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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 2018

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ASSET ALLIANCE GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors
J S Jenkins
D B McArthur
R J McDougall
W H Paterson
A M Lannon

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

Registered Number
07726176

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

ASSET ALLIANCE GROUP HOLDINGS LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the Strategic Report, the Directors' Report and the financial statements of the group and company for the year ended 31 December 2018.

Business review
Company
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.

The company is non-trading and acts only to hold an investment in its wholly owned subsidiary Asset Alliance Finance Limited and management loans 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 £2,999,434 towards their final value at maturity on 22 December 2022. The accrual in the year was as expected.

Group
The group is engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles. Additionally it acts as a broker for commercial leasing transactions.

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

The operating profit for the year was £5,213,065 (*2018 - £2,336,008*).

The group loss for the year, after taxation, amounted to £2,263,458 (*2017 - £2,783,604*). No dividend is payable (*2017 - £nil*).

The continued support of the group's banks has facilitated substantial growth in the year, with over £78m of new assets added to the fleet within Asset Alliance Leasing Limited. Over £22m of new assets were added to the fleet within Asset Alliance Ltd.

The business continues to expand and look for new opportunities within the commercial vehicles market. The customer base is growing and our reputation in the market is strengthening.

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. This is primarily due to our growing reputation in the market and our ability to fund a wider range of counterparties, asset types and products.

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 external loan providers, 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 the 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 EBITDA as the key performance indicators of the group.

Turnover for the group increased 49% compared to the previous year and is representative of the expansion of the group due to continued support from senior debt providers and our growing reputation and position in the market.

Gross margin decreased from 20.9% in 2017 to 18.9% in 2018. Margins within the leasing business remained strong, and comparable to last year. Margins in vehicle sales dropped because of the increase in sales of new assets which attract lower returns, and continued pressure in the second hand market across the UK.

Overheads increased by 9.4% compared with the growth in turnover of 49%, demonstrating that the cost base is in place to support the growth of the business, and thereby allowing for an improved operating profit position as income increases.

Underlying EBITDA is improving as the business grows, a trend which is expected to continue in 2019. Net losses decreased compared to 2017 as a result of improved results within the trading businesses, building on the infrastructure that has been put in place in recent years.

Future developments

The group has access to significant debt funding and capital investment, and we will use these in the coming year to further expand our portfolio of assets and our presence in the market.

This report was approved by the board on 4 July 2019 and signed on its behalf by:

Douglas McArthur

D B McArthur
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

J S Jenkins
D B McArthur
R J McDougall
W H Paterson
A M Lannon

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

- 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 group's auditor is aware of that information.

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

Post balance sheet events
Group

On 1 January 2019, the trading activities of ATE Truck & Trailer Sales Limited were transferred to Asset Alliance Leasing Limited. As part of this transfer, all ATE Truck & Trailer Sales Limited employees were TUPED over to Asset Alliance Leasing Limited.

On 1 July 2019 the holders of the Deep Discounted Bonds and the Management Loan Notes which have been issued by the group, agreed to waive the total amount of interest which had accrued to that date, and any future interest which would have fallen due. This has the impact of significantly improving the balance sheet value of the group. The waiver will be reflected through the financial statements to 31 December 2019. As at 31 December 2018 the value of accrued interest was £11,904,760. Had the waiver been in place at that date, it would have had the impact of adding £11,904,760 to the consolidated profit for the year, and improving the Consolidated Profit And Loss Reserves in the balance sheet by this amount.

Company
On 1 July 2019 the holders of the Management Loan Notes which have been issued by the company, agreed to waive the total amount of interest which had accrued to that date, and any future interest which would have fallen due. This has the impact of significantly improving the balance sheet value of the company. The waiver will be reflected through the financial statements to 31 December 2019. As at 31 December 2018 the value of accrued interest was £2,999,434. Had the waiver been in place at that date, it would have had the impact of adding £2,999,434 to the profit for the year, and improving the Profit And Loss Reserves in the balance sheet by this amount.

This report was approved by the board on 4 July 2019 and signed on its behalf by:

Douglas McArthur

D B McArthur
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Asset Alliance Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

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 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Use of our report

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, as a body, 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.

