Registered Number: 02765920

Holdings (UK)
Limited

ASSET ADVANTAGE GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

ASSET ADVANTAGE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSET ADVANTAGE GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- Asset Advantage Group Limited's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2016 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statements of Financial Position as at 30 September 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Cash Flow Statements for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ASSET ADVANTAGE GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	J C G Eddy P J Knight M P M Olive A J Ramsay
REGISTERED NUMBER	02765920
REGISTERED OFFICE	3rd Floor Matrix House Basing View Basingstoke Hampshire RG21 4DZ
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

ASSET ADVANTAGE GROUP LIMITED

CONTENTS

ASSET ADVANTAGE GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

INTRODUCTION

The principal activity of the company and the group is the trading and leasing of equipment. Throughout the year, the company and group continued to have a presence in two separate, but related asset finance markets: the public sector market in which the group has an historical portfolio of predominantly operating leases, and the SME market, where new business is transacted in the form of finance leases and hire purchase contracts written in the name of Asset Advantage Limited ("AAL"), a wholly owned subsidiary of the group.

The historic public sector portfolio is made up of operating leases funded through back-to-back head leases. The group typically retained an investment in the residual value of the leased asset and as such, the majority of the value to the group of this portfolio is realised at the end of the lease. Consequently, as this portfolio runs down, the residual value is realised either through a sale of the leased assets or through secondary rentals. In both scenarios, the portfolio provides cash to fund the growing SME new business portfolio.

In addition to writing finance leases and hire purchase contracts, AAL provides loans to SME customers where asset finance transactions are not appropriate but where funding is required for the purchase or finance of business critical assets. The SME portfolio, both lease and loan, is funded through borrowings to lend alongside the group's own equity investment – either in the form of block discounting facilities or wholesale revolving credit facilities. AAL writes the finance lease, hire purchase contract or loan with the SME and then borrows funds from a 3rd party secured against the cash receivables under the agreement.

The group sources new business from a panel of professional introducers. This provides a scalable new business model at a low overhead which has access to a pool of highly experienced individuals covering a range of SME markets and geographical areas. The introducers are able to offer their customers access to the most appropriate funder for their needs, whilst the funders do not have to disappoint the customers by being unable to fund their business. Our underwriting process for new SME business continues to emphasise the underlying credit quality of our customers over the strength of the underlying asset – resulting in both a low bad debt ratio and a portfolio of leases covering a diverse range of assets and loans into a wide variety of industries.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The year ended 30 September 2016 saw continued growth in the SME business resulting in an increase in consolidated revenues of £3.7m to £40.6m (from £36.9m in the year ended 30 September 2015). The contribution to turnover from the SME business was £37.8m, up £6.3m from the £31.5m recorded in 2015. Gross profit in the year was £13.3m (up from £11.9m in 2015) with the contribution from the SME business of £11.7m, an increase of £2.8m on the £8.9m recorded in the previous year.

The SME lending portfolio grew to £92.0m (compared to £70.6m at 30 September 2015) with £51.1m of new business being written in the year, an increase of £8.1m on the £43.0m recorded in the year ended 30 September 2015. £14.7m of the new business lending was in the form of the SME loan product (against £11.9m in the year to 30 September 2015).

The public sector lease portfolio has continued to run down, as reflected in the fall in tangible assets and the investment in residual value. Its contribution to revenues fell to £2.8m in the year ended 30 September 2015 (down £2.5m from the £5.3m recorded in the year ended 30 September 2015), and the portfolio's contribution to gross profit fell by £1.5m to £1.5m (from £3.0m in the previous year) reflecting the smaller number of assets.

The group's insurance subsidiary, Advantage Risk Solutions Ltd ("ARS"), had its first full year of trading since receiving regulatory approval from the Financial Conduct Authority to provide insurance and risk management solutions to SMEs and their owners in November 2014. ARS was established with the aim of broadening the group's product offering to its core SME customer base and to provide a further revenue stream. The company is steadily building a client base.

ASSET ADVANTAGE GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016 (Continued)

The directors are satisfied with the group's performance in the current economic climate and that all KPIs (in particular turnover and net income) have been achieved. The main KPIs for the business include:

Profit vs. budget
Bad debt as % of NBV
IRR% vs. Target
Average IRR% by broker
Residual value vs. market value

Funding for new business continues to grow both in terms of facility sizes and number of lenders, enabling the continued progression and development of the business.

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks facing the group, and the steps taken for their management, are as follows:

An increase in bad debt:
This could result from both internal and external factors. The principal internal factors would be a change in credit policy (encompassing not only credit underwriting, but also in products offered and markets). However, the credit policy has consistently resulted in low levels of bad debt year on year and therefore there are no plans to change it. Similarly, the business is providing profitable products in a market that the directors believe is sufficiently large for the group to continue to grow profits and portfolio size in the future and therefore there are no plans to change these. Although the directors have no influence over external factors such as a weakening economy, they have endeavored to mitigate the risks through financing a broad mix of asset types, industry sectors, business types, demographics and by maintaining an average customer exposure of c. 0.25% of the portfolio. Furthermore, investment in IT systems enables us to produce comprehensive reporting packs facilitating regular and informed analysis of portfolio characteristics and trends.

Liquidity Risk:
The group funds its operations out of its own cash resources and through 3rd party funding. Whilst it maintains sufficient headroom in its funding facilities to ensure cash is available at all times, there is a small risk that insufficient funds would be available. To mitigate this liquidity risk, the group forecasts short term cash requirements and long term cash flows 12 months in advance and monitors its performance against these targets. Furthermore, management actively seek out further funding at all times, to ensure that funding is available in the future.

A downturn in residual values:
This risk is mitigated as the group has a diverse portfolio of asset types leased over a wide range of terms thereby avoiding a concentration of one asset type being returned at the same time. Exposure is monitored through regular portfolio valuations and appropriate provisions are made where necessary. The risk is expected to reduce over time as the public sector operating lease portfolio declines and becomes a smaller part of the business.

DISCLOSURE OF NON FINANCIAL KEY PERFORMANCE INDICATORS
The group does not currently make use of non-financial key performance indicators.

This report was approved by the board on 29 June 2017 and signed on its behalf.

J C G Eddy
Director

ASSET ADVANTAGE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors 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.

PRINCIPAL ACTIVITIES

The principal activity of the company and the group is the trading and leasing of equipment.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis as the directors are of the opinion that the operations will continue into the foreseeable future.

DIVIDENDS

The directors have approved the dividends as set out in note 21. Interim dividends of £125,000 and £250,000 were paid on the 7th of January 2016 and 29th of February 2016 respectively. (2015: £125,000 on 13 January 2015, 08 April 2015 and 06 July 2015). Special dividends of £116,586 each were paid on the 5th of May 2016 and 13th of July respectively. The 2015 final dividend of £125,000 for the current year was approved by written resolution prior to the year end and thus has been classified as a liability at year end.

ASSET ADVANTAGE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016 (continued)

DIRECTORS
The directors of the company who were in office during the year were:

J G C Eddy
P J Knight
P J Lewin
M P M Olive
A J Ramsay

All directors with in office throughout the year and up to the date of signing the financial statements except PJ Lewin who resigned on 17 November 2015.

FUTURE DEVELOPMENTS
The directors anticipate the continued growth of the SME portfolio and further rundown of the public sector portfolio over the next few years. On 18th November 2016, AAL entered into two new financing agreements. The first was a £50m committed facility provided by Commerzbank AG, together with an irrevocable first-demand guarantee from the European Investment Fund (EIF). Secondly, AAL entered into a £15m revolving credit facility with Royal Bank of Scotland. These facilities, together with the Group's additional funding, ensure the business has sufficient liquidity to continue its growth over the coming years.

FINANCIAL RISK MANAGEMENT
Please refer to the strategic report and Note 13 for details of the company's and group's risk management policies.

DISCLOSURE OF INFORMATION TO AUDITORS
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 company's and the group's auditors are 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 company's and the group's auditors are aware of that information.

