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Scott-Moncrieff
business advisers and accountants

ASSET ALLIANCE GROUP HOLDINGS LIMITED

Company registration number 07726176

Financial Statements

For the year ended 31 December 2015

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ASSET ALLIANCE

ASSET ALLIANCE GROUP HOLDINGS LIMITED

Financial Statements
For the year ended 31 December 2015

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Company Information

Directors
A T Evans
J S Jenkins
D B McArthur
R J McDougall
W H Paterson
A M Lannon (appointed 1 January 2016)

Registered Office
Edwin House
Boundary Industrial Estate
Stafford Road
Wolverhampton
WV10 7EL

Registered Number
07726176

Auditor
Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Strategic Report for the year ended 31 December 2015

The directors present the Strategic Report, the Directors' Report and the financial statements of the group and company for the year ended 31 December 2015.

Principal activity
The principal activity of the company is to act as a holding company for investments in a group of companies engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles.

Business review

The company is non-trading and acts only to hold an investment in its wholly owned subsidiary Asset Alliance Finance Limited, and management loan notes for the directors. The management loan notes are discount instruments, and as such do not contain a current pay requirement but instead accrete over time until their maturity date. In total they have accrued £1,462,354 towards their final value at maturity on 22 December 2022. The accrual in the year was as expected.

Economic conditions are regularly considered. Brexit has created some uncertainty in the market, but our business continues to grow year on year, and we are confident that with the continuing development of the group, and the acquisition of Forest Asset Finance Limited, we have the capability to overcome the challenges presented by current economic conditions.

The results for the year and financial position of the group and company are as shown in the annexed financial statements.

The group loss for the year, after taxation, amounted to £3,120,695 (2014: £2,771,756). No dividend is payable (2014: £nil).

Principal risks and uncertainties
Economic conditions are regularly considered. There is a definite upturn in business and we are seeing increasing demand for our services. Part of this is down to the improving economy, but part is due to our growing reputation in the market.

We have a determination to drive the business forward, continually exploring new markets and sales avenues and keeping a tight control of costs. Due to the funding from CS Capital Partners III L.P., liquidity is not considered a significant risk.

We believe that the risks and uncertainties experienced by us, are similar to those experienced by our competitors. The Board of Directors meet monthly to discuss the detailed management accounts, which highlight the results for the month and year to date, as well as key performance indicators. Budgets are also reviewed regularly and closely monitored.

Financial key performance indicators
The directors consider turnover, gross profit and profit before tax as the key performance indicators of the group.

Turnover for the group increased by 5.3% to £25,752,878 compared with the previous year. This growth is due to the group's use of various senior debt relationships to grow the group's leased asset fleet within Asset Alliance Ltd.

Gross profit margin was 21.4% for 2015 compared with 20.4% in the previous period. This increase in margin was due to a concentrated effort to improve efficiencies across the group and an improvement in margin in some of the new deals this year.

The gross profit of £5.51m in 2015 compared to £4.99m in 2014, is due to increased turnover and improved margins. Overhead costs increased as expected with the continued expansion of the group, but a small operating profit of £12,309 was generated compared to an operating loss of £44,473 in 2014. Both trading companies are making good EBITDA profits on a monthly basis, and are expected to show net trading profits for 2016. The loss before tax increased slightly in the year, due to additional interest charges incurred within Asset Alliance Ltd, as it continued to grow its fleet of vehicles for lease and contract hire.

The directors are satisfied with the performance of the group as it continues to develop, and remain committed to increasing the market share of the group.

Future developments

The group's ultimate controlling party is CS Capital Partners III L.P. a fund managed by Cabot Square Capital L.L.P. Using the substantial capital investment available from CS Capital Partners III L.P. and other available finance, the group will look to develop and grow its position in the market.

Post balance sheet events

In March 2016, we secured significant bank funding to facilitate anticipated growth, as well as provide cheaper funding costs. This resulted in a restructure of the group, including the transfer of a proportion of vehicles and associated contracts to a new group company, Asset Alliance Leasing Ltd.

This report was approved by the board on 15/8/16 and signed on its behalf by:

W H Paterson
Director

Report of the Directors for the year ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors
The directors who served during the year and up to the date these financial statements were signed were:-

A T Evans
J S Jenkins
D B McArthur
R J McDougall
W H Paterson
A M Lannon (appointed 1 January 2016)

Disclosure of information to the auditor
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the group's auditor is unaware; and

- that director 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 group's auditor is aware of that information.

Report of the Directors for the year ended 31 December 2015

Auditor
The auditor, Scott-Moncrieff will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15/8/16 and signed on its behalf by:

W H Paterson
Director

Report of the Independent Auditor to the Members of Asset Alliance Group Holdings Limited

We have audited the financial statements of Asset Alliance Group Holdings Limited for the year ended 31 December 2015 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

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 the directors and the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditor to the Members of Asset Alliance Group Holdings 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 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.