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: 4 July 2019

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	*2017* *£*
Turnover	4	**71,529,064**	*47,900,588*
Cost of sales		**(58,022,098)**	*(37,901,285)*
Gross profit		**13,506,966**	*9,999,303*
Administrative expenses:			
Before exceptional items		**(8,879,528)**	*(8,117,167)*
Legal settlement		**-**	*120,000*
		(8,879,528)	*(7,997,167)*
Other operating income	5	**585,627**	*333,872*
Operating profit	7a	**5,213,065**	*2,336,008*
Interest receivable and similar income		**1**	*3*
Interest payable and similar charges	9	**(7,476,524)**	*(5,119,615)*
Loss on ordinary activities before taxation		**(2,263,458)**	*(2,783,604)*
Taxation on loss on ordinary activities	10	**-**	*-*
Loss for the financial year		**(2,263,458)**	*(2,783,604)*

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

The notes on pages 14 - 34 form part of these financial statements

ASSET ALLIANCE GROUP HOLDINGS LIMITED

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes		2018		*2017*
		£	£	*£*	*£*
Fixed assets					
Intangible assets	11		**684,482**		*-*
Tangible assets	12		**175,009,434**		*112,571,485*
			175,693,916		*112,571,485*
Current assets					
Stocks	14	**3,810,916**		*2,646,605*	
Debtors: amounts falling due after more than one year	15	**3,846,425**		*3,491,929*	
Debtors: amounts falling due within one year	16	**10,900,722**		*8,939,898*	
Cash at bank and in hand	17	**1,312,878**		*2,124,480*	
		19,870,941		*17,202,912*	
Creditors: amounts falling due within one year	18	**(25,496,990)**		*(12,959,498)*	
Net current assets			**(5,626,049)**		*4,243,414*
Total assets less current liabilities			**170,067,867**		*116,814,899*
Creditors: amounts falling due after more than one year	19		**190,736,666**		*135,214,380*
Provisions	22		**207,625**		*213,485*
Capital and reserves					
Share capital	23	**1,173**		*1,173*	
Profit and loss account	24	**(20,877,597)**		*(18,614,139)*	
			(20,876,424)		*(18,612,966)*
			170,067,867		*116,814,899*

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 July 2019 by:

Douglas McArthur

D B McArthur
Director

Company registered number: 07726176

The notes on pages 14 - 34 form part of these financial statements

ASSET ALLIANCE GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	£	2018 £	£	*2017* *£*
Fixed assets					
Investments	13		**6,405,003**		*6,405,003*
Current assets					
Debtors: amounts falling due within one year	16	**671**		*671*	
Cash at bank and in hand	17	**218**		*218*	
		889		*889*	
Creditors: amounts falling due within one year	18	**(1,974,981)**		*(1,969,997)*	
Net current liabilities			**(1,974,092)**		*(1,969,108)*
Total assets less current liabilities			**4,430,911**		*4,435,895*
Creditors: amounts falling due after more than one year	19		**7,449,434**		*6,897,624*
Capital and reserves					
Share capital	23	**1,173**		*1,173*	
Profit and loss account	24	**(3,019,696)**		*(2,462,902)*	
			(3,018,523)		*(2,461,729)*
			4,403,911		*4,435,895*

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 July 2019 by:

Douglas McArthur

D B McArthur
Director

Company registered number: 07726176

The notes on pages 14 - 34 form part of these financial statements

ASSET ALLIANCE GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2018	**1,173**	**(18,614,139)**	**(18,612,966)**
Comprehensive Income for the year			
Loss for the year	-	**(2,263,458)**	**(2,263,458)**
Total Comprehensive Income for the year	-	**(2,263,458)**	**(2,263,458)**
At 31 December 2018	**1,173**	**(20,877,597)**	**(20,876,424)**

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £	*Profit and loss account £*	*Total Equity £*
At 1 January 2017	*1,173*	*(15,830,535)*	*(15,829,362)*
Comprehensive Income for the year			
Loss for the year	-	*(2,783,604)*	*(2,783,604)*
Total Comprehensive Income for the year	-	*(2,783,604)*	*(2,783,604)*
At 31 December 2017	*1,173*	*(18,614,139)*	*(18,612,966)*