INDEPENDENT AUDITORS
The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with s485 of the Companies Act 2006.

This report was approved by the board on 29 June 2017 and signed on its behalf.

J G C Eddy
Director

ASSET ADVANTAGE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSET ADVANTAGE GROUP LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- Asset Advantage Group Limited's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2016 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statements of Financial Position as at 30 September 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Cash Flow Statements for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

What an audit of financial statements involves (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Christine Dobson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
30 June 2017

ASSET ADVANTAGE GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Revenue	5	40,658,153	36,992,539
Cost of sales		(27,357,396)	(25,136,646)
Gross profit		13,300,757	11,855,893
Administrative expenses		(6,258,761)	(4,725,241)
Operating profit	6	7,041,996	7,130,652
Finance costs	9	(4,496,549)	(3,318,012)
Finance income	10	-	213,360
Profit before tax		2,545,447	4,026,000
Income tax expense	11	(382,252)	(44,057)
Profit and total comprehensive income for the year		**2,163,195**	**3,981,943**
Attributable to:			
Equity holders of the parent		2,253,820	4,065,510
Non-controlling interest		(90,625)	(83,567)
		2,163,195	**3,981,943**

The notes on pages 15 to 48 form part of these financial statements.

All amounts relate to continuing operations.

The company has adopted the exemption in section 408 of the Companies Act of 2006 not to prepare the parent's company's profit and loss statement and thus has not been prepared.

ASSET ADVANTAGE GROUP LIMITED

Registered Number: 02765920

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016	2015	As at 1 October 2014
		£	£	£
ASSETS				
Non-current assets				
Property, plant and equipment	12	1,118,474	1,952,101	5,531,631
Other financial assets	14	61,353,981	46,878,261	34,178,295
Deferred tax	15	529,717	766,923	1,109,037
		63,002,172	49,597,285	40,818,963
Current assets				
Inventories	16	505,449	757,909	673,050
Trade and other receivables	17	2,237,355	1,322,721	1,321,022
Other financial assets	14	30,943,134	24,433,383	19,040,981
Cash and cash equivalents	18	3,944,232	4,264,237	5,858,761
		37,630,170	30,778,250	26,893,814
TOTAL ASSETS		**100,632,342**	**80,375,535**	**67,712,777**
EQUITY AND LIABILITIES				
Equity				
Issued capital	19	589,224	600,000	550,000
Capital redemption reserve	20	(392,756)	-	-
Retained earnings		17,826,831	16,306,183	13,290,673
Equity attributable to the holders of the parent		18,023,299	16,906,183	13,840,673
Non-controlling interests	22	(174,162)	- 83,537	30
Total equity		17,849,137	16,822,646	13,840,703
Non-current liabilities				
Interest-bearing loans and borrowings	23	43,426,458	37,165,078	27,785,932
		43,426,458	37,165,078	27,785,932
Current liabilities				
Trade and other payables	24	4,302,400	2,607,147	4,597,618
Interest-bearing loans and borrowings	23	34,750,162	23,047,557	18,979,258
Current tax payable		304,185	733,107	2,509,266
		39,356,747	26,387,811	26,086,142
TOTAL LIABILITIES		82,783,205	63,552,889	53,872,074
TOTAL EQUITY & LIABILITIES		**100,632,342**	**80,375,535**	**67,712,777**

The notes on pages 15 to 48 are an integral part of these financial statements.

The financial statements on pages 8 to 48 were approved by the board of directors on 29 June 2017 and were signed on its behalf by:

J C G Eddy
Director

ASSET ADVANTAGE GROUP LIMITED

Registered Number: 02765920

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016	2015	As at 1 October 2014
		£	£	£
ASSETS				
Non-current assets				
Property plant and equipment	12	997,196	1,409,850	2,862,510
Other financial assets	14	62,905	344,838	501,098
Investments	25	500,078	500,078	140
Deferred tax	15	468,561	698,953	597,231
		2,028,740	2,953,719	3,960,979
Current assets				
Inventories	16	290,648	317,663	120,307
Trade and other receivables	17	9,299,547	8,733,646	8,288,009
Other financial assets	14	193,513	103,304	229,355
Cash and cash equivalents	18	231,619	1,166,737	2,023,609
Current tax receivable		752,006	-	-
		10,767,333	10,321,350	10,661,280
TOTAL ASSETS		12,796,073	13,275,069	14,622,259
EQUITY AND LIABILITIES				
Equity				
Share capital	19	589,224	600,000	550,000
Capital redemption reserve	20	(392,756)	-	-
Retained earnings				
At 1 October		8,501,939	8,409,788	8,251,708
Profit/(Loss) for the year attributable to the owners		92,836	1,142,151	(281,088)
Other changes in equity		(733,172)	(1,050,000)	439,168
		7,861,603	8,501,939	8,409,788
Total equity		8,058,071	9,101,939	8,959,788
Non-current liabilities				
Interest-bearing loans and borrowings	23	946,657	1,296,354	2,106,931
		946,657	1,296,354	2,106,931
Current liabilities				
Trade and other payables	24	3,577,715	2,286,038	2,193,939
Interest-bearing loans and borrowings	23	213,630	564,516	969,779
Current tax payable		-	26,222	391,822
		3,791,345	2,876,776	3,555,540
TOTAL LIABILITIES		4,738,002	4,173,130	5,662,471
TOTAL EQUITY & LIABILITIES		12,796,073	13,275,069	14,622,259

The notes on pages 15 to 48 are an integral part of these financial statements.

The financial statements on pages 8 to 48 were approved by the board of directors on 29 June 2017 and were signed on its behalf by:

J C G Eddy
Director

ASSET ADVANTAGE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Ordinary share capital	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total
	£	£	£	£	£	£
As at 1 October 2014	**550,000**	-	**13,249,711**	**13,799,711**	**30**	**13,799,741**
Restated as follows:						
First-time adoption adjustments	-	-	40,962	40,962	-	40,962
Adjusted Opening Reserves	**550,000**	-	**13,290,673**	**13,840,673**	**30**	**13,840,703**
Capitalisation/bonus issue	50,000	-	(50,000)	-	-	-
Total comprehensive income for the year	-	-	4,065,510	4,065,510	(83,567)	3,981,943
Dividends paid	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
As at 30 September 2015	**600,000**	-	**16,306,183**	**16,906,183**	**(83,537)**	**16,822,646**
Share capital cancelled	(10,776)	(392,756)	-	(403,532)	-	(403,532)
Total comprehensive income for the year	-	-	2,253,820	2,253,820	(90,625)	2,163,195
Dividends paid	-	-	(733,172)	(733,172)	-	(733,172)
As at 30 September 2016	**589,224**	**(392,756)**	**17,826,831**	**18,023,299**	**(174,162)**	**17,849,137**

The notes on pages 15 to 48 are an integral part of these financial statements.

ASSET ADVANTAGE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Ordinary share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
As at 1 October 2014	**550,000**	**-**	**8,368,826**	**8,918,826**
Restated as follows:				
First-time adoption adjustments	-	-	40,962	40,962
Adjusted Opening Reserves	**550,000**	**-**	**8,409,788**	**8,959,788**
Capitalisation/bonus issue	50,000	-	(50,000)	-
Total comprehensive income for the year	-	-	1,142,151	1,142,151
Dividends paid	-	-	(1,000,000)	(1,000,000)
As at 30 September 2015	**600,000**	**-**	**8,501,939**	**9,101,939**
Share capital cancelled	(10,776)	(392,756)	-	(403,532)
Total comprehensive loss for the year	-	-	92,836	92,836
Dividends paid	-	-	(733,172)	(733,172)
As at 30 September 2016	**589,224**	**(392,756)**	**7,861,603**	**8,058,071**

The notes on pages 15 to 48 are an integral part of these financial statements.

