

RDS Driving Services Limited
Director's report and financial statements
31 July 2014



RDS Driving Services Limited

Officers and Professional advisers

| | |
|----------------------------|---|
| Directors | D Cowan R E Blase (resigned 9 September 2013) |
| Company secretary | D Cowan |
| Registered number | 07372476 |
| Registered office | Pavilion 12 Coleman's Nook Belasis Technology Park Billingham Cleveland TS23 4EG |
| Independent auditor | UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE |

RDS Driving Services Limited

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RDS Driving Services Limited

Strategic report

Year ended 31 July 2014

Principal activities

The principal activity of the company during the year was that of the provision of driving related services, including a franchised driving school, provision of driver instructor training, accounting services and publishing.

Business review

The results for the year were in line with the director's expectations. The impact of the considerable restructuring work undertaken over recent years is now clearly beginning to be reflected in the trading results. The cost base of the business is now stable, scalable and appropriate to the level of business and combined with the post balance sheet capitalisation of the company's loan notes and associated interest waiver, has vastly improved the outlook for the business and the balance sheet position by removing a substantial preferential creditor.

The changes and improvements noted above have allowed the management to start to focus its time and attention on developing and improving the services offered by the business to its customers and to really start to deliver on the wider business objective of being the country's leading provider of services to the driving tuition industry.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks and uncertainties. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

Competition risk

The company operates in a competitive market, particularly with regard to price and service quality, and there is a risk that the company may not meet its customer expectations in these areas. In order to mitigate this risk, market prices are monitored on an ongoing basis. Service quality is monitored by the directors regularly to ensure the company has plans in place to continue to provide differentiated value in this important area.

Liquidity risk

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company monitors liquidity forecasts on a daily basis to ensure that the company has sufficient funds to meet all its potential financial liabilities as they fall due. This is true not only of normal market conditions but also of negative projections against expected outcomes.

The director also continually assesses the balance of capital and debt funding of the company. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the company will continue to be able to operate within its finance facilities.

RDS Driving Services Limited

Strategic report (continued)
Year ended 31 July 2014

Financial key performance indicators

The company monitors day-to-day results by reference to key performance indicators, focusing on turnover and operating profit margins. These indicators are compared to budget at periodic management meetings with significant variances investigated.

This report was approved by the board on 31 March 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Cowan', is written over a horizontal line.

D Cowan
Director

RDS Driving Services Limited

Director's report Year ended 31 July 2014

The director presents his report and the financial statements for the year ended 31 July 2014.

Results

The loss for the year, after taxation, amounted to £608,778 (2013 - loss of £21,582,780).

Directors

The directors who served during the year were:

D Cowan
R E Blase (resigned 9 September 2013)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors, which remain in force at the date of this report.

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

PKF Cooper Parry Group Limited resigned as auditor during the year and UNW LLP was appointed.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 31 March 2015 and signed on its behalf by:



D Cowan
Director

RDS Driving Services Limited

Director's responsibilities statement Year ended 31 July 2014

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

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

Independent auditor's report to the members of RDS Driving Services Limited

We have audited the financial statements of RDS Driving Services Limited for the year ended 31 July 2014, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, the director is 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of RDS Driving Services Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'David Redhead'.

David Redhead (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

31 March 2015

RDS Driving Services Limited

Profit and loss account Year ended 31 July 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-------------------------|---------------------|
| Turnover | 2 | 11,272,064 | 11,696,228 |
| Cost of sales | | <u>(6,097,605)</u> | <u>(6,175,635)</u> |
| Gross profit | | 5,174,459 | 5,520,593 |
| Administrative expenses | | (6,003,010) | (5,658,325) |
| Exceptional administrative expenses | 4 | (72,005) | (73,125) |
| Total administrative expenses | | (6,075,015) | (5,731,450) |
| Other operating income | 3 | <u>320,116</u> | <u>-</u> |
| Operating loss | | (580,440) | (210,857) |
| Impairment of goodwill | | <u>-</u> | <u>(21,365,104)</u> |
| Loss on ordinary activities before interest | | (580,440) | (21,575,961) |
| Interest receivable and similar income | | 198 | 12 |
| Interest payable and similar charges | 6 | <u>(28,536)</u> | <u>(6,831)</u> |
| Loss on ordinary activities before taxation | 4 | (608,778) | (21,582,780) |
| Tax on loss on ordinary activities | 7 | <u>-</u> | <u>-</u> |
| Loss for the financial year | 16 | <u>(608,778)</u> | <u>(21,582,780)</u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 9 to 18 form part of these financial statements.