Scott-Moncrieff

Bernadette Higgins, Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Dated: 15 AUGUST 2016

Group Statement of Comprehensive Income
For the year ended 31 December 2015

	Notes		2015 £		2014 £
Turnover					
Continued operations	32	25,750,930		24,461,838	
Acquired operations	32	1,948		-	
	5		**25,752,878**		**24,461,838**
Cost of sales					
Continued operations	32	(20,237,955)		(19,476,578)	
Acquired operations	32	(105)		-	
			(20,238,060)		**(19,476,578)**
Gross profit			**5,514,818**		**4,985,260**
Administrative expenses					
Continued operations	32	(5,561,531)		(5,078,053)	
Acquired operations	32	6,494		-	
			(5,555,037)		**(5,078,053)**
Other operating income	6		**52,528**		**48,320**
Operating profit/(loss)					
Continued operations	32	3,972		(44,473)	
Acquired operations	32	8,337		-	
	8		**12,309**		**(44,473)**
Other interest receivable and similar income			**3**		**20**
Interest payable and similar charges	10		**(3,133,007)**		**(2,754,758)**
Loss on ordinary activities before taxation			**(3,120,695)**		**(2,799,211)**
Taxation on loss on ordinary activities	11		**-**		**27,455**
Loss for the financial year			**(3,120,695)**		**(2,771,756)**
Other comprehensive income for the year			**-**		**-**
Total comprehensive income for the year			**(3,120,695)**		**(2,771,756)**

Group Balance Sheet
As at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	12		1,604,575		1,567,387
Tangible assets	13		34,311,500		30,203,703
			35,916,075		31,771,090
Current assets					
Stocks	15	5,479,082		4,200,405	
Debtors (amounts falling due after more than one year)	16	2,608,266		745,642	
Debtors (amounts falling due within one year)	17	3,254,338		2,370,647	
Cash at bank and in hand	18	2,275,812		4,104,531	
		13,617,498		11,421,225	
Creditors: Amounts falling due within one year	19	(13,105,724)		(9,869,311)	
Net current assets			511,774		1,551,914
Total assets less current liabilities			36,427,849		33,323,004
Creditors: Amounts falling due after more than one year	20		47,413,731		41,188,201
Provisions for liabilities	23		-		-
Capital and reserves					
Share Capital	24	1,173		1,163	
Profit and loss account		(10,987,055)		(7,866,360)	
			(10,985,882)		(7,865,197)
			36,427,849		33,323,004

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/8/16 by:-

Douglas McArthur

D B McArthur
Director

Company registered number: 07726176

Company Balance Sheet
As at 31 December 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Investments	14		6,405,003		4,829,262
Current assets					
Debtors: amounts falling due within one year	17	671		671	
Cash at bank and in hand	18	218		218	
		889		889	
Creditors: Amounts falling due within one year	19	(1,815,957)		(837,225)	
Net current liabilities			(1,815,068)		(836,336)
Total assets less current liabilities			4,589,935		3,992,926
Creditors: Amounts falling due after more than one year	20		6,062,354		5,056,943
Capital and reserves					
Share Capital	24	1,173		1,163	
Profit and loss account		(1,473,592)		(1,065,180)	
			(1,472,419)		(1,064,017)
			4,589,935		3,992,926

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/8/16 by:-

Douglas McArthur

D B McArthur
Director

Company registered number: 07726176

Group Statement of Changes in Equity
For the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2015	1,163	(7,866,360)	(7,865,197)
Comprehensive Income for the year			
Loss for the year	-	(3,120,695)	(3,120,695)
Total Comprehensive Income for the year	-	(3,120,695)	(3,120,695)
Contributions by and Distributions to Owners			
Shares issued during the year	10	-	10
Total transactions with owners	10	-	10
At 31 December 2015	1,173	(10,987,055)	(10,985,882)

Group Statement of Changes in Equity
For the year ended 31 December 2014

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2014	1,163	(5,094,604)	(5,093,441)
Comprehensive Income for the year			
Loss for the year	-	(2,771,756)	(2,771,756)
At 31 December 2015	1,163	(7,866,360)	(7,865,197)

Company Statement of Changes in Equity
For the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2015	1,163	(1,065,180)	(1,064,017)
Comprehensive Income for the year			
Loss for the year	-	(408,412)	(408,412)
Total Comprehensive Income for the year	-	(408,412)	(408,412)
Contributions by and Distributions to Owners			
Shares issued during the year	10	-	10
Total transactions with owners	10	-	10
At 31 December 2015	1,173	(1,473,592)	(1,472,419)

Company Statement of Changes in Equity
For the year ended 31 December 2014

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2014	1,163	(687,672)	(686,509)
Comprehensive Income for the year			
Loss for the year	-	(377,508)	(377,508)
At 31 December 2015	1,163	(1,065,180)	(1,064,017)