ASSET ADVANTAGE GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Cash inflow from operations	26	8,541,956	7,167,381
Income tax paid		(615,000)	(2,002,178)
Interest paid		(4,496,549)	(3,318,012)
Net cash flows generated from operating activities		**3,430,407**	**1,847,191**
Cash flows from investing activities			
Purchase of property, plant and equipment		(87,345)	(173,037)
Proceeds from the sale of property, plant and equipment		370,124	2,137,885
Increase in investments in other finacial assets		(55,103,528)	(44,688,959)
Interest received		-	213,360
Receipts from other financial assets		34,118,057	26,596,591
Net cash used in investing activities		**(20,702,692)**	**(15,914,160)**
Cash flows from financing activities			
Proceeds from loans and borrowings		36,766,991	46,684,492
Repayment of loans and borrowings		(18,803,006)	(33,237,047)
Share buy back		(403,532)	-
Dividends paid to equity holders of the parent		(608,172)	(975,000)
Net cash flows generated from financing activities		**16,952,281**	**12,472,445**
Net decrease in cash and cash equivalents		(320,005)	(1,594,524)
Cash and cash equivalents at beginning of year		4,264,237	5,858,761
Cash and cash equivalents at end of year		**3,944,232**	**4,264,237**

The notes on pages 15 to 48 are an integral part of these financial statements.

ASSET ADVANTAGE GROUP LIMITED

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Cash inflow from operations	26	1,489,678	755,145
Income tax paid		(615,000)	(2,002,178)
Interest paid		(143,965)	(147,417)
Net cash flows generated from/(used in) investing activities		**730,713**	**(1,394,449)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(87,345)	(173,037)
Proceeds from the sale of property, plant and equipment		370,124	2,137,885
Interest received		-	152,883
Receipts from other financial assets		191,724	282,311
Investment in subsidary		(150,000)	-
Net cash flows generated from investing activities		**324,503**	**2,400,042**
Cash flows from financing activities			
Net movement in intercompany balances		(134,081)	328,375
Repayment of loans and borrowings		(844,548)	(1,215,840)
Share buy back		(403,532)	-
Dividends paid		(608,172)	(975,000)
Net cash flows used in financing activities		**(1,990,333)**	**(1,862,465)**
Net decrease in cash and cash equivalents		(935,118)	(856,872)
Cash and cash equivalents at beginning of year		1,166,737	2,023,609
Cash and cash equivalents at end of year		**231,619**	**1,166,737**

The notes on pages 15 to 48 are an integral part of these financial statements.

1. General information

The consolidated financial statements of Asset Advantage Group Limited and its subsidiaries (collectively, the Group) for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the directors on 28th June 2017. Asset Advantage Group Limited (the Company) is a limited company incorporated and domiciled in United Kingdom. The registered office is located at Third Floor Matrix House, Basing View, Basingstoke, Hampshire RG21 4DZ, United Kingdom.

The Group is principally engaged in the provision of financing, leasing and trading of equipment. Information on the Group's ultimate controlling party is presented in Note 29. Information on other related party relationships of the Group is provided in Note 25.

2. Significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with European Union adopted International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements have also been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS.

For all periods up to and including the year ended 30 September 2015, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). These financial statements for the year ended 30 September 2016 are the first the Group has prepared in accordance with IFRS. Refer to Note 2.4 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for assets and liabilities measured at fair value. The consolidated financial statements are presented in pound Sterling and all values are rounded to the nearest pound, except when otherwise indicated.

Exemption from audit by parent guarantee

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 30 September 2016 have been taken by the subsidiary companies stated below:

Company Name	Registered Number	Company Name	Registered Number
AARV Ltd	7383482	RA (No 6) Ltd	7327662
AssetcoRentals (No.2) Ltd	3911424	RA (No 7) Ltd	7327677
RV Investor (No1) Ltd	6489289	RA (No 8) Ltd	7327764
AAG Holdings (UK) Ltd	9236621	RA (No 9) Ltd	7327721
AAL Holdings (UK) Ltd	9236618	RA (No 10) Ltd	7327683
AAG Operations Ltd	9235397	RA (No 11) Ltd	8429945
Advantage Risk Solutions (Holdings) Lt	8936391	RA (No 12) Ltd	8429964
Advantage Risk Solutions Ltd	8836855	RA (No 13) Ltd	8725470
RA (No 2) Ltd	6476895	RA (No 14) Ltd	8725490
RA (No 3) Ltd	6476899	RA (No 15) Ltd	8725182
RA (No 4) Ltd	6476894		

Under Section 479C of the Companies Act 2006, Asset Advantage Group Limited, being the parent undertaking of the above companies has given a statutory guarantee of all the outstanding liabilities to which the companies are subject at 30 September 2016.

2. Significant accounting policies (continued)

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of Asset Advantage Group Limited and its subsidiaries as at 30 September 2016.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The group adopts uniform accounting policies. No adjustments have been made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group.

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

2.3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.3.1. Fair value measurement

The Group measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Financial instruments (including those carried at amortised cost)	Note 13, 17, 23 and 24

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.1 Fair Value Measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3.2. Revenue recognition

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, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding VAT, duties and Insurance premium tax where applicable.

Revenue comprises lease and loan income, provision of related fee based services, end of lease income and commissions and fees earned on insurance contracts.

Lease Income
Finance lease income recognised in the year includes both the capital repayment and interest calculated on an actuarial basis under the term of the finance lease arrangement with the customer. Amounts are recognised on a monthly basis.

Operating lease income recognised in the year is the contracted rental amount under the operating lease arrangement with the customer. Amounts are recognised on a monthly basis.

Loan income
Loan revenue recognised in the year is the net interest received on customer repayments.

Fee income
Lease arrangement fees are recognised in full on inception of the related lease. All other lease related fee income is recognised in full in the month in which it arises.

End of lease income
At the end of the lease arrangement with the customer the company sells the underlying assets to a third party on a mutually agreed date. Sale proceeds are recognised on the agreed date. Any secondary income received in relation to leases is recognised in full in the month in which it falls due.

Insurance income
Insurance income comprises commission received on insurance contracts and fees received for the provision of advice in relation to insurance contracts. It is recognised in the month in which it is received.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.3. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for: all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. The carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.4. Property, plant and equipment

Property, plant and equipment are stated at original historical cost less accumulated depreciation and/or accumulated impairment losses. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to working condition for its intended use. Assets are depreciated from the date they are brought into use.

Impairment:

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is determined by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount. An impairment loss is recognised immediately as an expense.

Assets under leasing arrangements:

Assets held for leasing that are financed under hire purchase or sale of receivables contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over the shorter of the lease term (which typically range between 3 to 7 years) and the economic useful life of the assets. Depreciation on these assets is provided under the annuity method. In all cases assets are depreciated down to their estimated residual value.

Own use assets:

Depreciation is provided at rates calculated to write off the full cost of each asset less any residual value on a straight-line basis over its expected economic useful life as shown below.

Leasehold Improvements	-	Life of lease
Vehicles	-	3 years
Fixtures & fittings	-	5 years
Computer equipment	-	2 years
Office Equipment	-	2 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profits or losses on the disposal of both leased and own use fixed assets are included in the calculation of operating profit.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.5. Investment in residual values

Investments in residual values are accounted for upfront at the inception of a primary lease agreement, and held at cost on the balance sheet throughout the duration of the primary lease, less any provision for impairment where circumstances indicate that the carrying amount may not be recoverable.

Impairment reviews are carried out annually by the directors and assets impaired when indicators show this is appropriate.

Residual values in relation to HP funded assets are netted off the head lease liability. However in these circumstances to improve clarity of the financial statements, investment in residual values and head lease liabilities are presented gross.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.6. Investments

Investments in the parent company separate accounts are initially measured at cost with any subsequent movements in the value of the investment being recognised as an impairment in terms of IAS 36 – Impairment of assets. IAS 27 – Separate financial standards states that where an entity has opted for the cost accounting method for investments then the cost of the investments should be at the lower of their carrying amount and the fair value less costs to sell. Therefore the investments in the accounts have been disclosed on a net realizable value basis.