RDS Driving Services Limited

Balance sheet At 31 July 2014

| | | | 2014 | As restated (see note 14) |
|--|------|--------------------|----------------------------|------------------------------|
| | Note | £ | £ | 2013 £ |
| Fixed assets | | | | |
| Tangible assets | 9 | | 98,411 | 94,889 |
| Current assets | | | | |
| Debtors | 10 | 1,174,732 | | 715,971 |
| Cash at bank | | 9,361 | | - |
| | | <u>1,184,093</u> | | <u>715,971</u> |
| Creditors: amounts falling due within one year | 11 | <u>(2,858,293)</u> | | <u>(2,582,384)</u> |
| Net current liabilities | | | <u>(1,674,200)</u> | <u>(1,866,413)</u> |
| Total assets less current liabilities | | | <u>(1,575,789)</u> | <u>(1,771,524)</u> |
| Creditors: amounts falling due after more than one year | 12 | | (19,517,876) | (18,998,536) |
| Provisions for liabilities | | | | |
| Other provisions | 13 | | (505,726) | (332,822) |
| Deferred income | 14 | | <u>(592,167)</u> | <u>(479,898)</u> |
| Net liabilities | | | <u><u>(22,191,558)</u></u> | <u><u>(21,582,780)</u></u> |
| Capital and reserves | | | | |
| Called up share capital | 15 | | 1 | 1 |
| Profit and loss account | 16 | | <u>(22,191,559)</u> | <u>(21,582,781)</u> |
| Shareholders' deficit | 17 | | <u><u>(22,191,558)</u></u> | <u><u>(21,582,780)</u></u> |

The financial statements were approved by the board of directors on 31 March 2015 and were signed on its behalf by:



D Cowan
Director

Company registered number: 07372476

The notes on pages 9 to 18 form part of these financial statements.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

1.3 Related party transactions

As the company is a wholly owned subsidiary of Driving Success Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

1.4 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report on pages 1 to 2. The financial position and funding facilities are also considered here, with further details provided in notes 12 and 21.

The company meets its day to day working capital requirements through operating cash flows supported by drawn and committed investor loan notes together with the financial and other support of the group's principal shareholders. As detailed in note 21, since the year end, the investor loan notes in issue at the balance sheet date have been converted to equity and accrued interest thereon has been waived, as such, these amounts are no longer repayable.

The company's funding requirements are assessed on a continual basis and financial forecasts have been prepared for at least the 12 months following approval of these financial statements which, having regard for reasonably possible changes in trading performance, indicate that the company should continue to operate within its available facilities. In addition, the group's principal shareholders have confirmed their intention to continue to provide such financial support as may be required to ensure that the company and group can continue to meet their liabilities as they fall due in the normal course of business, throughout the forecast period.

Notwithstanding net current liabilities of £1,674,200 and net liabilities of £22,191,558 at the balance sheet date, after making enquiries the director has a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and has therefore continued to prepare the financial statements on a going concern basis..

1.5 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The element of income relating to services which have yet to be performed, are deferred and released over the average duration of the applicable contracts.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

1. Accounting policies (continued)

1.6 Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

1.7 Impairment of fixed assets and goodwill

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historical cost.

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

1.8 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

| | | |
|------------------------|---|------------------------|
| Leasehold improvements | - | Term of the lease |
| Fixtures and fittings | - | 10 - 33% Straight line |
| Computer equipment | - | 10 - 33% Straight line |

1.9 Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

1. Accounting policies (continued)

1.10 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.12 Provisions

The company recognises provisions for onerous leases, property dilapidations and other obligations which exist at the balance sheet date. Provisions are measured at the current best estimate of the expenditure required to settle the obligation at the balance sheet date, when it is more likely than not that it will be required to transfer economic benefits to settle the obligations and the amount of the obligations can be estimated reliably.

2. Turnover

The whole of the turnover is attributable to the principal activities of the company and arose entirely within the United Kingdom.

3. Other operating income

| | 2014 £ | 2013 £ |
|------------------------|-----------|-----------|
| Other operating income | 320,116 | - |

Other operating income comprises unutilised prepaid lesson fees payable to the company under a management services agreement.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

4. Notes to the profit and loss account

Loss on ordinary activities before taxation is stated after charging/(crediting):

| | 2014 £ | 2013 £ |
|---|-----------|------------|
| Depreciation of tangible fixed assets: | | |
| -owned by the company | 39,429 | 7,239 |
| Impairment of goodwill | - | 21,365,104 |
| Operating lease rentals: | | |
| - plant and machinery | 2,905,579 | 3,601,537 |
| - other operating leases | 127,668 | 137,235 |
| Directors emoluments | - | - |
| Auditors' remuneration | | |
| Audit of these financial statements | 12,500 | 19,850 |
| Amounts receivable by the auditors in respect of: | | |
| Other services relating to taxation | 2,500 | 3,950 |

Exceptional administrative expenses comprise £72,005 (2013: £73,125) in respect of redundancy costs.