Group Statement of Cash Flows
For the year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss for the financial year	(3,120,695)	(2,771,756)
Adjustments for:		
Taxation	-	(27,455)
Interest payable	3,133,007	2,754,758
Interest receivable	(3)	(20)
Amortisation of goodwill	1,049,528	832,185
Depreciation of tangible fixed assets	6,680,486	4,503,853
Gain on disposal of tangible fixed assets	(325,121)	(25,471)
Increase in stocks	(1,278,677)	(772,539)
Increase in debtors	(2,746,315)	(793,010)
Decrease in creditors	440,182	182,319
Corporation tax paid by Forest Asset Finance Limited relating to pre-acquisition period	(44,932)	-
Net cash generated from operating activities	3,787,460	3,882,864
Cash flows from investing activities		
Interest received	3	20
Interest paid	(1,477,899)	(1,223,991)
Proceeds on disposal of property, plant and equipment	2,147,127	448,855
Purchases of property, plant and equipment	(1,158,671)	(727,052)
Purchase of subsidiary	(413,500)	-
Subsidiary bank balance acquired at date of acquisition	541,681	-
Net cash used in investing activities	(361,259)	(1,502,168)
Cash flows from financing activities		
Capital repayment in respect of hire purchase and finance leases	(5,937,187)	(2,368,609)
Management loan and loan notes	-	500,000
Issue of ordinary shares	10	-
Net stocking loan drawn down in the year	515,753	268,265
Net cash used in financing activities	(5,421,424)	(1,600,344)
Net (decrease)/increase in cash and cash equivalents	(1,995,223)	780,352
Cash and cash equivalents at beginning of year	3,433,167	2,652,815
Cash and cash equivalents at the end of year	1,437,944	3,433,167
Components of cash and cash equivalents		
Cash in hand and in bank	2,275,812	4,104,531
Bank overdrafts	(837,868)	(671,364)
	1,437,944	3,433,167

Notes to the Financial Statements
For the year ended 31 December 2015

1. General information

These consolidated financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Group's transactions are denominated. They comprise the financial statements of the Company and its subsidiaries (together 'the Group') drawn up for the year ended 31 December 2015.

The continuing activities of Asset Alliance Group Holdings Limited is to act as a holding company for investments in a group of companies engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles.

The Company is a United Kingdom company limited by shares. It is incorporated, registered and domiciled in England. The address of its registered office is:

Edwin House
Boundary Industrial Estate
Stafford Road
Wolverhampton
WV10 7EL

2. Statement of compliance

The financial statements of Asset Alliance Group Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

3. Accounting policies

Basis of preparation of financial statements

The consolidated financial statements have been prepared under the historical cost convention. The principal accounting policies applicable in the preparation of these financial statements are noted below. These policies have been applied consistently to all years presented, in dealing with items which are considered material in relation to the group's financial statements unless otherwise stated.

These consolidated financial statements for the year ended 31 December 2015 are the group's first financial statements that comply with FRS 102. The group's date of transition to FRS 102 is 1 January 2014.

Before 2014 the financial statements were prepared in accordance with UK GAAP, applicable prior to the adoption of FRS102 as issued by the Financial Reporting Council, and referred to as 'previous UK GAAP'. Information on the impact of first-time adoption of FRS102 is given in note 36 to these financial statements.

Going concern

The directors consider that it is appropriate to prepare the financial statements on a going concern basis, due to the continued support which the group expects to receive from its ultimate controlling party, CS Capital Partners III L.P. as well as external funding sources. This has been confirmed in a letter of support from Cabot Square Capital L.L.P. which confirms support for the group for at least 12 months from the signing date of the group's financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Asset Alliance Group Holdings Limited and its subsidiaries for the year ended 31 December 2015.

3. Accounting policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The group has transferred the significant risks and rewards of ownership to the buyer;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the group will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably; and
- It is probable that the group will receive the consideration due under the contract.

Commissions

Commissions received are included in the Statement of Comprehensive Income when the income is due to the group.

Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. The assets of the plan are held separately from the group in independently administered funds.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Operating lease income is recognised on a straight line basis over the term of the lease.

3. Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of the estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Assets that are purchased and subsequently hired out to customers on hire purchase agreements or finance leases are not capitalised on the Balance Sheet.

Other operating income

Other operating income is included in the financial statements when received.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Current and deferred taxation

The tax expense comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, to the extent it relates to items recognised in other comprehensive income or directly in equity.

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

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits for which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements
For the year ended 31 December 2015

3. Accounting policies (continued)

Tangible fixed assets

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

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold property	-	2, 5 or 10 years straight line
Plant and machinery	-	20% straight line basis
Equipment, fixtures and fittings	-	15% or 20% straight line basis
Commercial vehicles	-	Over the lease period or 15% reducing balance
Motor vehicles	-	Over the lease period or over 2,3,4 or 5 years
Rental fleet	-	20% or 25% reducing balance
Computer equipment	-	25% straight line basis

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

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount. Gains or losses on disposal of commercial vehicles or the rental fleet are recognised within 'cost of sales' in the Statement of Comprehensive Income. Gains and losses for all other fixed assets are recognised in administration costs.

Valuation of investments

Investments in unlisted company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of its subsidiaries at the date of acquisition. Goodwill is recognised as an asset as it represents synergies the Group expects to receive from acquisition. Goodwill is subsequently amortised over its estimated useful life which is deemed to be five years from acquisition. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in the Statement of Comprehensive Income.

3. Accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Financial instruments

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

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

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

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

3. Accounting policies (continued)

Financial instruments (continued)

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

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

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

As an initial step the group assesses whether objective evidence of impairment exists.

The amount of the loss is measured, in the case of assets measured at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced to the present value of estimated future cash flows and the amount of the loss is recognised in the Statement of Comprehensive Income. Where the investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Accounting policies (continued)

Impairment of financial assets (continued)

In the case of financial assets measured at cost, the impairment loss will be the difference between the asset's carrying amount and the best estimate of the sales price that would be achieved at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

Debtors

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

Cash and cash equivalents

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

Bank overdrafts are included in creditors falling due in less than one year.

Creditors

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

Maintenance accrual

During the year an accrual is raised for every contract for the same value as the maintenance income and any repair costs are then offset against the specific accrual for the contract. On a regular basis, the accrual is assessed for reasonableness and adjusted as appropriate.

Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the depreciation rates which have been deemed to be appropriate for the class of asset, the stock provision, bad debt provision and maintenance accrual.

Notes to the Financial Statements
For the year ended 31 December 2015

5. Analysis of turnover

An analysis of group turnover by class of business is as follows:

	2015 £	2014 £
Contract hire income	4,453,067	3,041,273
Operating lease income	5,686,126	4,404,843
Finance lease income	73,530	37,206
Interest on hire purchase contracts	64,388	47,700
Contract hire re-charge fees	63,039	56,380
Documentation fees received	22,730	52,325
Sale of spare parts	26,809	110,296
Asset management income	15,222	12,325
Undisclosed agency income	7,308	3,547
Commission received as turnover	81,463	795
Sale of trailers and commercial vehicles	14,047,323	15,732,454
Rental of trailers and commercial vehicles	679,665	590,053
Refurbishment of trailers and commercial vehicles	532,208	372,641
	25,752,878	24,461,838

The proportion of turnover that is attributable to markets outside the United Kingdom is 8.6% (2014 – 12.7%). All customers are invoiced in pounds sterling.

Minimum lease payments receivable under operating and contract hire leases falls due as follows:

	2015 £	2014 £
Within one year	8,164,362	6,023,616
Between 1 – 2 years	6,503,230	5,546,259
Between 2 – 5 years	6,422,862	8,185,782
Over 5 years	135,789	329,497
	21,226,243	20,085,154

6. Other operating income

	2015 £	2014 £
Net rents receivable	34,000	20,000
Other operating income	18,528	28,320
	52,528	48,320

Notes to the Financial Statements
For the year ended 31 December 2015

7. Employees

	2015 £	2014 £
Staff costs, including directors' remuneration, were as follows:-		
Wages and salaries	2,953,958	2,873,370
Social security costs	333,425	311,895
Other pension costs	56,656	47,259
	3,344,039	3,232,524

The average monthly number of employees, including the directors, during the year was as follows:-	No.	No.
Selling and admin	44	41
Drivers	1	1
Mechanics	35	32
	80	74

8. Operating profit/(loss)

	2015 £	2014 £
The operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets	6,680,486	4,503,853
Amortisation of intangible assets	1,049,528	832,185
Gain on disposal of fixed assets	(325,121)	(25,471)
Auditor's remuneration – audit fee	39,100	26,300
Auditor's remuneration – tax compliance	3,125	4,925
Auditor's remuneration – assurance services	3,500	-
Operating lease rentals – land and buildings	526,260	458,926
Operating lease rentals – others	119,460	188,121
Defined contribution pension costs	56,656	47,259

9. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	579,660	466,149
Contributions to money purchase pension scheme	45,000	45,000
	624,660	511,149

Included in the total directors' emoluments is £13,160 of benefits in kind (2014: £9,149).

The remuneration of the highest paid director, including pension contributions, was £125,231 (2014: £131,419).

	No.	No.
Number of directors to whom retirement benefits are accruing under:		
Money purchase schemes	3	3

Notes to the Financial Statements
For the year ended 31 December 2015

10. Interest payable	**2015 £**	**2014 £**
On bank loans and overdrafts	72,058	108,011
Credit card charges	273	299
On obligations under finance lease and hire purchase contracts	1,405,568	1,115,681
Interest payable to CS Capital Partners III L.P.	1,249,696	1,156,179
Accretion of management loan notes	405,412	374,588
	3,133,007	2,754,758

11. Taxation	**2015 £**	**2014 £**
The tax charge on the loss on ordinary activities for the year was as follows:-		
UK corporation tax	-	-
Deferred tax	-	(27,455)
	-	(27,455)

Factors affecting tax charge for the year	**2015 £**	**2014 £**
Loss on ordinary activities before tax	(3,120,695)	(2,799,211)

Due to the loss incurred in the year and the use of group relief, there was no corporation tax charge (2014: £nil).