2.3.7. Leases

As part of its asset management activities, the company enters into leases with customers that are funded through related head leases or head hire purchase (HP) facilities with financial institutions. Under the terms of the head leases, the company will normally act as the lessor's agent for disposing of the residual assets at the end of the lease term and may participate in the proceeds of sale. The accounting treatment of these head leases and subleases depends on the substance of the arrangements.

Where the company simultaneously enters into a head lease and sublease under terms that limit the funder's recourse to the company to certain specific cash flows from the sublease in such a way that all the benefits and all the risks associated with those cash flows are transferred to the funder, the arrangements are accounted for as a single transaction. Accordingly, only the company's cash investment in any residual value is recognised in the balance sheet.

Where, however, the transaction is negotiated such that the group is exposed to the credit risk on the underlying lease with the customer, the head lease or head HP facilities and sublease are accounted for as separate transactions. Accordingly, where the head lease or similar contract is a HP contract, the capital element of future financing obligations is recorded as a liability, while the interest element is charged to the profit and loss account over the period of the HP agreement so as to produce a constant rate of charge on the capital outstanding.

The accounting treatment of the related sublease will depend on the nature of the sublease. Where the underlying lease is a finance lease, it will be recorded as a finance lease receivable and the interest from the finance lease will be recognised in income over the lease term on a basis that gives a constant rate of periodic rate of return on the outstanding investment.

Where the underlying lease with the customer is an operating lease, the related asset will be capitalised as a fixed asset and depreciated over the shorter of the lease term and its useful life, and rental income from operating leases will be recognised on a straight-line basis over the lease term.

2.3.8. Inventories

Inventories are valued at the lower of cost (being the residual value of the asset) and net realisable value.

Inventories comprise assets formerly leased to customers under long term arrangements for which those arrangements have since ended. Cost is determined on an individual asset basis being the residual value of the asset. Net realisable value is based on the estimated selling prices less all relevant marketing, selling and distribution costs.

There are no amounts held in respect of raw materials or work in progress.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.9. Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and AFS financial assets. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.9 Financial Instruments – initial recognition and subsequent measurement (continued)

ii. Financial Labilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.10. Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

2.3.11. Dividends

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.4. First-time adoption of IFRS

These financial statements, for the year ended 30 September 2016, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 30 September 2015, the Group prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Principle (UK GAAP).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 30 September 2016, together with the comparative period data for the year ended 30 September 2015, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 October 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements, including its statement of financial position as at 1 October 2014 and the financial statements for year ended 30 September 2015.

The change in basis of preparation has enabled the Company to take advantage of the IFRS 1 exemptions as below.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. There have been no exemptions that are applicable to the Group that have been adopted.

2. Significant accounting policies (continued)

2.4. First Time Adoption of IFRS (continued)

Group reconciliation of equity as at 1 October 2014 (date of transition to IFRS)

		Local GAAP	Remeasurements	IFRS as at 1 October 2014
ASSETS	**Notes**	**£**	**£**	**£**
Non-current assets				
Plant and equipment	A	5,244,388	287,243	5,531,631
Other financial assets	A	33,940,656	237,639	34,178,295
Deferred tax		1,109,037	-	1,109,037
		40,294,081	524,882	40,818,963
Current assets				
Inventories		673,050	-	673,050
Trade and other receivables		1,321,022	0	1,321,022
Other financial assets	A	18,848,049	192,932	19,040,981
Cash and cash equivalents		5,858,761	-	5,858,761
		26,700,882	192,932	26,893,814
TOTAL ASSETS		**66,994,963**	**717,814**	**67,712,777**
EQUITY AND LIABILITIES				
Equity				
Issued capital		550,000	-	550,000
Capital redemption reserve		-	-	-
Retained earnings	A	13,249,711	40,962	13,290,673
Equity attributable to the holders of the parent		13,799,711	40,962	13,840,673
Non-controlling interests		30	-	30
Total equity		13,799,741	40,962	13,840,703
Non-current liabilities				
Interest-bearing loans and borrowing	A	27,548,293	237,639	27,785,932
		27,548,293	237,639	27,785,932
Current liabilities				
Trade and other payables		4,597,618	-	4,597,618
Interest-bearing loans and borrowings		18,540,045	439,213	18,979,258
Current tax payable		2,509,266	-	2,509,266
		25,646,929	439,213	26,086,142
TOTAL LIABILITIES		53,195,222	676,852	53,872,074
TOTAL EQUITY & LIABILITIES		**66,994,963**	**717,814**	**67,712,777**

2. Significant accounting policies (continued)

2.4. First Time Adoption of IFRS (continued)

Group reconciliation of equity as at 30 September 2015

		Local GAAP	Remeasurements	IFRS as at 30 September 2015
ASSETS	**Notes**	**£**	**£**	**£**
Non-current assets				
Plant and equipment	A	1,819,596	132,505	1,952,101
Other financial assets	A	46,727,989	150,272	46,878,261
Deferred tax		766,923	-	766,923
		49,314,508	282,777	49,597,285
Current assets				
Inventories		757,909	-	757,909
Trade and other receivables		1,322,721	-	1,322,721
Other financial assets		24,410,756	22,627	24,433,383
Cash and cash equivalents		4,264,237	-	4,264,237
		30,755,623	22,627	30,778,250
TOTAL ASSETS		**80,070,131**	**305,404**	**80,375,535**
EQUITY AND LIABILITIES				
Equity				
Issued capital		600,000	-	600,000
Capital redemption reserve		-	-	-
Retained earnings	A	16,283,936	22,247	16,306,183
Equity attributable to the holders of the parent		16,883,936	22,247	16,906,183
Non-controlling interests		(83,537)	-	- 83,537
Total equity		16,800,399	22,247	16,822,646
Non-current liabilities				
borrowings	A	37,014,806	150,272	37,165,078
		37,014,806	150,272	37,165,078
Current liabilities				
Trade and other payables		2,607,147	-	2,607,147
borrowings		22,914,672	132,885	23,047,557
Current tax payable		733,107	-	733,107
		26,254,926	132,885	26,387,811
TOTAL LIABILITIES		63,269,732	283,157	63,552,889
TOTAL EQUITY & LIABILITIES		**80,070,131**	**305,404**	**80,375,535**

2. Significant accounting policies (continued)

2.4. First Time Adoption of IFRS (continued)

Group reconciliation of total comprehensive income for the year ended 30 September 2015

	Note	Local GAAP	Remeasurements	IFRS as at 30 September 2015
		£	£	£
Revenue	A	36,915,082	77,457	36,992,539
Cost of sales	A	(25,043,037)	(93,609)	(25,136,646)
Gross profit		11,872,045	(16,152)	11,855,893
Administrative expenses		(4,725,241)	-	(4,725,241)
Operating profit		7,146,804	(16,152)	7,130,652
Finance costs	A	(3,315,449)	(2,563)	(3,318,012)
Finance income		213,360	-	213,360
Profit before tax		4,044,715	(18,715)	4,026,000
Income tax expense		(44,057)	-	(44,057)
Profit and total comprehensive income for the year		**4,000,658**	**(18,715)**	**3,981,943**
Attributable to:				
Equity holders of the parent		4,084,225	(18,715)	4,065,510
Non-controlling interest		(83,567)	-	(83,567)
		4,000,658	**(18,715)**	**3,981,943**

Note to the reconciliation of equity as at 1 October 2014 and 30 September 2015 and total comprehensive income for the year ended 30 September 2015

A. Leases

Under UK GAAP, finance leases from funders and operating leases were treated as off-balance sheet leases and thus the asset and corresponding liabilities were not accounted for with only the Group's investment in residual value disclosed in the financial statements. Under IFRS assets received under a finance lease should be recorded on the balance sheet with the corresponding liability recognised.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgements
No significant judgements were required to be made.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

The non-financial assets considered for impairment are property, plant and equipment and inventories that have circa carrying amounts £1.2m and £0.5m respectively. However no impairments were required for these assets during the year.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

There were no unutilised tax losses in the current year and the deferred tax assets relate to the capital allowances.

Fair value measurement of financial instruments
When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. During the current year no financial instruments have been measured at fair value.