The notes on pages 14 - 34 form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Profit and loss account £	Total Equity £
At 1 January 2018	**1,173**	**(2,462,902)**	**(2,461,729)**
Comprehensive Income for the year			
Loss for the year	-	**(556,794)**	**(556,794)**
Total Comprehensive Income for the year	-	**(556,794)**	**(556,794)**
At 31 December 2018	**1,173**	**(3,019,696)**	**(3,018,523)**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital *£*	*Profit and loss account* *£*	*Total Equity* *£*
At 1 January 2017	*1,173*	*(1,949,281)*	*(1,948,108)*
Comprehensive Income for the year			
Loss for the year	-	*(513,621)*	*(513,621)*
Total Comprehensive Income for the year	-	*(513,621)*	*(513,621)*
At 31 December 2017	*1,173*	*(2,462,902)*	*(2,461,729)*

The notes on pages 14 - 34 form part of these financial statements

ASSET ALLIANCE GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	*2017 £*
Cash flows from operating activities			
Loss for the financial year		**(2,263,458)**	*(2,783,604)*
Adjustments for:			
Taxation		**-**	*-*
Interest payable		**7,476,524**	*5,119,615*
Interest receivable		**(1)**	*(3)*
Amortisation of goodwill		**81,179**	*555,047*
Depreciation of tangible fixed assets		**26,555,186**	*16,255,869*
(Gain)/loss on disposal of tangible fixed assets		**(22,956)**	*(33,549)*
(Increase)/decrease in stocks		**(933,029)**	*1,306,625*
(Increase) in debtors		**(2,315,320)**	*(4,729,069)*
Increase in creditors		**3,889,870**	*2,561,584*
(Decrease) in provision		**(5,860)**	*(301,515)*
Taxation paid		**-**	*-*
Net cash generated from operating activities		**32,462,135**	*17,951,000*
Cash flows from investing activities			
Interest received		**1**	*3*
Proceeds on disposal of tangible fixed assets		**11,482,237**	*8,611,666*
Purchases of tangible fixed assets		**(78,438,431)**	*(71,865,260)*
Purchase of goodwill		**(765,661)**	*-*
Net cash used in investing activities		**(67,721,854)**	*(63,253,591*
Cash flows from financing activities			
Interest paid		**(4,857,702)**	*(3,008,183)*
Net repayment in respect of hire purchase and finance leases		**(6,825,097)**	*(1,320,971)*
Net stocking loan repayment in the year		**-**	*-*
Issue of deep discounted bond		**-**	*5,000,000*
Net cash (used)/generated in financing activities		**(11,682,799)**	*670,846*
Net (decrease) in cash and cash equivalents		**(46,942,518)**	*(44,631,745)*
Cash and cash equivalents at beginning of year	17	**(91,883,067)**	*(47,251,322)*
Cash and cash equivalents at the end of year	17	**(138,825,585)**	*(91,883,067)*
Components of cash and cash equivalents			
Cash in hand and in bank		**1,312,878**	*2,124,480*
Bank overdrafts		**(140,138,463)**	*(94,007,547)*
		(138,825,585)	*(91,883,067)*

The notes on pages 14 - 34 form part of these financial statements

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 2018.

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. Additionally it acts as a broker for commercial leasing transactions.

The company is a United Kingdom company limited by shares, incorporated in the United Kingdom and registered in England. Details of the registered number and office can be found on the company information page of these financial statements.

2. Accounting policies

Basis of preparation of financial statements

The consolidated financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgements in applying the group's accounting policies, as detailed in note 3.

The group has taken the exemptions allowed by FRS 102 not to prepare a parent company Statement of Comprehensive Income or parent company Statement of Cash Flows.

The principal accounting policies are summarised below. They have all been applied consistently through the year.

Going concern

The group has made an overall loss for the year and has negative reserves. However it has a significant revolving credit facility which the directors will use to fund expansion. The continued support of the group's banks and other lenders has facilitated substantial growth with over £100m of new assets added to the fleet. The revolving credit facility has been extended to December 2020. In the medium term, growth in the asset base will result in higher turnover, resulting in both an operating profit and net profit which will in turn continue to generate positive cash flows.