12. Intangible fixed assets Group	**Goodwill £**
Cost:	
At 1 January 2015	4,160,924
Additions	1,086,716
At 31 December 2015	5,247,640
Amortisation:	
At 1 January 2015	2,593,537
Amortised in the year	1,049,528
At 31 December 2015	3,643,065
Net Book Value:	
At 31 December 2015	1,604,575
At 31 December 2014	1,567,387

Notes to the Financial Statements
For the year ended 31 December 2015

13. Tangible fixed assets

Group	Leasehold property £	Plant and machinery £	Equipment, fixtures and fittings £	Commercial vehicles	Motor vehicles £	Rental fleet £	Computer equipment £	Total £
Cost:								
At 1 January 2015	458,304	369,713	151,839	35,754,878	544,065	310,250	58,361	37,647,410
Transfer on acquisition	-	-	30,214	-	16,630	-	-	46,844
Additions	5,662	18,283	23,025	12,544,489	-	-	10,349	12,601,808
Disposals	-	-	-	(2,695,142)	(9,447)	(310,250)	-	(3,014,839)
At 31 December 2015	463,966	387,996	205,078	45,604,225	551,248	-	68,710	47,281,223
Depreciation:								
At 1 January 2015	248,190	208,704	92,109	6,406,444	230,189	240,754	17,317	7,443,707
Transfer on acquisition	-	-	30,117	-	8,246	-	-	38,363
Charge for the year	59,230	46,822	20,351	6,418,117	97,959	24,073	13,934	6,680,486
Eliminated on disposals	-	-	-	(919,159)	(8,847)	(264,827)	-	(1,192,833)
At 31 December 2015	307,420	255,526	142,577	11,905,402	327,547	-	31,251	12,969,723
Net Book Value:								
At 31 December 2015	156,546	132,470	62,501	33,698,823	223,701	-	37,459	34,311,500
At 31 December 2014	210,114	161,009	59,730	29,348,434	313,876	69,496	41,044	30,203,703

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £31,220,621 (2014: £28,283,845).

The depreciation charge for the year includes £6,098,467 (2014: £3,872,240) in respect of assets leased under finance leases or under hire purchase contracts.

Included within fixed assets are assets held for use in operating leases and contract hire. The cost of these assets is £45,604,225 (2014: £35,754,878) and the accumulated depreciation is £11,905,402 (2014: £6,406,444).

14. Investments

Company

	Investments in subsidiary companies £
Cost:	
At 1 January 2015	4,829,262
Additions	1,575,741
	6,405,003

On 24 October 2011 the company acquired 100% of the share capital of a newly incorporated company, Asset Alliance Finance Limited, in exchange for an initial consideration of £4,000,267. As the company was acquired when it was incorporated, there were no assets and liabilities to be disclosed prior to acquisition. Costs in relation to the acquisition of £828,995 were capitalised.

On 22 December 2015 the company acquired 100% of the share capital of Forest Asset Finance Limited, in exchange for an initial consideration of £1,339,734, which consisted of a cash payment of £400,000 for the shares of the company, a cash payment of £489,724 for the working capital paid post year end, loan notes issued of £450,000 and C shares issued of £10. The acquisition also includes a deferred consideration of £150,000 which is payable in December 2018. Costs in relation to the acquisition of £86,007 were capitalised of which £72,507 was paid post year end.

Details of assets acquired and liabilities assumed:

	£
Tangible assets	8,481
Trade debtors	40,537
Other debtors	3,562
Cash at bank and in hand	541,681
Obligations under finance lease	(4,656)
Trade creditors	(4,086)
Directors loan account	(124)
Corporation tax	(63,087)
Other taxes and social security costs	(8,446)
Other creditors	(24,837)
	489,025

Forest Asset Finance Limited has generated revenue of £1,948 and a profit of £8,337 since the acquisition date of 22 December 2015. These figures are included in the Group Statement of Comprehensive Income.

Notes to the Financial Statements
For the year ended 31 December 2015

14. Investments (continued)

The company's investment, at the balance sheet date, in the share capital of companies include the following:-

Asset Alliance Finance Limited
Registered in England and Wales

Nature of business: A sub-parent company undertaking of a group of companies engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles.

	2015
Class of shares; Ordinary	**£**
Holding: 100%	
Aggregate capital and reserves	121,840
(Loss) for the year	(1,251,693)

Forest Asset Finance Limited
Registered in England and Wales

Nature of business: Finance consultants specialising in the vehicle industry.

	2015
Class of shares; Ordinary	**£**
Holding: 100%	
Aggregate capital and reserves	495,695
Profit for the year	79,325

Notes to the Financial Statements
For the year ended 31 December 2015

15. Stocks	**Group 2015 £**	**Company 2015 £**	**Group 2014 £**	**Company 2014 £**
Spare parts	3,748	-	5,637	-
Raw materials and consumables	57,682	-	50,152	-
Finished goods and goods for resale	5,417,652	-	4,144,616	-
	5,479,082	-	4,200,405	-

Raw materials and finished goods amounting to £12,459,479 (2014: £11,886,921) were recognised in cost of sales. Finished goods amounting to £784,018 (2014: £268,265) are pledged on security for loans outstanding at the balance sheet date.