4. Capital and financial risk management

4.1 Financial Risk Management

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

The company does not use derivative financial instruments to hedge risk exposures. Details of the group's risk management policies are found in the strategic report.

Foreign exchange risk

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

5. Revenue

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

	2016	2015
	£	£
Lease income	31,893,431	30,155,739
Loan income	3,306,413	961,399
Fee income	509,905	381,012
End of lease income	4,852,086	5,471,930
Insurance commission	96,318	22,459
	40,658,153	36,992,539

All turnover arose within the United Kingdom and from a single business segment.

There are no contingent rentals in respect of operating lease income.

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of leased assets	517,430	1,459,913
Depreciation of own use assets	65,540	56,094
Depreciation of leasehold property	47,059	37,544
Services provided by the company's auditors:		
- Fees payable for the audit	170,731	115,500
- Fees payable for other services - tax compliance	70,000	94,000
- Fees for other services - tax advisory services	105,000	141,000
Operating Leases (rent)	130,505	89,028
Difference on foreign exchange	-	1,282

7. Employee information

	2016	2015
	£	£
Wages and salaries	2,367,758	1,847,384
Social security costs	312,139	232,455
Other pension costs	62,362	28,868
	2,742,259	2,108,707
Staff Numbers		
Operations	4	4
Administration	33	26
	37	30

The Group operates a defined contribution retirement benefit plan for all qualifying employees. The total expense recognised for the plan in the year was £62,362 (2015: £28,868).

8. Directors Remuneration

	2016	2015
	£	£
Aggregate emoluments	712,987	570,650
Company contributions to a defined contribution pension scheme	18,142	-
	731,129	570,650

Retirement benefits are accruing to three (2015: three) directors under a defined contribution pension scheme. The directors are considered to be the key management. No share option schemes are operated.

Highest paid director	2016	2015
	£	£
Total emoluments	298,829	256,000
Company contributions to a defined contribution pension scheme	7,636	-
	306,465	256,000

9. Finance costs

	2016	2015
	£	£
On bank loans and overdrafts	337,351	6,966
On other lease financing arrangements	4,009,148	3,141,281
On hire purchase and sale of receivables contracts	150,050	169,765
	4,496,549	3,318,012

10. Finance Income

	2016	2015
	£	£
In respect of hire purchase and sale of receivable contracts	-	213,360

11. Income tax expense

	2016	2015
	£	£
Current tax		
UK Corporation tax on profits for the year	389,738	339,823
Adjustment in respect of prior years	(244,691)	(637,880)
Total current tax	145,047	(298,057)
Deferred tax (see note 14)		
Origination and reversal of timing differences	227,328	569,362
Adjustment in respect of prior years	(17,803)	(227,248)
Impact of change in tax rates	27,680	-
Total deferred tax	237,205	342,114
Tax on profit on ordinary activities	**382,252**	**44,057**

The current tax charge is lower (2015: lower) than the standard rate of corporation tax in the UK (2015: 20.5%). The differences are explained as follows;

	2016	2015
	£	£
Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	2,545,447	4,323,280
Tax on profits at an average rate of 20% (2015: 20.5%)	509,089	886,272
Effects of:		
Impact of change in tax rates	27,102	14,111
Expenditure not deductible/(income not taxable) for tax purposes	48,138	8,802
Impact of unrecognised deferred tax	60,417	-
Adjustment in respect of prior years	(262,494)	(865,128)
Total tax charge for the year	**382,252**	**44,057**

The Finance (No 2) Act 2015, included legislation to reduce the main rate of corporation tax in the UK from 20% to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 was substantively enacted on 26 March 2015. The Finance Act 2016, included legislation to further reduce the main rate of corporation tax in the UK to 17% from 1 April 2020 and was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

ASSET ADVANTAGE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 (continued)

12. Property, plant and equipment

Group	Leased Assets Other fixed assets	Leased Assets Plant and machinery	Leased Assets Vehicles	Own use Leasehold Improvements	Own use Fixtures and Furniture	Own Use Computer equipment	Own Use Office equipment	Own Use Vehicles	Total
Cost	£	£	£	£	£	£	£	£	£
At 1 October 2014	1,356,340	7,353,326	8,278,486	106,040	62,509	311,914	-	800	17,469,415
IFRS adoption adjustments	-	-	848,092	-	-	-	-	-	848,092
Revised cost at 1 October 2014	1,356,340	7,353,326	9,126,578	106,040	62,509	311,914	-	800	18,317,507
Additions			57,101	43,288	23,131	30,316	15,372	3,829	173,037
Disposals	(1,295,523)	(3,301,315)	(5,927,871)	-	-	-	-	-	(10,524,709)
At 30 September 2015	**60,817**	**4,052,011**	**3,255,808**	**149,328**	**85,640**	**342,230**	**15,372**	**4,629**	**7,965,835**
Additions	-	-	-	22,508	16,063	48,774	-	-	87,345
Disposals	-	(626,497)	(2,158,743)	-	-	-	-	-	(2,785,240)
At 30 September 2016	**60,817**	**3,425,514**	**1,097,065**	**171,836**	**101,703**	**391,004**	**15,372**	**4,629**	**5,267,940**
Accumulated depreciation									
At 1 October 2014	1,037,261	4,440,931	6,401,783	50,833	16,696	276,723	-	800	12,225,027
IFRS adoption adjustments	-	-	560,849	-	-	-	-	-	560,849
Revised accumulated depreciation at 1 October 2014	1,037,261	4,440,931	6,962,632	50,833	16,696	276,723	-	800	12,785,876
Depreciation charge	192,587	483,287	784,039	37,544	17,636	33,106	3,757	1,594	1,553,551
Disposals	(1,202,796)	(1,989,305)	(5,133,592)	-	-	-	-	-	(8,325,693)
At 30 September 2015	**27,052**	**2,934,913**	**2,613,079**	**88,377**	**34,332**	**309,829**	**3,757**	**2,394**	**6,013,734**
Depreciation charge	6,753	314,791	195,887	47,059	19,904	35,694	7,707	2,235	630,030
Disposals	-	(626,497)	(1,867,801)	-	-	-	-	-	(2,494,298)
At 30 September 2016	**33,805**	**2,623,207**	**941,165**	**135,436**	**54,236**	**345,523**	**11,464**	**4,629**	**4,149,466**
Net book value									
At 30 September 2016	**27,012**	**802,307**	**155,900**	**36,400**	**47,467**	**45,481**	**3,908**	**-**	**1,118,474**
At 30 September 2015	**33,765**	**1,117,098**	**642,729**	**60,951**	**51,308**	**32,401**	**11,615**	**2,235**	**1,952,101**
At 1 October 2014	319,079	2,912,395	2,163,946	55,207	45,813	35,191	-	-	5,531,631