5. Staff costs

Staff costs were as follows:

| | 2014 £ | 2013 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,042,575 | 1,000,421 |
| Social security costs | 298,503 | 97,930 |
| Other pension costs | 55,686 | 17,987 |
| | 3,396,764 | 1,116,338 |

The average monthly number of employees, including directors, during the year was as follows:

| | 2014 No. | 2013 No. |
|----------------|-------------|-------------|
| Administration | 33 | 14 |
| Operations | 83 | 42 |
| | 116 | 56 |

Prior to the transfer of trade and assets to the company during the prior year, as part of a group reorganisation, group costs were incurred by a fellow subsidiary undertaking and recharged to the company. Expenses of £nil (2013: £3,345,989) have been recharged to the company, which include £nil (2013: £3,129,213) staff costs in respect of nil (2013: 102) group wide employees.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

6. Interest payable

| | 2014 £ | 2013 £ |
|------------------------------|-----------|-----------|
| On bank loans and overdrafts | 28,536 | 6,831 |

7. Taxation

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| UK corporation tax charge on loss for the year | - | - |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.33% (2013 - 26%). The differences are explained below:

| | 2014 £ | 2013 £ |
|---|-----------|--------------|
| Loss on ordinary activities before tax | (608,778) | (21,582,780) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.33% (2013 - 26%) | (135,960) | (5,611,523) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 138 | - |
| Depreciation for year in excess of capital allowances | 8,805 | - |
| Unrelieved tax losses carried forward | 127,017 | 5,611,523 |
| Current tax charge for the year | - | - |

Factors that may affect future current and total tax charges

At the end of the year the company had UK corporation tax losses available to carry forward of approximately £18,767,000 (2013: £18,199,000).

There existed potential deferred tax assets of £3,967,631 (2013: £4,207,081), principally in respect of the losses carried forward, which the director has not recognised until its recovery can be assessed with reasonable certainty.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

8. Intangible fixed assets

| | Goodwill £ |
|------------------------------------|---------------|
| Cost | |
| At 1 August 2013 and 31 July 2014 | 21,365,104 |
| Amortisation and impairment | |
| At 1 August 2013 and 31 July 2014 | 21,365,104 |
| Net book value | |
| At 31 July 2014 | - |
| At 31 July 2013 | - |

On 17 April 2013, the trade and net liabilities of Prew Limited, a fellow subsidiary undertaking, were transferred to the company as part of a group reorganisation. The goodwill arising on the transfer was fully impaired.

9. Tangible fixed assets

| | Leasehold improvements £ | Fixtures and fittings £ | Total £ |
|-----------------------|--------------------------------|-------------------------------|------------|
| Cost | | | |
| At 1 August 2013 | 8,602 | 93,526 | 102,128 |
| Additions | - | 42,951 | 42,951 |
| At 31 July 2014 | 8,602 | 136,477 | 145,079 |
| Depreciation | | | |
| At 1 August 2013 | 1,153 | 6,086 | 7,239 |
| Charge for the year | 3,747 | 35,682 | 39,429 |
| At 31 July 2014 | 4,900 | 41,768 | 46,668 |
| Net book value | | | |
| At 31 July 2014 | 3,702 | 94,709 | 98,411 |
| At 31 July 2013 | 7,449 | 87,440 | 94,889 |

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

10. Debtors

| | 2014 £ | 2013 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 83,022 | 49,784 |
| Prepayments and accrued income | 1,091,710 | 666,187 |
| | <u>1,174,732</u> | <u>715,971</u> |

11. Creditors: Amounts falling due within one year

| | 2014 £ | As restated (see note 14) 2013 £ |
|------------------------------------|------------------|---|
| Trade creditors | 1,070,225 | 1,129,220 |
| Amounts owed to parent undertaking | 667 | 591 |
| Other taxation and social security | 429,306 | 270,306 |
| Other creditors | 49,125 | 35,926 |
| Accruals | 1,308,970 | 1,146,341 |
| | <u>2,858,293</u> | <u>2,582,384</u> |