16. Debtors: amounts falling due after more than one year	**Group 2015 £**	**Company 2015 £**	**Group 2014 £**	**Company 2014 £**
Net receivable under hire purchase contracts	465,599	-	377,111	-
Net receivable under finance leases	2,142,667	-	368,531	-
	2,608,266	-	745,642	-

Minimum lease payments recoverable under hire purchase agreements and finance leases fall due as follows:-

	Group 2015 £	**Company 2015 £**	**Group 2014 £**	**Company 2014 £**
Within one year	1,093,806	-	384,806	-
Between 1 – 2 years	705,588	-	359,979	-
Between 2 – 5 years	957,403	-	385,663	-
Over 5 years	945,275	-	-	-
	3,702,072	-	1,130,448	-

Payments receivable under hire purchase agreements and finance leases are repayable in monthly instalments, over periods of 12 months to 85 months.

Interest rates vary depending on the length of the lease.

Notes to the Financial Statements
For the year ended 31 December 2015

17. Debtors: amounts falling due within one year	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade debtors	995,974	-	1,168,179	-
Other debtors	516,895	-	686,275	-
Amounts owed by group undertakings	-	671	-	671
Prepaid expenses and accrued income	647,663	-	131,387	-
Net receivable under hire purchase contracts	444,861	-	183,058	-
Net receivable under finance leases	648,945	-	201,748	-
	3,254,338	671	2,370,647	671

18. Cash and cash equivalents	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Cash at bank and in hand	2,275,812	218	4,104,531	218
Bank overdrafts	(837,868)	-	(671,364)	-
	1,437,944	218	3,433,167	218

19. Creditors: amounts falling due within one year	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Bank overdrafts	837,868	-	671,364	-
Stocking loans	784,018	-	268,265	-
Trade creditors	1,433,181	-	1,143,345	-
Other creditors	562,231	562,231	-	-
Amounts owed to group undertakings	-	1,250,725	-	834,305
Other taxes and social security	103,036	-	150,208	-
Corporation tax	18,155	-	-	-
Accruals and deferred income	1,397,302	3,001	1,201,724	2,920
Net obligations under finance leases and hire purchase contracts	7,969,933	-	6,434,405	-
	13,105,724	1,815,957	9,869,311	837,225
Secured creditors	9,591,819	-	7,374,034	-

Notes to the Financial Statements
For the year ended 31 December 2015

20. Creditors: amounts falling due after more than one year	**Group 2015 £**	**Company 2015 £**	**Group 2014 £**	**Company 2014 £**
Net obligations under finance leases and hire purchase contracts	24,480,477	-	20,510,054	-
Management loan notes	5,912,354	5,912,354	5,056,943	5,056,943
Amounts owed to related parties – deferred consideration	150,000	150,000	-	-
Amounts owed to related parties	16,870,900	-	15,621,204	-
	47,413,731	6,062,354	41,188,201	5,056,943

Deep discounted bonds shown under "Amounts owed to related parties" are repayable on 22 December 2022. This redemption date was extended in 2014. The bonds accrete over time at 8% per annum.

The management loan notes are repayable on 22 December 2022. The loan notes accrete over time at 8% per annum.

The amounts owed to related parties – deferred consideration is due for payment on 22 December 2018 if all conditions have been met.

Analysed as:				
Repayable in between one and two years	11,347,887	-	5,697,148	-
Repayable in between two and five years	12,351,322	150,000	14,803,470	-
Repayable in greater than five years	23,714,522	5,912,354	20,687,583	5,056,943
	47,413,731	6,062,354	41,188,201	5,056,943
Secured creditors	24,480,477	-	20,510,054	-

HSBC has an unlimited Multilateral Guarantee dated 9 February 2012 given by Asset Alliance Group Holdings Limited, Asset Alliance Finance Limited, ATE Truck & Trailer Sales Limited and Assets Alliance Ltd.

Within ATE Truck & Trailer Sales Limited, HSBC have a debenture including a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a first floating charge over all assets and undertakings both present and future, dated 10 May 2010.

Asset Alliance Group Holdings Limited, Asset Alliance Finance Limited, ATE Truck & Trailer Sales Limited and Asset Alliance Ltd have provided guarantees to various funders in respect of assets purchased by Asset Alliance Ltd under finance leases and hire purchase agreements.

Securities are held by various funders in respect of the assets purchased under finance leases and hire purchase by Asset Alliance Ltd and ATE Truck & Trailer Sales Limited.

The stocking loans are secured by the finished goods within stock.

Notes to the Financial Statements
For the year ended 31 December 2015

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:-

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Within one year	7,969,933	-	6,434,405	-
Between 1 – 2 years	11,347,887	-	5,697,148	-
Between 2 – 5 years	12,201,322	-	14,803,470	-
Over 5 years	931,268	-	9,436	-
	32,450,410	-	26,944,459	-

22. Financial Instruments	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Financial assets				
Financial assets measured at amortised cost	5,214,941	671	2,984,902	671
Financial liabilities				
Financial liabilities measured at amortised cost	60,398,264	7,878,311	50,907,304	5,894,168

Financial assets measured at amortised cost comprise bank overdrafts, trade debtors, other debtors, amounts owed by group undertakings, amounts receivable under hire purchase contracts and amounts receivable under finance leases.