12. Property, plant and equipment (continued)

Company	Leased Assets Other fixed assets	Leased Assets Plant and machinery	Leased Assets Vehicles	Own use Leasehold Improvements	Own use Fixtures and Furniture	Own Use Computer equipment	Own Use Office equipment	Own Use Vehicles	Total
Cost	£	£	£	£	£	£	£	£	£
At 1 October 2014	1,290,344	3,763,793	53,617	106,040	62,509	311,914	-	800	5,589,017
IFRS adoption adjustments	-	-	848,092	-	-	-	-	-	848,092
Revised cost at 1 October 2014	1,290,344	3,763,793	901,709	106,040	62,509	311,914	-	800	6,437,109
Additions	-	-	57,101	43,288	23,131	30,316	15,372	3,829	173,037
Disposals	(1,290,344)	(326,279)	(349,180)	-	-	-	-	-	(1,965,803)
At 30 September 2015	-	**3,437,514**	**609,630**	**149,328**	**85,640**	**342,230**	**15,372**	**4,629**	**4,644,343**
Additions	-	-	-	22,508	16,063	48,774	-	-	87,345
Disposals	-	(12,000)	(251,643)	-	-	-	-	-	(263,643)
At 30 September 2016	-	**3,425,514**	**357,987**	**171,836**	**101,703**	**391,004**	**15,372**	**4,629**	**4,468,045**
Accumulated depreciation									
At 1 October 2014	1,011,789	1,623,556	33,353	50,833	16,696	276,723	-	800	3,013,750
IFRS adoption adjustments	-	-	560,849	-	-	-	-	-	560,849
Revised accumulated depreciation at 1 October 2014	1,011,789	1,623,556	594,202	50,833	16,696	276,723	-	800	3,574,599
Depreciation charge	185,827	301,822	117,265	37,544	17,636	33,106	3,757	1,595	698,552
Disposals	(1,197,616)	447,009	(288,051)	-	-	-	-	-	(1,038,658)
At 30 September 2015	-	**2,372,387**	**423,416**	**88,377**	**34,332**	**309,829**	**3,757**	**2,395**	**3,234,493**
Depreciation charge	-	262,822	83,435	47,059	19,904	35,695	7,707	2,234	458,856
Disposals	-	(12,000)	(210,500)	-	-	-	-	-	(222,500)
At 30 September 2016	-	**2,623,209**	**296,351**	**135,436**	**54,236**	**345,524**	**11,464**	**4,629**	**3,470,849**
Net book value									
At 30 September 2016	-	**802,305**	**61,636**	**36,400**	**47,467**	**45,480**	**3,908**	-	**997,196**
At 30 September 2015	-	**1,065,127**	**186,214**	**60,951**	**51,308**	**32,401**	**11,615**	**2,234**	**1,409,850**
At 1 October 2014	278,555	2,140,237	307,507	55,207	45,813	35,191	-	-	2,862,510

13. Financial instruments

The Groups principle financial instruments are financial assets comprising of loans and receivables and financial liabilities recorded at amortised cost, comprising of overdrafts and interest bearing loans and borrowings. A description of risks that arise from the financial instruments and how the Group manages these risks is contained in the Strategic Report.

Capital Management

The Group's objective is to maintain a strong capital base to support its operations in line with relevant forecasts whilst providing a return to its shareholders. Capital base for these purposes comprises shareholders' equity and at 30 September 2016 amounted to £17.9m (2015: £16.8m) as well as interest-bearing loans and borrowings amounting to £78.2m gross (2015: £60.2m). The Group is not subject to any external regulatory capital requirements. It is, however, required within certain borrowing facilities to maintain a ratio of borrowings to net worth. The Group complied with these ratios throughout the period.

Liquidity and interest rate risks

The Group has traditionally borrowed at fixed interest rates only and matched these to its fixed rate lending. This year saw the Group borrow at both fixed and floating interest rates in order to access larger liquidity pools and benefit from the lower interest rates that these carry. At 30 September 2016, 11% of the Group's drawn facilities were on a floating rate basis (30 September 2015: 0%), with interest rates based on one month GBP LIBOR. In the event of a one half of one percentage point increase in LIBOR for the whole year, profit before tax would be adversely effected by £44k (30 September 2015: £0).

The Group's policy on funding capacity is to ensure that there is always long-term funding in place. The Group endeavours to have committed borrowing facilities in place in excess of forecast gross borrowing requirements for a minimum of the next 12 months. At 30 September 2016 the Groups principal committed borrowing facilities totalled £108,000,000. The contractual maturities of the Group's and Company's facilities are detailed in Note 13 along with the Group's committed facilities. As a result the liquidation risk is not considered material.

The table below sets out the gross contractual maturities of the Group's and Company's financial instruments.

13. Financial Instruments (continued)

Group

Year ended 30 September 2016

Fixed Rate	**Within one year**	**1 - 2 years**	**2 -3 years**	**3 - 4 years**	**4 - 5 years**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Loans and receivables - gross	42,283,698	33,546,550	22,702,390	13,279,133	5,155,598	116,967,369
Trade and other receivables	2,237,355	-	-	-	-	2,237,355
Cash and cash equivalents	3,944,232	-	-	-	-	3,944,232
Interest-bearing loans and borrowings	(29,710,264)	(21,302,445)	(14,688,751)	(8,038,370)	(3,041,442)	(76,781,272)
Trade and other payables	(4,302,400)	-	-	-	-	(4,302,400)
	14,452,621	12,244,105	8,013,639	5,240,763	2,114,156	42,065,284

Floating Rate	**Within one year**	**1 - 2 years**	**2 -3 years**	**3 - 4 years**	**4 - 5 years**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Bank and third party loans	(8,798,566)	-	-	-	-	(8,798,566)
	(8,798,566)	-	-	-	-	(8,798,566)

Year ended 30 September 2015

Fixed Rate	**Within one year**	**1 - 2 years**	**2 -3 years**	**3 - 4 years**	**4 - 5 years**	**Total**
	£	**£**	**£**	**£**	**£**	**£**
Loans and receivables - gross	35,766,363	29,455,692	19,114,426	9,935,677	3,070,389	97,342,548
Trade and other receivables	1,322,721	-	-	-	-	1,322,721
Cash and cash equivalents	4,264,237	-	-	-	-	4,264,237
Interest-bearing loans and borrowings	(26,021,428)	(19,425,049)	(12,065,439)	(6,551,895)	(2,167,933)	(66,231,744)
Trade and other payables	(2,607,147)	-	-	-	-	(2,607,147)
	12,724,746	10,030,643	7,048,987	3,383,783	902,456	34,090,615

13. Financial Instruments (continued)

Company

Year ended 30 September 2016

Fixed Rate	Within one year	1 - 2 years	2 -3 years	3 - 4 years	4 - 5 years	Total
	£	£	£	£	£	£
Loans and receivables - gross	741,517	433,394	282,983	30,324	354,960	1,843,178
Trade and other receivables	9,299,547	-	-	-	-	9,299,547
Cash and cash equivalents	231,619	-	-	-	-	231,619
Interest-bearing loans and borrowings	(635,371)	(433,394)	(282,983)	(30,324)	(354,960)	(1,737,032)
Trade and other payables	(3,577,715)	-	-	-	-	(3,577,715)
	6,059,597	-	-	-	-	6,059,597

Year ended 30 September 2015

Fixed Rate	Within one year	1 - 2 years	2 -3 years	3 - 4 years	4 - 5 years	Total
	£	£	£	£	£	£
Loans and receivables - gross	957,438	724,687	484,828	296,535	43,876	2,507,364
Trade and other receivables	8,733,646	-	-	-	-	8,733,646
Cash and cash equivalents	1,166,737	-	-	-	-	1,166,737
Interest-bearing loans and borrowings	(876,761)	(724,687)	(484,828)	(296,535)	(43,876)	(2,426,687)
Trade and other payables	(2,286,038)	-	-	-	-	(2,286,038)
	7,695,022	-	-	-	-	7,695,022

14. Other financial assets

Loans carried at amortised cost

Group	2016	2015	As at 1 October 2014
	£	£	£
Current assets			
Customer loans	6,703,475	3,331,792	811,512
Finance lease receivables	24,120,440	20,925,016	17,563,557
Investments in residual values	119,219	176,575	665,912
	30,943,134	24,433,383	19,040,981
Non-current assets			
Customer loans	16,405,432	9,722,212	2,847,273
Finance lease receivables	44,933,737	36,906,454	30,709,509
Investments in residual values	14,812	249,595	621,513
	61,353,981	46,878,261	34,178,295

Company	2016	2015	As at 1 October 2014
	£	£	£
Current assets			
Finance lease receivables	87,367	90,149	229,355
Investments in residual values	106,146	13,155	-
	193,513	103,304	229,355
Non-current assets			
Finance lease receivables	62,905	150,272	237,639
Investments in residual values	-	194,566	263,459
	62,905	344,838	501,098

14.1 Finance lease receivables

The group enters into finance lease arrangements for a variety of equipment used by customers in their business. All leases are denominated in pound Sterling. Leases have an average term of between 3 - 5 years with no leases being granted for more than 5 years.