As the group has access to significant funds though the revolving credit facility and it has the support of the banks, the directors believe that the preparation of the financial statements on a going concern basis is appropriate.

2. Accounting policies (continued)

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 2018.

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.
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

Commissions

Commissions received are included in the Statement of Comprehensive Income on a straight-line-basis over the period of the lease.

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.

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.

2. Accounting policies (continued)

Leased assets (continued)

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.

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 Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Consolidated and Company Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

Other operating income

Other operating income is included in the Statement of Comprehensive Income when receivable.

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.

Current and deferred taxation

The tax expense comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expenditure recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

The current corporation 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.

2. 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 the Statement of Comprehensive Income 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
Motor vehicles	-	Over the lease period or over 2,3,4 or 5 years
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 administrative 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.

Goodwill on acquisition is the difference paid for the trade and assets and the fair value of the assets purchased.

2. 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 potential impairment loss.

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.

Trucks and trailers held for sale within stock may be rented out under a short term rental agreement.

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, and loans to group undertakings and to related parties.

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 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.

2. Accounting policies (continued)

Financial instruments

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; and
- 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.

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.

2. Accounting policies (continued)

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.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

Provisions

Provisions are made where an event has taken place that give the group a legal or constructive obligation that probably required settlement by transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expenses to the Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Share capital

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

Exceptional item

The legal settlement as detailed in note 22 has been presented as an exceptional item within the Group Statement of Comprehensive Income as it is a one off material item.

3. 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 and based on the expected useful life of the asset. The stock provision, bad debt provision and maintenance accrual are based on a year-end review by the management team. The legal provision is based on the expected costs still to be incurred.

4. Analysis of turnover

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

	2018 £	*2017* *£*
Contract hire income	35,491,999	*18,809,755*
Operating lease income	6,492,660	*6,982,015*
Finance lease income	211,632	*246,948*
Interest on hire purchase contracts	137,354	*106,829*
Commission received as turnover	763,062	*1,018,073*
Sale of trailers and commercial vehicles	24,730,677	*17,290,037*
Spot rental of trailers and commercial vehicles	2,438,672	*1,256,373*
Refurbishment of trailers and commercial vehicles and workshop income	1,021,546	*2,032,212*
Miscellaneous income	241,462	*158,346*
	71,529,064	*47,900,588*

The proportion of turnover that is attributable to markets outside the United Kingdom is 2.7% (*2017 – 4.9%*). All customers are invoiced in pounds sterling.

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

	2018 £	*2017* *£*
Within one year	35,383,397	*23,730,558*
Between 1 – 2 years	28,437,500	*19,421,043*
Between 2 – 5 years	31,058,953	*30,873,378*
Over 5 years	1,358,918	*1,668,599*
	96,238,768	*75,693,578*

5. Other operating income

	2018 £	*2017 £*
Net rents receivable	512,333	*306,945*
Miscellaneous income	29,294	*26,927*
Legal settlement	44,000	*-*
	585,627	*333,872*

6. Employees

Staff costs, including directors' remuneration, were as follows:-

	2018 £	*2017 £*
Wages and salaries	4,173,199	*3,665,865*
Social security costs	461,532	*409,913*
Other pension costs	128,315	*103,842*
	4,763,046	*4,179,620*

The average monthly number of employees, including the directors, during the year was as follows:	No.	*No.*
Selling and admin	81	*63*
Operators	8	*18*
	89	*81*

The remuneration (excluding pension contributions) paid to key management personnel comprising the group directors and one trading company director was £617,330 *(2017 - £601,490)*. The pension contributions for these individuals was £67,919 *(2017 - £47,476)*. The social security costs attributable to these individuals are £77,699 *(2017 - £75,705)*.

