9	–	0.1	0.1
Between one and two years	6.0	–	6.0	–	–	–
Between two and five years	60.2	–	60.2	36.6	–	36.6
	68.5	1.6	70.1	36.6	–	36.7

Borrowing facilities

The Company has a finance facility with Royal Bank of Scotland plc and Barclays Bank plc. This facility comprises a term loan of £50.0m, a 5 year revolving credit facility (RCF) of £30.0m, expiring on 4 November 2020, and an on demand net overdraft facility of £1.5m (2014: a term loan of £15.0m expiring on 30 June 2016, a 3 year revolving credit facility (RCF) of £3.0m, an on demand net overdraft facility of £1.5m. An offset facility is in place and on a gross basis, £1.8m of the overdraft facility was unutilised at 31 December 2015 (2014: £7.2m). Details of security are given in note 43. Committed but undrawn borrowing facilities as at 31 December 2015 amounted to £8.6m (2014: £8.3m).

All of the Company's borrowings are in Sterling.

Fair values of financial assets and financial liabilities

The Company's financial assets and liabilities bear floating interest rates and are relatively short term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

The Company holds two interest rate swaps. The Company exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the issued variable rate debt held. The fair value of the interest rate swaps at the year end is as follows:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Between one and two years	2.8	2.8	3.5	3.3	–	–
Between two and five years	–	2.8	–	0.6	–	(0.1)
Greater than five years	–	1.5	–	–	–	–

The interest rate swap of 2.8% was entered into on 13 July 2011, expires on 30 June 2016 and settles on a quarterly basis. The swap was for £5.0m and decreases on a straight line basis so that it totals 50% of the original term loan facility. A further swap was entered into on 13 March 2013 for £1.5m in order to hedge the additional £1.5m term loan, put in place to fund the acquisition of Harrow Green. Both of these term facilities were repaid in 2014. As the hedge was not designated as effective on inception the movement in fair value has been taken to profit or loss. The valuation of derivatives is within level 2 of the fair value hierarchy as the significant inputs to the valuation are observable.

The hierarchy levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

46 PROVISIONS

	2015 £'m	2014 £'m
Onerous lease provisions		
1 January	0.1	0.1
Used during the year	–	–
31 December	0.1	0.1

Provisions are analysed as follows:

	2015 £'m	2014 £'m
Non-current	0.1	0.1
Total	0.1	0.1

47 DEFERRED TAX

	2015 £'m	2014 £'m
Summary of balances		
Deferred tax liabilities	(3.1)	(1.2)
Deferred tax asset	2.3	2.2
Net position at 31 December	(0.8)	1.0

The movement in the year in the Company's net deferred tax position is as follows:

	2015 £'m	2014 £'m
1 January	1.0	(0.7)
Credit/(charge) to profit or loss for the year	0.2	(0.2)
Tax credited directly to equity	0.1	2.2
Acquisitions	(2.1)	(0.3)
31 December	(0.8)	1.0

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	On intangible assets £'m	Total £'m
1 January 2014	(0.7)	–	(0.7)
Charge to income for the year	(0.2)	–	(0.2)
Acquisitions	–	(0.3)	(0.3)
31 December 2014	(0.9)	(0.3)	(1.2)
Credit to income for the year	–	0.2	0.2
Acquisitions	(0.2)	(1.9)	(2.1)
31 December 2015	(1.1)	(2.0)	(3.1)

Notes to the Company financial statements continued

For the year ended 31 December 2015

47 DEFERRED TAX CONTINUED

Deferred tax assets

	Share based payments £'m
1 January 2014	1.0
Transactions with owners	1.2
31 December 2014	2.2
Transactions with owners	0.1
31 December 2015	2.3

A deferred tax asset has been recognised on the share based payments charge. An amount of £0.1m (2014: £1.2m) has been taken directly to equity.