Group	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	£	£	£	£
Less than 1 year	32,493,106	28,194,765	24,120,438	20,925,015
More than 1 year but less than 5 years	53,803,636	43,775,128	44,933,739	36,906,455
	86,296,742	71,969,893	69,054,177	57,831,470
Less: Unearned finance income	(17,242,565)	(14,138,423)	n/a	n/a
Present value of minimum lease	69,054,177	57,831,470	69,054,177	57,831,470

An allowance amount of £1,618,437 (2015: £1,230,480) has been raised for the potential for uncollectible lease payments.

14.1 Finance lease receivables (continued)

The finance lease receivables at the end of the year have not been impaired and there are no unguaranteed residual values of assets leased under finance leases.

However the loans and receivables above include amounts that are past due at the end of the reporting period. An analysis of this aging is as below:

Group	2016	2015
	£	£
Less than 30 days	529,848	114,962
31 - 60 days	44,637	12,684
61 - 90 days	28,925	12,930
91 - 120 days	12,559	300
Greater than 120 days	72,600	74,002
Total	**688,569**	**214,878**

Company	2016	2015
	£	£
Less than 30 days	30,061	30,700
31 - 60 days	468	2,364
61 - 90 days	40	2,402
91 - 120 days	760	-
Greater than 120 days	7,524	9,221
Total	**38,853**	**44,687**

The credit risk inherent in loans and receivables is reviewed under impairment policies as detailed in note 2. Under this review, the credit quality of assets which are neither past due nor impaired were considered good. In the case of assets where there was evidence of non-payment and other objective evidence of impairment, the assets were considered impaired and the carrying value written down to zero.

14.2 Customer loans

All loan receivables are denominated in pound Sterling and have an average term of between 3 - 5 years with none granted for more than 5 years. The balances as per Note 12 above are the capital outstanding amounts and therefore represent the maximum risk exposure for these loans.

15. Deferred tax

Group	2016	2015	As at 1 October 2014
	£	£	£
At the beginning of the year	766,923	1,109,037	1,458,461
Charge for the year	(227,329)	(569,362)	(301,571)
Adjustments in respect of the prior years	17,803	227,248	(47,853)
Impact of change in tax rates	(27,680)	-	-
At end of year	529,717	766,923	1,109,037
Deferred taxation can be analysed as follows:			
Accelerated capital allowances	491,178	706,096	787,130
Adjustment in respect of prior years	7,552	-	-
Advance corporation tax	-	60,827	-
Effects of the rate change	(2,217)	-	-
Origination and reversal of timing differences	33,204	-	177,765
Tax losses carried forward	-	-	144,142
Provision for deferred taxation	529,717	766,923	1,109,037

A deferred tax asset has been recognised in the current financial year on the basis that it is considered more likely than not that there will be sufficient profits from which the future reversal of the underlying timing differences can be deducted. The deferred tax asset recognised in 2015 was £766,923.

Company	2016	2015	As at 1 October 2014
At the beginning of the year	698,953	597,231	950,069
Charge for the year	(219,567)	(169,495)	(352,837)
Adjustments in respect of the prior years	25,392	271,217	(1)
Impact of change in tax rates	(36,217)	-	-
At end of year	468,561	698,953	597,231
Deferred taxation can be analysed as follows:			
Accelerated capital allowances	435,357	655,946	348,518
Origination and reversal of timing differences	33,204	-	104,571
Tax losses carried forward	-	43,007	144,142
Provision for deferred taxation	468,561	698,953	597,231

16. Inventories

Group	2016	2015	As at 1 October 2014
	£	£	£
Finished goods	505,449	757,909	673,050

Company	2016	2015	As at 1 October 2014
	£	£	£
Finished goods	290,648	317,663	120,307

Included in the cost of sales amount are inventories amounting to £722,822 (2015; £485,172) that have been expensed in the current year.

The inventory balance at year end to determine whether the adjustments are required and based on this review the fair value less costs to sell of such inventory items is determined. Based on management's review the carrying amount in the accounts is the fair value less costs to sale and thus no adjustments are required or made.

There are no inventories held that have been pledged as security.

17. Trade and other receivables

Group	2016	2015	As at 1 October 2014
	£	£	£
Prepayments and accrued income	1,103,634	604,361	445,145
Trade debtors	974,658	718,360	807,442
Value added tax recoverable	159,063	-	68,435
	2,237,355	1,322,721	1,321,022

Company	2016	2015	As at 1 October 2014
	£	£	£
Amounts owed by group undertakings	8,323,808	8,551,004	8,020,007
Prepayments and accrued income	748,616	161,528	189,657
Trade debtors	68,060	21,114	9,910
Value added tax recoverable	159,063	-	68,435
	9,299,547	8,733,646	8,288,009

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

18. Cash and cash equivalents

Group	2016	2015	As at 1 October 2014
	£	£	£
Cash at bank and on hand	3,944,232	4,264,237	5,858,761

Company	2016	2015	As at 1 October 2014
	£	£	£
Cash at bank and on hand	231,619	1,166,737	2,023,609

19. Issued capital

Group and company	2016	2015	As at 1 October 2014
Authorised shares			
Ordinary 'A' shares of £1 each	50,000	50,000	50,000
Ordinary 'B' shares of £1 each	50,000	50,000	50,000
Bonus Issue 'A' shares of £1 each	450,000	450,000	450,000
Ordinary 'C' shares of £1 each	50,000	50,000	-
	600,000	600,000	550,000

Ordinary shares issued and fully paid	No.	£
At 1 October 2014	550,000	550,000
Ordinary C shares issued	50,000	50,000
At 30 September 2015	600,000	600,000
Shares bought back	(10,776)	(10,776)
At 30 September 2016	589,224	589,224

The Group only has ordinary shares in issue. These are broken down into categories A, B and C. Class A shares have voting rights whereas B and C do not, however all classes have rights to dividends at differing profit level thresholds.

20. Reserves

Capital redemption reserve

During the year the company bought back shares from a resigning director which resulted in a capital redemption reserve. £10 776 worth of shares were purchased at more than their par value creating a reserve of £392,756.

21. Dividends proposed and paid

	2016	2015
	£	£
Ordinary 'A'		
Interim Dividends paid; £0.46 per share (2015: £0.45 per share)	22,720	22,500
Final Dividend approved; £0.14 per share (2015: £0.15 per share)	6,909	7,500
Special Dividend paid £0.48 per share (2015: £1 per share)	23,659	50,000
	53,288	80,000
Ordinary 'B'		
Interim Dividends paid; £1.52 per share (2015: £1.50 per share)	75,000	75,000
Final Dividend approved; £0.51 per share (2015: £0.50 per share)	25,000	25,000
	100,000	100,000
Bonus Issue 'A'		
Interim Dividends paid £0.46 per share (2015: £0.45 per share)	202,280	202,500
Final Dividend approved; £0.14 per share (2015: £0.15 per share)	68,091	67,500
Special Dividend paid £0.48 per share (2015: £1 per share)	209,513	450,000
	479,884	720,000
Ordinary 'C'		
Interim Dividends paid £1.52 per share (2015: £1.50 per share)	75,000	75,000
Final Dividend approved; £0.51 per share (2015: £0.50 per share)	25,000	25,000
	100,000	100,000
Balance of dividends paid on equity capital	733,172	1,000,000

22. Non-controlling interests

	Year ended 2016	Year ended 2015
	£	£
Balance at the beginning of the year	(83,537)	30
Share of loss for the year	(90,625)	(83,567)
Balance at end of year	(174,162)	(83,537)

23. Interest-bearing loans and borrowings

Group	2016	2015	As at 1 October 2014
	£	£	£
Current liabilities			
Amounts due under lease financing arrangements	25,698,199	22,177,265	16,320,867
Bank loans and overdrafts	8,798,566	-	356,579
Net obligations under hire purchase and sale of receivable contracts	253,397	870,292	2,301,812
	34,750,162	23,047,557	18,979,258
Non-current liabilities			
Amounts due under lease financing arrangements	42,426,274	35,748,401	24,930,295
Net obligations under hire purchase and sale of receivable contracts	1,000,184	1,416,677	2,855,637
	43,426,458	37,165,078	27,785,932