7a. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £	*2017 £*
Depreciation of tangible fixed assets	26,555,186	*16,255,869*
Amortisation of intangible assets	81,179	*555,047*
(Gain) on disposal of fixed assets	(22,956)	*(33,549)*
Auditor's remuneration – audit fee	64,560	*72,810*
Auditor's remuneration – tax compliance	35,473	*27,588*
Operating lease rentals – land and buildings	627,415	*588,546*
Operating lease rentals – others	577,599	*144,729*
Exchange differences	304	*(481)*
Defined contribution pension costs	128,315	*103,842*
Provision for legal settlement	-	*(120,000)*

7b. Parent company loss for the year

The company has taken advantage of the exemptions allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company was £556,794 *(2017 - £513,621)*.

8. **Directors' remuneration**	**2018** **£**	*2017* *£*
Directors' emoluments	**464,830**	*480,913*
Contributions to money purchase pension scheme	**67,227**	*47,104*
	532,057	*528,017*

Included in the total directors' emoluments is £4,431 of benefits in kind *(2017 - £4,253)*.

The remuneration of the highest paid director, including pension contributions, was £140,000 *(2017 - £140,000)*. Pension contributions to the highest paid director were £36,232 *(2017 - £15,911)*.

	No.	*No.*
Number of directors to whom retirement benefits are accruing under:		
Money purchase schemes	**4**	*4*

9. **Interest payable**	**2018** **£**	*2017* *£*
Interest payable on revolving credit facility	**3,761,213**	*2,152,918*
On obligations under finance lease and hire purchase contracts	**1,096,489**	*855,265*
Interest payable to CS Capital Partners III L.P.	**2,067,012**	*1,600,496*
Accretion of management loan notes	**551,810**	*510,936*
	7,476,524	*5,119,615*

		2018	*2017*
10.	**Taxation**	**£**	*£*
	The tax charge on the loss on ordinary activities for the year was as follows:-		
	UK corporation tax	-	-
	Deferred tax	-	-
		-	-

	2018	*2017*
Factors affecting tax charge for the year	**£**	*£*
	-	-

Due to the loss incurred in the year and the use of group relief, there was no corporation tax charge (*2017 - £nil*).

Factors that may affect future tax charges

A gradual reduction in the corporation tax rate to 17% was announced in the Budget on 16 March 2017. This will reduce the group's future tax charge.

		Goodwill
11.	**Intangible fixed assets**	
	Group	**£**
	Cost:	
	At 1 January 2018 and 31 December 2018	5,247,640
	Additions	765,661
		6,013,301
	Amortisation:	
	At 1 January 2018	5,247,640
	Amortised in the year	81,179
	At 31 December 2018	5,328,819
	Net Book Value:	
	At 31 December 2018	684,482
	At 31 December 2017	-

12. Tangible fixed assets

Group	Leasehold property £	Plant and machinery £	Equipment, fixtures and fittings £	Commercial vehicles	Motor vehicles £	Computer equipment £	Total £
Cost:							
At 1 January 2018	480,017	402,874	277,781	141,164,160	517,433	118,322	142,960,587
Additions	64,543	3,299	66,012	100,347,618	162,100	40,126	100,683,698
Disposals	-	-	-	(17,272,310)	(132,644)	-	(17,404,954)
Transfer to stock	-	-	-	(246,530)	-	-	(246,530)
At 31 December 2018	544,560	406,173	343,793	223,992,938	546,889	158,448	225,992,801
Depreciation:							
At 1 January 2018	421,634	335,366	192,678	28,999,983	361,947	77,494	30,389,102
Charge for the year	45,567	37,256	38,939	26,331,731	75,635	26,058	26,555,186
Eliminated on disposals	-	-	-	(5,849,864)	(95,809)	-	(5,945,673)
Transfer to stock	-	-	-	(15,248)	-	-	(15,248)
At 31 December 2018	467,201	372,622	231,617	49,466,602	341,773	103,552	50,983,367
Net Book Value:							
At 31 December 2018	77,359	33,551	112,176	174,526,336	205,116	54,896	175,009,434
At 31 December 2017	*58,383*	*67,508*	*85,103*	*112,164,177*	*155,486*	*40,828*	*112,571,485*

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £27,368,521 (*2017 - £13,485,127*).

The depreciation charge for the year includes £4,019,027 (*2017 - £3,167,372*) 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 £223,992,938 (*2017 - £141,164,160*) and the accumulated depreciation is £49,466,602 (*2017 - £28,999,983*).

