

RAEDEX CONSORTIUM LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
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RAEDEX CONSORTIUM LIMITED

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RAEDEX CONSORTIUM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016		2015 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	3		155,846		85,811
Investments	4		200		200
			<u>156,046</u>		<u>86,011</u>
Current assets					
Debtors	5	598,376		115,183	
Cash at bank and in hand		30,647		146,742	
		<u>629,023</u>		<u>261,925</u>	
Creditors: amounts falling due within one year	6	(7,624,506)		(4,625,997)	
Net current liabilities			<u>(6,995,483)</u>		<u>(4,364,072)</u>
Total assets less current liabilities			<u>(6,839,437)</u>		<u>(4,278,061)</u>
Capital and reserves					
Called up share capital	7		100		100
Profit and loss reserves			<u>(6,839,537)</u>		<u>(4,278,161)</u>
Total equity			<u>(6,839,437)</u>		<u>(4,278,061)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:


R. Larry-Cole
Director

28/9/17


S. Martin
Director

28/9/2017

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Raedex Consortium Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Bell Parade, Glebe Way, West Wickham, Kent, BR4 0RH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Raedex Consortium Limited prepared in accordance with FRS 102 including section 1A, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.2 Going concern

During the year, the company's key trading subsidiary Rent 2 Own Cars Limited continued to make progress in increasing sales volumes by concentrating on the private customer leasing business model.

Earlier plans for extending the business model towards catering for customers with a lower monthly budget by re-letting used cars following initial lease completion or their sale on hire purchase agreements were finally implemented in August and not in March 2017 as originally planned, through PayGo Cars Limited, an affiliated company. As a result of the delay and in anticipation of lower volumes and margins than planned in respect of used car activities, the earlier projections of positive Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) throughout 2017 and profitability achieved from activities in the last quarter of the year will not be realised.

The Directors have therefore conducted a further review of the underlying private customer leasing business model which culminated in a new marketing strategy and rebranding of the businesses at the end of the first quarter of 2017. In addition, the Directors implemented a new business and financial plan for the years 2018-2020, setting out a strategy for significant improvement in business margins and accelerated growth in volumes.

As a result, Rent 2 Own Cars Limited significantly repriced private customer leases as from July 2017, hired a new team of Brand Ambassadors tasked with setting up private customer lease sales partnerships directly with individual car dealerships, nationally and opened its first new sales branch in August 2017. Over time this source of business will enable marketing cost efficiency as referral fees are only paid on a success basis. The new initiatives have already proved successful since their inception and the directors are confident that the business will yield positive EBITDA in the final quarter of 2017 and become profitable at a pre-tax level from the beginning of 2019. It will be necessary to maintain the planned level of loans from investors and sales activity to meet its working capital requirements.

On the cost side of the Leasing activity, the directors have rationalised the company's cost base by reducing staffing levels, introducing a simplified organisation structure and cancelling an ongoing new IT systems project, re-allocating resources to improve existing systems use and efficiency. As the leasing and funding businesses have grown significantly, the Directors have further decided to separate the management of each business to better focus on each area of activities.

The leasing business continues to lead in client recommendation at 97% the highest in its sector.

Based on the above, the directors consider it appropriate that the financial statements have been prepared on the going concern basis. The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

1.3 Turnover

Turnover represents amounts receivable for management fees net of VAT. Income is recognised in the period the management services are incurred.

1.4 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment
Motor vehicles

Fully depreciated over 3 years
Fully depreciated over 3 years

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts.

1.9 Prior period adjustment

The comparative figures have been adjusted for the following:

To correct the trade debtor position, as these trade debtors were incorrectly recognised in the companies subsidiary undertaking Rent 2 Own Cars Limited. The affect on the balance sheet is to increase trade debtors by £62,881 and increase the amounts due to the group undertakings by £62,881. There is no impact on the profit and loss reserve.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 24 (2015 - 26).

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Tangible fixed assets

Plant and machinery etc £

Cost

At 1 January 2016	136,002
Additions	98,377
Disposals	(2,347)
At 31 December 2016	232,032

Depreciation and impairment

At 1 January 2016	50,191
Depreciation charged in the year	28,342
Eliminated in respect of disposals	(2,347)
At 31 December 2016	76,186

Carrying amount

At 31 December 2016	155,846
At 31 December 2015	85,811

4 Fixed asset investments

2016 £

2015 £

Investments	200	200
-------------	-----	-----

Movements in fixed asset investments

Investments other than loans £

Cost or valuation

At 1 January 2016 & 31 December 2016	200
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Carrying amount

At 31 December 2016	200
At 31 December 2015	200

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Debtors

	2016 £	2015 £
Trade debtors	90,560	62,881
Corporation tax recoverable	98,760	-
Other debtors	409,056	52,302
	<u>598,376</u>	<u>115,183</u>

Included within other debtors is an amount of £303,878 relating to the directors overdrawn loan accounts which fall due for payment after more than one year.

6 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	96,179	79,906
Amounts due to group undertakings	7,195,394	4,122,061
Corporation tax	98,760	-
Other taxation and social security	167,930	409,430
Other creditors	66,243	14,600
	<u>7,624,506</u>	<u>4,625,997</u>

7 Called up share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Financial commitments, guarantees and contingent liabilities

The company is part of a VAT group registration scheme with its subsidiary undertakings, Buy 2 Let Cars Limited and Rent 2 Own Cars Limited. Therefore all companies are jointly and severally liable for all VAT liabilities of the group.

9 Related party transactions

Included within Debtors (note 5) is an amount of £303,878 due after one year, relating to overdrawn directors loan accounts.

RAEDEX CONSORTIUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Events after the reporting date:

On 27 September 2017 the company allotted 9,900 ordinary shares, issued at par of £1 each, with full consideration paid.

On 27 September 2017 the company purchased an additional 9,900 ordinary shares, at par of £1 each, with full consideration paid, of its subsidiary Buy-2-Let Cars Limited.

On 27 September 2017 the company purchased an additional 9,900 ordinary shares, at par of £1 each, with full consideration paid, of its subsidiary Rent 2 Own Cars Limited.