Company	2016	2015	As at 1 October 2014
	£	£	£
Current liabilities			
Net obligations under hire purchase and sale of receivable contracts	213,630	564,516	969,779
	213,630	564,516	969,779
Non-current liabilities			
Net obligations under hire purchase and sale of receivable contracts	946,657	1,296,354	2,106,931
	946,657	1,296,354	2,106,931

24. Trade and other payables

Group	2016	2015	As at 1 October 2014
	£	£	£
Accruals and deferred income	902,050	396,346	1,680,774
Dividends proposed	125,000	125,000	100,000
Other creditors	1,674,006	1,321,830	1,194,847
Other taxation and social security	70,322	240,645	83,226
Trade creditors	1,531,022	523,326	1,538,771
	4,302,400	2,607,147	4,597,618

24. Trade and other payables (continued)

Company	2016	2015	As at 1 October 2014
	£	£	£
Accruals and deferred income	771,427	240,091	824,899
Amounts owed to group undertakings	2,335,884	1,540,484	227,279
Bank loans and overdrafts	-	-	356,579
Dividends proposed	125,000	125,000	100,000
Other creditors	-	-	245,660
Other taxation and social security	70,322	225,136	83,226
Trade creditors	275,082	155,327	356,296
	3,577,715	2,286,038	2,193,939

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

25. Investments

Company	Investments in subsidiary companies
	£
Cost or valuation	
At 1 October 2014	218,184
Additions	500,000
Disposals	(218,106)
At 30 September 2015	500,078
Additions	150,000
At 30 September 2016	**650,078**
Impairment	
At 1 October 2014	218,044
Impairment on disposals	(218,044)
At 30 September 2015	-
Impairment	150,000
At 30 September 2016	**150,000**
Net book value	
At 30 September 2016	**500,078**
At 30 September 2015	500,078

25. Investments (continued)

The financial statements include the financial statements of the Group and the subsidiaries listed in the table below. All subsidiaries are situated at the company's registered address which is as per Note 1: General Information.

			% equity interest		
Name	Principal Activities	Location of	2016	2015	As at 1
			%	%	%
AAG Holdings (UK) Limited	Holding company	England	100	100	100
AAG Operations Limited	Holding company	England	100	100	100
AAL Holdings (UK) Limited	Holding company	England	100	100	100
AARV Limited	Leasing & trading of equipment	England	100	100	100
Advantage Risk Solutions (Holdings) Limited	Holding company	England	70	70	70
Advantage Risk Solutions Limited	Insurance Broker	England	70	70	70
Asset Advantage Limited	Leasing & trading of equipment	England	100	100	100
Asset Co Rentals No2 Ltd	Leasing & trading of equipment	England	100	100	100
RA (NO 10) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 11) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 12) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 13) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 14) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 15) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 16) Limited	Leasing & trading of equipment	England	100	-	-
RA (NO 17) Limited	Leasing & trading of equipment	England	100	-	-
RA (NO 18) Limited	Leasing & trading of equipment	England	100	-	-
RA (NO 19) Limited	Leasing & trading of equipment	England	100	-	-
RA (NO 2) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 20) Limited	Leasing & trading of equipment	England	100	-	-
RA (NO 3) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 4) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 5) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 6) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 7) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 8) Limited	Leasing & trading of equipment	England	100	100	100
RA (NO 9) Limited	Leasing & trading of equipment	England	100	100	100
RV Investor No 1 Limited	Leasing & trading of equipment	England	100	100	100

26. Cash inflow from operations

Group	2016	2015
	£	£
Profit before tax	2,545,447	4,026,000
Adjusted for:		
Depreciation	630,031	1,553,551
Finance costs	4,496,549	3,318,012
Finance income	-	(213,360)
	7,672,027	8,684,203
Decrease/(Increase) in inventory	252,460	(84,859)
Increase in trade and other receivables	(914,634)	(1,699)
Increase/(Decrease) in trade and other payables	1,532,103	(1,430,264)
Net cash inflow from operations	8,541,956	7,167,381

Company	2016	2015
	£	£
(Loss)/profit before tax	121,031	612,953
Adjusted for:		
Depreciation	458,856	698,552
Investment Impairment	150,000	-
Finance costs	143,965	147,417
Finance income	-	(152,883)
	873,852	1,306,039
Decrease/(Increase) in inventory	27,015	(197,356)
Increase in trade and other receivables	(565,901)	(445,637)
Increase in trade and other payables	1,154,712	92,099
Net cash inflow from operations	1,489,678	755,145

27. Operating lease arrangements

Group as lessee

The Group has entered into commercial leases on certain office equipment as well as the rentals on the building. The lease terms are between three and five years.

Future minimum rentals payable under non-cancellable operating leases are, as follows:

	2016	2015	As at 1 October 2014
	£	£	£
Within one year	49,090	107,727	90,846
After one year but not more than 5 years	-	49,090	156,817
	49,090	156,817	247,663

Group as lessor

The Group has operating leases on assets that are leased to clients. Rental income on these assets is treated as lease income and included in the revenue from normal operations. There are no contingent rentals.

27. Operating lease arrangements (continued)

Future minimum rentals receivable under non-cancellable leases are as follows;

	2016	2015	As at 1 October 2014
	£	£	£
Within one year	635,370	787,444	1,401,736
After one year but not more than 5 years	1,115,212	1,395,623	2,139,191
More than 5 years	-	354,960	398,836
	1,750,582	2,538,026	3,939,763

28. Related parties

Balances and transactions within the Group have been eliminated upon consolidation and thus are not disclosed in this note. However for the Company accounts, disclosure is required for transactions and balances with related parties that are not 100% within the Group and thus see disclosure below.

Company

Related party:	**Relationship**
Advantage Risk Solutions Limited (ARS)	Common shareholder
J. C. G. Eddy	Director

Related party transactions

Advantage Risk Solutions Limited:

ARS business expenses are paid through AAG's business account and thus creating the related party transactions incurred between ARS and AAG. The nature and the amount of these transactions are as follows:

	2016	2015
	£	£
Expenses incurred by AAG	376,893	46,099
Jonathan Eddy:		
Services provided to the director	8,220	7,230

In addition, during the year the company purchased preference shares worth £150,000 in ARS which has been disclosed in the investment note.

Related party balances

	2016	2015
	£	£
Loan from related party:		
Advantage Risk Solutions Limited	422,992	46,099

All amounts relating to the services rendered to the director have been settled at year end.

The loan from the related party is unsecured, interest-free and payable on demand.

28. Related parties (continued)

Key management expenses and transactions
The remuneration of the directors who are the only key management personnel is disclosed in Note 8 Directors' remuneration.

During the year a retiring director sold his shares in the Group which were purchased by the company as a share buy-back. 10 776 worth of shares were bought back from the director.

29. Ultimate controlling party

The ultimate parent undertaking is Asset Advantage Group Limited, a company incorporated in England. The consolidated financial statements of Asset Advantage Group Limited are available from 3rd Floor, Matrix House, Basing View Basingstoke, Hampshire, RG21 4DZ, United Kingdom.

The ultimate controlling party of Asset Advantage Group Limited is J C G Eddy who is also a director of Asset Advantage Group Limited.

30. Standards that have been early adopted

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the requirements for general hedge accounting. Another version of IFRS 9 was issued in July 2014 *mainly to include a) Impairment requirements for financial assets and b) limited amendments to the* classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

While some of the changes are not applicable to the Group, the directors have taken a decision to early adopt IFRS 9 Financial instruments.

31. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 1 – Disclosure Initiative
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements.

The amendments clarify:
• The materiality requirements in IAS 1;
• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
• That entities have flexibility as to the order in which they present the notes to financial statements and
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments are not expected to have a significant impact on the Group.

30. Standards issued but not yet effective (continued)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27 - Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Annual improvements to IFRSs 2012-2014 Cycle
Annual improvements to IFRSs 2012-2014 Cycle include a number of amendments which are either not applicable or will not have a material effect on the Group's consolidated financial statements.