13. Investments

	Investments in subsidiary companies £
Company	
Cost:	
At 1 January 2018	6,405,003
Additions	-
Disposals	-
31 December 2018	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, loan notes issued of £450,000 and C shares issued of £10. The acquisition also included as deferred consideration of £150,000 which is payable in February 2019. Costs in relation to the acquisition of £86,007 were capitalised.

On 23 March 2016 the investment in Forest Asset Finance Limited was sold to Asset Alliance Finance Limited. Asset Alliance Finance Limited issued 1,000,010 £1 Ordinary shares to Asset Alliance Group Holdings Limited as consideration of £1,575,741 for the investment in Forest Asset Finance Limited.

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Asset Alliance Finance Limited	Ordinary	100%	Intermediary holding company

The aggregate of the share capital and reserves as at 31 December 2018 and of the loss for the year ended on that date for the subsidiary undertakings were as follows:-

	Aggregate of share capital and reserves £	Loss £
Asset Alliance Finance Limited	(3,366,490)	(2,070,347)

14. Stocks	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Raw materials and consumables	**21,378**	-	*96,081*	-
Work in progress	**109,529**	-	*85,389*	-
Finished goods and goods for resale	**3,680,009**	-	*2,465,135*	-
	3,810,916	-	*2,646,605*	-

Raw materials and finished goods amounting to £21,144,149 (*2017 - £14,936,577*) were recognised in cost of sales.

15. Debtors: amounts falling due after more than one year	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Net receivable under hire purchase contracts	**1,112,365**	-	*459,969*	-
Net receivable under finance leases	**2,734,060**	-	*3,031,960*	-
	3,846,425	-	*3,491,929*	-

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

	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Within one year	**990,026**	-	*782,053*	-
Between 1 – 2 years	**824,374**	-	*714,085*	-
Between 2 – 5 years	**1,919,366**	-	*1,549,599*	-
Over 5 years	**1,102,685**	-	*1,228,245*	-
	4,836,451	-	*4,273,982*	-

Payments receivable under hire purchase agreements and finance leases are repayable in monthly instalments, over periods of 12 months to 84 months.

Interest rates vary depending on the length of the lease.

16. **Debtors: amounts falling due within one year**	**Group 2018 £**	**Company 2018 £**	*Group 2017 £*	*Company 2017 £*
Trade debtors	**7,591,943**	**-**	*6,641,499*	*-*
Other debtors	**1,294,797**	**-**	*530,993*	*-*
Amounts owed by group undertakings	**-**	**671**	*-*	*671*
Amounts owed by related parties	**-**	**-**	*127,720*	*-*
Prepaid expenses and accrued income	**1,023,956**	**-**	*857,633*	*-*
Net receivable under hire purchase contracts	**523,693**	**-**	*328,394*	*-*
Net receivable under finance leases	**466,333**	**-**	*453,659*	*-*
	10,900,722	**671**	*8,939,898*	*671*

17. **Cash and cash equivalents**	**Group 2018 £**	**Company 2018 £**	*Group 2017 £*	*Company 2017 £*
Cash at bank and in hand	**1,312,878**	**218**	*2,124,480*	*218*
Revolving credit facility	**(140,138,463)**	**-**	*(94,007,547)*	*-*
	(138,825,585)	**218**	*(91,883,067)*	*218*

The Revolving Credit Facility is shown as a creditor falling due after more than one year as it has a renewal term date of December 2020.

18. **Creditors: amounts falling due within one year**	**Group 2018 £**	**Company 2018 £**	*Group 2017 £*	*Company 2017 £*
Trade creditors	**3,118,225**	**-**	*2,640,389*	*-*
Other creditors	**779,230**	**-**	*816,418*	*-*
Amounts owed to group undertakings	**-**	**1,820,326**	*-*	*1,817,311*
Amounts owed to related parties – deferred consideration	**150,000**	**150,000**	*150,000*	*150,000*
Amounts owed to directors	**124**	**-**	*124*	*-*
Other taxes and social security	**177,011**	**-**	*124,040*	*-*
Corporation tax	**-**	**-**	*-*	*-*
Accruals and deferred income	**8,163,786**	**4,655**	*4,767,535*	*2,686*
Net obligations under finance leases and hire purchase contracts	**13,108,614**	**-**	*4,460,992*	*-*
	25,496,990	**1,974,981**	*12,959,498*	*1,969,997*
Secured creditors	**13,108,614**	**-**	*4,460,992*	*-*