12. Creditors: Amounts falling due after more than one year

| | 2014 £ | 2013 £ |
|-------------|-------------------|-------------------|
| Other loans | 16,458,834 | 15,939,494 |
| Accruals | 3,059,042 | 3,059,042 |
| | <u>19,517,876</u> | <u>18,998,536</u> |

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

12. Creditors:

Amounts falling due after more than one year (continued)

Other loans due after one year include investor loan notes payable to Kelso Place Special Situations Fund LP and Kelso Place Special Situations Founder Partner LP, of which £15,499,334 (2013: £15,499,334) and accrued interest thereon of £3,059,042 (2013: £3,059,042) were secured by a debenture which created a fixed and floating charge over all of the assets of the company and its group.

The loan notes were interest free, with effect from May 2012, and pursuant to a deferral of maturity date of the secured loan notes during the year were redeemable in full, at par, on 31 January 2020 together with accrued interest of £3,059,042 (2013: £3,059,042) thereon.

Other loans due after one year also include £89,500 (2013: £89,500) investor loan notes which are unsecured, interest free and repayable in full, at par, on 31 January 2017.

As detailed in note 21, since the year end the outstanding loan notes totalling £16,458,834, have been converted to equity and accrued interest thereon, totalling £3,059,042 has been waived, as such these amounts are no longer repayable.

13. Provisions

| | Provisions £ |
|-----------------------------|-----------------|
| At 1 August 2013 | 332,822 |
| Charge for the year | 215,428 |
| Utilised during the year | (8,411) |
| Amounts released unutilised | (34,113) |
| At 31 July 2014 | <u>505,726</u> |

Provisions consists of amounts recognised in respect of property dilapidations and other lease termination costs.

14. Deferred income

| | 2014 £ | As restated 2013 £ |
|-----------------|----------------|--------------------------|
| Deferred income | <u>592,167</u> | <u>479,898</u> |

Deferred instructor training fees were previously included in creditors, as part of accruals and deferred income. The comparative figures in these financial statements have been restated to separately identify such fees received in advance as deferred income, which the directors consider to be a more appropriate reflection of the nature of the balance. There has been no impact on the reported result or on the net asset position in either the current or preceding year, as a result of this change.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

15. Share capital

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

16. Reserves

| | Profit and loss account £ |
|-------------------|--|
| At 1 August 2013 | (21,582,781) |
| Loss for the year | (608,778) |
| At 31 July 2014 | <u>(22,191,559)</u> |

17. Reconciliation of movement in shareholders' deficit

| | 2014 £ | 2013 £ |
|-------------------------------|---------------------|---------------------|
| Opening shareholders' deficit | (21,582,780) | - |
| Loss for the financial year | <u>(608,778)</u> | <u>(21,582,780)</u> |
| Closing shareholders' deficit | <u>(22,191,558)</u> | <u>(21,582,780)</u> |

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £55,686 (2013 - £17,987). Contributions totalling £9,894 (2013: £9,493) were payable to the fund at the balance sheet date and are included in creditors.

RDS Driving Services Limited

Notes to the financial statements Year ended 31 July 2014

19. Operating lease commitments

At the balance sheet date the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | | Other |
|-----------------------|--------------------|---------|---------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within 1 year | 5,458 | 9,981 | 593,019 | 1,107,433 |
| Between 2 and 5 years | 108,932 | 100,315 | 772,998 | - |

20. Related party transactions

During the year the company accrued £3,113 of expenses incurred by Kelso Place Asset Management LLP on behalf of the company. The amounts payable at the year end in relation to these charges is £124,460 (2013: £127,220) which is included in accruals due within 1 year.

The company also had in issue investor loan notes totalling £16,369,334 (2013: £15,849,994) and accrued interest thereon of £3,059,042 (2013: £3,059,042) held by Kelso Place Special Situations Fund LP and Kelso Place Special Situations Founder Partner LP, investment funds which are managed by Kelso Place Asset Management LLP.

21. Post balance sheet events

On 9 February 2015 the investor loan notes outstanding at the balance sheet date, totalling £16,458,834, were converted to equity and accrued interest thereon, totalling £3,059,042, was waived; as such, these amounts are no longer repayable.

22. Ultimate controlling party

The company is a subsidiary undertaking of Driving Success Limited which is the ultimate parent company incorporated in England and Wales.

The only group in which the results of the company are consolidated is that headed by Driving Success Limited. The consolidated accounts are available to the public and can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors consider Kelso Place Asset Management LLP, a limited liability partnership which is incorporated in England and Wales, to be the ultimate controlling party.