48 SHARE CAPITAL

	2015 £'m	2014 £'m
Authorised:		
199,000,000 ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
95,954,760 (2014: 82,213,540) ordinary shares of 5p each	4.8	4.1

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
31 January 2014	74,900,491	
3 July 2014 – exercise of share options	80,000	83.0p
18 August 2014 – exercise of share options	20,000	83.0p
7 October 2014 – equity raised to acquire Cintas UK	7,090,049	210.0p
16 October 2014 – exercise of share options	123,000	32.5p
31 December 2014	82,213,540	
23 April 2015 – exercise of share options	372,541	5.0p
10 June 2015 – exercise of share options	256,016	5.0p
16 November 2015 – exercise of share options	35,739	5.0p
8 December 2015 – equity raised to acquire Wincanton	13,076,924	260.0p
31 December 2015	95,954,760	

49 CASH INFLOW FROM OPERATIONS

	Year ended 31 December 2015 £'m	Year ended 31 December 2014 £'m
(Loss)/profit before tax	(3.0)	3.7
Depreciation of property, plant and equipment	1.9	0.8
Amortisation and impairment of intangible assets	5.8	1.2
Net finance costs	1.6	0.8
Share based payments charge	0.9	0.9
Increase in inventories	(0.1)	–
Decrease/(increase) in trade and other receivables	2.9	(5.1)
Increase/(decrease) in trade and other payables	1.8	(1.7)
Net cash generated from operations	11.8	0.6

50 SHARE BASED PAYMENTS

Details of the share based payments can be found in Note 29.

51 LEASING COMMITMENTS

The Company leases various premises and assets under non-cancellable operating lease agreements of varying terms. The majority of the lease agreements are renewable at the end of the lease period at market rate.

	Land and buildings		Plant and machinery	
	2015 £'m	2014 £'m	2015 £'m	2014 £'m
Future aggregate minimum lease payments under non-cancellable operating leases				
– Within one year	7.9	3.7	0.4	0.3
– Within two to five years	25.5	13.4	0.4	0.4
– Over five years	28.1	11.5	–	–
	61.5	28.6	0.8	0.7

The operating leases represent rentals payable by the Company for certain properties, vehicles and equipment.

52 CAPITAL COMMITMENTS

	2015 £'m	2014 £'m
Capital expenditure		
Contracted for but not provided in the financial statements	–	0.1

53 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £60.6m at 31 December 2015 (2014: £30.9m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

54 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

Details of related party transactions can be found in note 34.

55 POST BALANCE SHEET EVENT

On 10 March 2016, the Company disposed of Restore Document Management Ireland Limited for €36.0m.

Notes to the Company financial statements continued

For the year ended 31 December 2015

56 EXPLANATION OF TRANSITION TO IFRS

Reconciliation of shareholders' equity at 1 January 2014

	Note	UK GAAP £'m	Effect of transition to IFRS £'m	Restated under IFRS £'m
FIXED ASSETS				
Intangible assets	a, b	17.2	0.9	18.1
Property, plant and equipment	b	12.3	(0.9)	11.4
Investments		26.3	–	26.3
Deferred tax asset	d	–	1.0	1.0
		55.8	1.0	56.8
CURRENT ASSETS				
Inventories		0.1	–	0.1
Trade and other receivables		18.1	–	18.1
Cash and cash equivalents		1.0	–	1.0
		19.2	–	19.2
TOTAL ASSETS		75.0	1.0	76.0
CURRENT LIABILITIES				
Trade and other payables		(6.1)	–	(6.1)
Financial liabilities – borrowings		(5.8)	–	(5.8)
Current tax liabilities		(0.2)	–	(0.2)
		(12.1)	–	(12.1)
NON-CURRENT LIABILITIES				
Financial liabilities – borrowings		(10.0)	–	(10.0)
Other long term liabilities		(16.6)	–	(16.6)
Deferred tax liability		(0.7)	–	(0.7)
Provisions		(0.1)	–	(0.1)
		(27.4)	–	(27.4)
NET ASSETS		35.5	1.0	36.5
SHAREHOLDERS EQUITY				
Called up share capital		3.7	–	3.7
Share premium account		21.3	–	21.3
Other reserves	d	1.0	1.0	2.0
Retained earnings		9.5	–	9.5
TOTAL SHAREHOLDERS EQUITY		35.5	1.0	36.5