19. Creditors: amounts falling due after more than one year	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Revolving credit facility	140,138,463	-	*94,007,547*	-
Net obligations under finance leases and hire purchase contracts	15,244,115	-	*8,471,567*	-
Management loan notes	7,449,434	7,449,434	*6,897,624*	*6,897,624*
Amounts owed to related parties	27,904,654	-	*25,837,642*	-
	190,736,666	7,449,434	*135,214,380*	*6,897,624*

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.

Analysed as:	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Repayable in between one and two years	6,698,222	-	*3,920,836*	-
Repayable in between two and five years	184,038,444	7,449,434	*131,293,544*	*6,897,624*
Repayable in greater than five years	-	-	-	-
	190,736,666	7,449,434	*135,214,380*	*6,897,624*
Secured creditors	155,382,578	-	*102,479,114*	-

HSBC has unlimited Multilateral Guarantees dated 9 February 2012 given by Asset Alliance Group Holdings Limited, Asset Alliance Finance Limited, ATE Truck & Trailer Sales Limited and Assets Alliance Ltd and dated 23 March 2016 given by Asset Alliance Leasing Limited and Asset Alliance Group Finance No. 2 Limited.

Within ATE Truck & Trailer Sales Limited, RBS Invoice Financing Limited hold a fixed charge over any right, title or interest in all land; a fixed charge over the intellectual property including all fee royalties and other rights and a floating charge over all property or undertaking of the company.

Asset Alliance Group Holdings Limited, Asset Alliance Finance 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.

RBS Invoice Finance has a fixed and floating charge over the assets of Asset Alliance Leasing Limited.

20. Hire purchase and finance leases

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

	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Within one year	13,108,614	-	*4,460,992*	-
Between 1 – 2 years	6,698,222	-	*3,920,836*	-
Between 2 – 5 years	8,545,893	-	*4,550,731*	-
Over 5 years	-	-	-	-
	28,352,729	-	*12,932,559*	-

21. Financial Instruments

	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
Financial assets				
Cash and bank and in hand	1,312,878	218	*2,124,480*	*218*
Financial assets measured at amortised cost	13,658,306	671	*11,574,194*	*671*
Financial liabilities				
Financial liabilities measured at amortised cost	(215,518,174)	(9,424,415)	*(148,049,838)*	*(8,867,621)*

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

Financial liabilities measured at amortised cost comprise the revolving credit facility, trade creditors, other creditors, amounts owed to group undertakings, amounts owed to directors, accruals, net obligations under finance leases and hire purchase creditors, management loan notes, amounts owed to related parties and amounts owed to related parties – deferred consideration.

No financial assets or liabilities are held at fair value.

22. Provisions

	Group 2018 £	Company 2018 £	*Group 2017 £*	*Company 2017 £*
At 1 January 2018	213,485	-	*515,000*	-
Increase in provisions in respect of legal costs and end settlement paid	-	-	*155,000*	-
Reduction in penalty	-	-	*(275,000)*	-
Payments made in the year	(5,860)	-	*(181,515)*	-
At 31 December 2018	207,625	-	*213,485*	-

22. Provisions (continued)

In May 2018, as the result of a court action brought by the HSE, the group was fined in relation to a fatal accident that happened on site in 2013. The size of the original penalty was successfully appealed in April 2018 with the penalty being reduced from £475,000 to £200,000.

23. Share capital

	Group and Company 2018 £	*Group and Company 2017 £*
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	*113*
16,164 D shares at 1p each	162	*162*
	1,173	*1,173*

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.

24. Reserves

Profit and loss account

The profit and loss account includes all current and prior year retained profit and losses.