Financial liabilities measured at amortised cost comprise stocking loans, trade creditors, other creditors, amounts owed to group undertakings accruals and obligations under finance leases, hire purchase, management loan notes (including accrued interest), (and deferred income), amounts owed to related parties and amounts owed to related parties – deferred consideration.

23. Provisions for liabilities	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Accelerated capital allowances	-	-	-	-
Provision at start of year	-	-	27,455	-
Release of the deferred tax provision	-	-	(27,455)	-
Provision at end of the year	-	-	-	-

Notes to the Financial Statements
For the year ended 31 December 2015

24. Share capital

	Group and Company 2015 £	Group and Company 2014 £
Allotted, called up and fully paid		
1 Deferred share at £1 each	1	1
64,655 A shares at 1p each	647	647
25,000 B shares at 1p each	250	250
11,323 C shares at 1p each	113	103
16,164 D shares at 1p each	162	162
	1,173	1,163

The rights attached to the A shares are as follows:

a) these shares carry the right to vote at general meetings of the company;
b) these shares carry the right to a dividend; and
c) these shares carry the right to capital on a distribution (including on wind up).

The rights attached to the B shares are as follows:

a) these shares do not carry the right to vote at general meetings of the company;
b) these shares do not carry the right to a dividend; and
c) these shares carry the right to capital on a distribution (including on wind up) after the A and C shares have received the Return Target.

The rights attached to the C shares are as follows:

a) these shares do not carry the right to vote at general meetings of the company;
b) these shares carry the right to a dividend; and
c) these shares carry the right to capital on a distribution (including on wind up).

The rights attached to the D shares are as follows:

a) these shares carry the right to vote at general meetings of the company;
b) these shares do not carry the right to a dividend; and
c) these shares do not carry the right to capital on a distribution (including on wind up).

The deferred share holds no rights.

The original share capital issued in 2012 was £1. This was converted to a deferred share in 2012.

During the year, the company issued 978 C shares of £0.01p each. The consideration received was £9.78.

Notes to the Financial Statements
For the year ended 31 December 2015

25. Commitments under operating leases

Group

The group's commitments for future minimum lease payments under non-cancellable operating leases were as set out below:-

	2015 Land and buildings £	2015 Other £	2014 Land and buildings £	2014 Other £
Operating leases which expire:				
Not later than one year	417,842	3,472	438,682	31,183
Later than one year ad not later than 5 years	718,000	1,867	774,500	5,339
Later than five years	14,583	-	189,583	-
	1,150,425	5,339	1,402,765	36,522

26. Transactions in which the directors have an interest

Asset Alliance Group Holdings Limited

During the period ended 31 December 2012, the directors sold their shares in ATE Truck and Trailer Sales Limited and Asset Alliance Ltd to the company and received £4,000,000 of management loan notes as part of the consideration. W H Paterson received £1,200,000, A T Evans received £1,200,000, J S Jenkins received £1,200,000 and D B McArthur received £400,000. During the year, the loan notes accreted in value by : WH Paterson £121,367 (2014: £112,377), A T Evans £121,367 (2014: £112,377), J S Jenkins £121,367 (2014: £112,377) and D B McArthur £40,456 (2014: £37,457).

At the year end, the value of the management loan notes attributable to each of the directors was: W H Paterson £1,638,449 (2014 : £1,517,083), A T Evans £1,638,449 (2014 : £1,517,083), J S Jenkins £1,638,449 (2014 : £1,517,083) and D B McArthur £546,150 (2014 : £505,694).

Asset Alliance Ltd

During the year, the company was charged £38,294 (2014: £32,534) for rent, rates, electricity and repairs from M54 Space Centre Limited, a company in which A T Evans is a director. During the year, the company charged £5,003 (2014: £8,752) to M54 Space Centre Limited for services provided. £1,800 is outstanding at the year-end (2014: £nil).

ATE Truck & Trailer Sales Limited

During the year, ATE Truck & Trailer Sales Limited ("the company") were invoiced £nil (2014: £745) for repair work by ATE Properties partnership run by A T Evans, a director of the company. The company invoiced ATE Properties partnership £nil (2014: £616) for recharged material costs.

During the year, the company was invoiced £nil (2014: £800) for consumable stock by M54 Management Limited, a company in which A T Evans, is a director and shareholder. The amount due to M54 Management Limited at 31 December 2014 is £nil (2014: £960). This is included in trade creditors.