Reconciliation of shareholders' equity at 31 December 2014

	Note	UK GAAP £'m	Effect of transition to IFRS £'m	Restated under IFRS £'m
FIXED ASSETS				
Intangible assets	a, b, c, d	18.5	3.2	21.7
Property, plant and equipment	b	13.9	(0.8)	13.1
Investments	c	53.8	(0.2)	53.6
Deferred tax asset	d	–	2.2	2.2
		86.2	4.4	90.6
CURRENT ASSETS				
Inventories		0.1	–	0.1
Trade and other receivables		22.2	–	22.2
Cash and cash equivalents		2.7	–	2.7
		25.0	–	25.0
TOTAL ASSETS		111.2	4.4	115.6
CURRENT LIABILITIES				
Trade and other payables		(6.0)	(0.1)	(6.1)
Financial liabilities – borrowings		(2.5)	–	(2.5)
Current tax liabilities		(0.5)	–	(0.5)
		(9.0)	(0.1)	(9.1)
NON-CURRENT LIABILITIES				
Financial liabilities – borrowings		(34.1)	–	(34.1)
Other long term liabilities		(17.4)	–	(17.4)
Deferred tax liability	d	(0.9)	(0.3)	(1.2)
Provisions		(0.1)	–	(0.1)
		(52.5)	(0.3)	(52.8)
NET ASSETS		49.7	4.0	53.7
SHAREHOLDERS EQUITY				
Called up share capital		4.1	–	4.1
Share premium account		35.3	–	35.3
Other reserves		1.6	2.1	3.7
Retained earnings	a, c	8.7	1.9	10.6
TOTAL SHAREHOLDERS EQUITY		49.7	4.0	53.7

Notes to the Company financial statements continued

For the year ended 31 December 2015

55 EXPLANATION OF TRANSITION TO IFRS CONTINUED

Reconciliation of profit at 31 December 2014

	Note	UK GAAP £'m	Effect of transition to IFRS £'m	Restated under IFRS £'m
Turnover		23.0	–	23.0
Cost of sales		(12.2)	–	(12.2)
Gross profit		10.8	–	10.8
Distribution costs		–	–	–
Administrative expenses	a, c	(8.3)	1.9	(6.4)
Operating profit		2.5	1.9	4.4
Interest receivable and similar income		0.2	–	0.2
Interest payable and similar income		(1.0)	–	(1.0)
Profit on ordinary activities before taxation		1.7	1.9	3.6
Taxation		(1.2)	–	(1.2)
Profit on ordinary activities and profit for the financial year		0.5	1.9	2.4

Notes to the reconciliation of shareholders equity

a) Goodwill and intangible assets

The Company has elected not to apply IFRS 3 'Business Combinations' retrospectively to business combinations that took place before 1 January 2014. The Company has adopted IFRS 3 'Business continuations' in full for all acquisitions that have occurred after this date.

The Company has recognised customer relationships on acquisition at 31 December 2014 of £1.4m, the amortisation charge on these was £0.1m. The Company has elected not to amortise goodwill in line with Company policy.

As a result of expenses which were previously capitalised in investments, £nil at 1 January 2014 and £0.2m at 31 December 2014 have been reclassified as an administrative expense through profit or loss.

b) Software classification

Application software, which can be run independently from any specific hardware configuration, is included within intangibles under IFRS rather than tangible assets as is the norm under UK GAAP. The effect of this is to reclassify software of £0.9m at 1 January 2014 and £0.8m at 31 December 2014 from tangible assets to intangible assets. Total net assets remain unchanged by this adjustment.

c) Retained earnings

Retained earnings have been restated due to the removal of amortisation of goodwill of £2.2m and costs of acquisition of £0.2m at 31 December 2014.

d) Deferred tax

A deferred tax asset on share options of £1.0m has been recognised at 1 January 2014 and £2.2m at 31 December 2014.

A deferred tax liability on the customer relationship intangible assets has been recognised of £0.3m at 31 December 2014. The unwinding of the liability has been taken to profit or loss in the year.

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Trading Record

Year ended 31 December	2015 £'m	2014 £'m	2013 £'m	2012 £'m	2011 £'m
Revenue	91.9	67.5	53.6	43.3	18.8
Adjusted profit before taxation*	16.3	12.0	10.0	6.2	3.7
Adjusted earnings per share*	15.6p	12.3p	10.5p	7.4p	4.3p
Net debt	(60.6)	(30.9)	(16.0)	(17.8)	(11.6)
Net assets	104.7	67.0	47.1	36.3	23.3

* Before exceptional items (including exceptional finance costs), amortisation of intangible assets, share based payments and other finance costs.

Financial calendar

Annual General Meeting	Held in May
Half year results	September
Financial year end	31 December
Full year results	March