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:

	Land and buildings 2018 £	**Other 2018 £**	*Land and buildings 2017 £*	*Other 2017 £*
Operating leases which expire:				
Not later than one year	**554,542**	**10,779**	*432,342*	*8,671*
Later than one year and not later than 5 years	**514,533**	**7,367**	*398,583*	*604*
	1,069,075	**18,146**	*830,925*	*9,275*

26. Transactions in which the directors have an interest

Asset Alliance Group Holdings Limited
During the year, the loan notes of 3 directors (*2017 - 3*) accreted in value by: £152,919 (*2017 - £141,592*), £152,919 (*2017 - £141,592*), and £50,973 (*2017 - £47,198*).

At the year end, the value of the management loan notes attributable to the above 3 directors (*2017 - 3*) was: £2,064,410 (*2017 - £1,911,491*), £2,064,410 (*2017 - £1,911,491*), and £688,136 (*2017 - £637,163*).

27. Related party transactions

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

Asset Alliance Group Holdings Limited
Included in amounts owed to related parties is £150,000 (*2017 - £150,000*) owed to two members of key management in respect of the company's acquisition of Forest Asset Finance Limited in December 2015. Payment is due within 60 days of the deferred consideration payment date which was 22 December 2018 provided all conditions have been met. The amount remains unpaid as at 31 December 2018.

During the year, the loan notes of two members of key management accreted in value by £42,080 (*2017 - £38,962*).

At the year end, the value of the management loan note attributable to two key members of management was £568,068 (*2017 - £525,988*).

27. Related party transactions (cont'd)

Asset Alliance Finance Limited

During the year, Asset Alliance Finance Limited issued £nil *(2017 - £5,000,000)* of deep discounted bonds to CS Capital Partners III L.P. The bonds in issue accreted by £2,067,012 *(2017 - £1,600,496)* in the year. The total balance due to CS Capital Partners III L.P. at 31 December 2017 was £27,904,654 *(2017 - £25,837,642)*.

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.

During the year, Asset Alliance Finance Limited drew down £nil *(2017 - £500,000)* of loans from LDF Finance No3 Limited. This incurred interest of £nil *(2017 - £16,010)*. The capital and interest was fully repaid by the year end so there is no balance outstanding at the year end.

The amounts outstanding are unsecured for cash settlement in accordance with usual terms.

28. 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.

29. Commitments to buy stock

	2018	*2017*
	£	*£*
Group		
Contracted for but not provided in the financial statements	**2,236,062**	*2,236,062*

30. Pension commitment

The group operates a defined contribution scheme. The assets of the scheme are held separately from the group in an independently administered fund. The pension cost and charge represents contributions payable by the group to the new fund in the year and amounted to £128,315 *(2017 - £103,842)*. Contributions of £nil were payable to the fund at 31 December 2018 *(2017 - £nil)*.

31. Post balance sheet events

Group

On 1 January 2019, the trading activities of ATE Truck & Trailer Sales Limited were transferred to Asset Alliance Leasing Limited. As part of this transfer, all ATE Truck & Trailer Sales Limited employees were TUPED over to Asset Alliance Leasing Limited.

On 1 July 2019 the holders of the Deep Discounted Bonds and the Management Loan Notes which have been issued by the group, agreed to waive the total amount of interest which had accrued to that date, and any future interest which would have fallen due. This has the impact of significantly improving the balance sheet value of the group. The waiver will be reflected through the financial statements to 31 December 2019. As at 31 December 2018 the value of accrued interest was £11,904,760. Had the waiver been in place at that date, it would have had the impact of adding £11,904,760 to the consolidated profit for the year, and improving the Consolidated Profit And Loss Reserves in the balance sheet by this amount.

31. Post balance sheet events (cont'd)

Company

On 1 July 2019 the holders of the Management Loan Notes which have been issued by the company, agreed to waive the total amount of interest which had accrued to that date, and any future interest which would have fallen due. This has the impact of significantly improving the balance sheet value of the company. The waiver will be reflected through the financial statements to 31 December 2019. As at 31 December 2018 the value of accrued interest was £2,999,434. Had the waiver been in place at that date, it would have had the impact of adding £2,999,434 to the profit for the year, and improving the Profit And Loss Reserves in the balance sheet by this amount.