Notes to the Financial Statements
For the year ended 31 December 2015

26. Transactions in which the directors have an interest (cont'd)

ATE Truck & Trailer Sales Limited (cont'd)

During the year, the company was invoiced £361,361 (2014: £326,508) for rent and storage of trucks, £11,669 (2014: £7,812) for electricity, £3,777(2014: £3,777) for insurance, £6,908 (2014: £2,621) for repairs, £nil (2014: £10,745) for security, £nil (2014: £880) for legal expenses, £1,824 (2014 £nil) for stock purchases and £147 (2014: £nil) for motor expenses by M54 Space Centre Limited, a company in which A T Evans, is a director and shareholder. The balance due to M54 Space Centre Limited at 31 December 2015 is £528 (2014: £171). This is included in trade creditors. The company invoiced M54 Space Centre Limited £2,258 (2014: £3,202) for recharged material costs. The balance owed from M54 Space Centre Limited at 31 December 2015 is £1,971 (2014: £3,842). This is included in trade debtors.

The amounts outstanding at the balance sheet date are unsecured for cash settlement in accordance with usual terms.

27. Pension costs

The group operates defined contribution pension schemes. The assets of these schemes are held separately from those of the group in an independently administered fund. The pension cost and charge represents contributions payable by the group to the fund and amounted to £56,656 (2014: £47,259). At 31 December 2015 contributions amounting to £1,914 (2014: £36,458) were payable to the fund and were included within accruals and deferred income.

28. Related party transactions - group

During the year, Asset Alliance Finance Limited issued £nil (2014: £500,000) of deep discounted bonds to CS Capital Partners III L.P.. The bonds accreted by £1,249,696 (2014: £1,156,179) in the year. The total balance due to CS Capital Partners III L.P. at 31 December 2015 was £16,870,900 (2014: £15,621,204).

The nominal value of the deep discounted bonds is due to be redeemed on 22 December 2022. CS Capital Partners III L.P. is the ultimate controlling party of Asset Alliance Group Holdings Limited, which owns 100% of the share capital in Asset Alliance Finance Limited

29. Related party transactions – company

As permitted under FRS 102, transactions with other companies in the group have not been disclosed under related party transactions.

Included in management loan notes is £225,000 of notes received by M Bycroft and £225,000 received by D Fitzpatrick as part of the consideration for Asset Alliance Group Holdings Limited's purchase of Forest Asset Finance Limited. The accrued value attributable to each at the end of the year was £225,427.

30. Ultimate controlling party

The ultimate controlling party is CS Capital Partners III L.P. as it holds the majority shareholding in Asset Alliance Group Holdings Limited.

31. Contingent liabilities

In 2013 a self-employed contractor working within an area made available to him to use within the boundary of ATE's premises tragically died as the result of an accident. Following a detailed response to the accident, the police confirmed that no action would be taken. An inquest into the death of the individual subsequently took place and a jury returned a verdict of accidental death.

Subsequent to that inquest and almost three years after the accident the Health & Safety Executive (HSE) telephoned ATE to give advance notice that it intends to bring a separate case alleging a single breach of the Health and Safety at Work Etc Act 1974. Those proceedings have yet to begin and although no evidence or other material has been received it is the intention of ATE to defend those proceedings. It has been advised that a trial in this case is unlikely to take place until late 2016 at the earliest and more likely in 2017.

A claim for personal injury has now been received from the individual's dependant. This claim was issued shortly before the three year time limit expired for a claim to be made. That matter has been passed to ATE's insurers to be dealt with.

No liability has been recognised in the financial statements in respect of any potential penalties or settlements.

32. Continuing and acquired operations

	Continuing operations £	Acquired operations £	2015 Total £
Turnover	25,750,930	1,948	25,752,878
Cost of sales	(20,237,955)	(105)	(20,238,060)
Gross profit	5,512,975	1,843	5,514,818
Administrative expenses	(5,561,531)	6,494	(5,555,037)
Other operating income	52,528	-	52,528
Operating profit	3,972	8,337	12,309

	Continuing operations £	Acquired operations £	2014 Total £
Turnover	24,461,838	-	24,461,838
Cost of sales	(19,476,578)	-	(19,476,578)
Gross profit	4,985,260	-	4,985,260
Administrative expenses	(5,078,053)	-	(5,078,053)
Other operating income	48,320	-	48,320
Operating (loss)	(44,473)	-	(44,473)

On 22 December 2015, Asset Alliance Ltd acquired the share capital of Forest Asset Finance Limited as per note 14. The trade of this acquisition is run through a separate division called Total Reefer.

Notes to the Financial Statements
For the year ended 31 December 2015

	2015	2014
33. Commitments to buy stock	**£**	**£**
Group		
Contracted for but not provided in the financial statements	421,000	421,000

	2015	2014
34. Commitments to buy fixed assets	**£**	**£**
Group		
Contracted for but not provided for in the financial statements	1,815,062	-

35. Subsequent events

In March 2016, the group secured significant bank funding to facilitate anticipated growth, as well as provide cheaper funding costs. This resulted in a restructure of the group, including the transfer of a proportion of vehicles and associated contracts to a new group company, Asset Alliance Leasing Ltd.

36. First time adoption of FRS 102

The accounting policies applied under the group's previous framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.