

Company Registration No. 08486509 (England and Wales)

ADDISON LEE HOLDINGS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

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ADDISON LEE HOLDINGS LIMITED

DIRECTORS AND ADVISERS

Directors	A Burgess D Foster L Griffin E Kump S Mercer A Stirling C Tenwick (Chairman)
Secretary	A K Boland
Company number	08486509
Registered office	35-37 William Road London NW1 3ER
Registered auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	ING ING Group N.V. P.O. Box 1800 Amsterdam 1000 BV

ADDISON LEE HOLDINGS LIMITED

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ADDISON LEE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The directors present the strategic report for the year ended 31 August 2015.

Principal activities

The group is principally engaged in ground transportation activities including private mini cab hire, delivery and courier services, and the ownership and rental to third parties of motor vehicles.

The group has a wholly owned subsidiary, Addison Lee Insurance Limited, whose principal activity is that of a insurance captive and which is registered with the appropriate regulatory authorities in Guernsey.

Review of the business

The directors are pleased with the results for the year and are confident that the business is well positioned for future growth. The financial position of the group at the year end is robust with strong cash flow from operations during the year.

The directors consider that the group's key financial performance indicators to be those that communicate the financial performance and strength of the group as a whole, as follows:

	2015	2014
	£'000	£'000
Total transaction value	280,592	289,468
Turnover	234,173	234,959
Gross profit	88,953	90,280
Gross profit margin	38.0%	38.4%
Adjusted EBITDA (note 3)	60,149	63,921
(Loss) before tax	(5,925)	(8,690)

As noted in the revenue recognition accounting policy (Note 1.11), at the start of the year, the group was the principal for non-account credit card bookings and from May 2015, the driver became the principal. This has resulted in a change to revenue recognised by the group.

Total transaction value is a measure of the value of jobs carried out in the year, irrespective of whether the group is principal or agent, and this showed a decrease of £8.9m or 3.0%, resulting from a reduction in the number of jobs.

During the year, the group acquired the trade and certain assets of Climate Cars Ltd and Cyclone VIP Ltd. These acquisitions contributed some £2.7m of turnover or 1.1% of the total.

The gross profit margin remained consistent with the prior year. Adjusted EBITDA, representing the group's trading performance, continued to show resilience during the year and was 25.7% of turnover (2014: 27.2%).

Going concern

The group is financed by a combination of debt, equity and retained earnings. The group reports under its banking covenants quarterly and there is significant headroom within these facilities. The Directors have reviewed the detailed financial budgets prepared for the forthcoming year, together with its five year strategic plan and believe that the group has sufficient resources available to it. The Directors therefore believe that it is appropriate to prepare the accounts on a going concern basis.

ADDISON LEE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Principal risks and uncertainties

The group's principal financial instruments are bank overdrafts, loan notes, preference shares and retained reserves, the main function of which is to provide finance for the group's operations. In addition the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations, and hire purchase contracts arising from the acquisition of vehicles.

Liquidity risk

The group manages its cash and borrowing in order to meet its working capital requirements, maximise interest income and minimise interest expense as effectively as possible.

Interest rate risk

The group is exposed to interest rate risk on some of its external debt and hire purchase contracts, on which interest is charged at a variable rate. The group uses SWAPs to manage its mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Credit risk

As a standard policy, all customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors and amounts owed by drivers are reviewed on a regular basis and provision is made for doubtful debts as necessary.

On behalf of the board



S Mercer

Director

10 December 2015

ADDISON LEE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

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

Results and dividends

The consolidated profit and loss account for the year is set out on page 7.

The directors do not recommend the payment of an ordinary dividend.

Future developments

The Group will continue to focus on growth in its current market through acquiring new customers and exploring opportunities to encourage existing customers to spend more. The Group will also look to evaluate opportunities in new geographic locations in parallel with improving its overall service offerings. In addition the Group will continue to explore operational efficiencies around owning, financing and maintaining its sizeable fleet of vehicles.

Directors

The following directors have held office since 1 September 2014:

A Burgess
D Foster
L Griffin
E Kump
S Mercer
A Stirling
C Tenwick (Chairman)

Employee involvement

The group's policy is to consult and discuss with employees on matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Disabled persons

The group's policy is not to discriminate on grounds of disability and disabled workers are considered for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

It is the group's current policy that payments to suppliers are made strictly in accordance with those terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been complied with. The company prides itself on its reputation for paying suppliers promptly.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ADDISON LEE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.



S Mercer

Director

On behalf of the board

10 December 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDISON LEE HOLDINGS LIMITED

We have audited the financial statements of Addison Lee Holdings Limited for the year ended 31 August 2015 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cashflow statement and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 parent 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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 August 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF ADDISON LEE HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Andy Glover (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

10 December 2015

ADDISON LEE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	234,173	234,959
Cost of sales		(145,220)	(144,679)
Gross profit		88,953	90,280
Distribution costs		(13,908)	(13,685)
Administrative expenses		(45,998)	(41,573)
Exceptional items	4	(11,609)	(5,344)
Operating profit	5	17,438	29,678
Income from interests in associated undertakings	12	106	33
Interest receivable and similar income	8	55	413
Amounts written off investments	6	-	(119)
Interest payable and similar charges	7	(23,524)	(38,695)
Loss on ordinary activities before taxation		(5,925)	(8,690)
Tax on loss on ordinary activities	9	(4,132)	(3,009)
Loss on ordinary activities after taxation		(10,057)	(11,699)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ADDISON LEE HOLDINGS LIMITED

BALANCE SHEETS

AS AT 31 AUGUST 2015

		Group		Company	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Intangible assets	11	246,597	258,662	-	-
Tangible assets	14	53,499	47,069	-	-
Investment property	13	1,000	1,000	-	-
Investments	12	9,528	9,363	88,428	106,928
		<u>310,624</u>	<u>316,094</u>	<u>88,428</u>	<u>106,928</u>
Current assets					
Stocks	15	321	367	-	-
Debtors	16	33,609	31,069	1,915	1,587
Investments	17	3,407	450	-	-
Cash at bank and in hand		35,745	15,740	53	50
		<u>73,082</u>	<u>47,626</u>	<u>1,968</u>	<u>1,637</u>
Creditors: amounts falling due within one year	20	(58,592)	(36,182)	(10,736)	(3,349)
Net current assets		<u>14,490</u>	<u>11,444</u>	<u>(8,768)</u>	<u>(1,712)</u>
Total assets less current liabilities		<u>325,114</u>	<u>327,538</u>	<u>79,660</u>	<u>105,216</u>
Creditors: amounts falling due after more than one year	21	(320,164)	(312,863)	(77,163)	(95,663)
Provision for liabilities and charges	22	(8,614)	(8,282)	-	-
Net (liabilities) / assets		<u>(3,664)</u>	<u>6,393</u>	<u>2,497</u>	<u>9,553</u>
Capital and reserves					
Called up share capital	24	50	50	50	50
Share premium account	25	4,908	4,908	4,908	4,908
Profit and loss account	25	(8,622)	1,435	(2,461)	4,595
Shareholders' (deficit) / funds	25	<u>(3,664)</u>	<u>6,393</u>	<u>2,497</u>	<u>9,553</u>

Approved by the Board and authorised for issue on 10 December 2015


S Mercer
Director

Company Registration No. 08485609

ADDISON LEE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

		2015 £'000	2015 £'000	2014 £'000	2014 £'000
	Notes				
Net cash inflow from operating activities	32		45,917		59,368
Returns on investments and servicing of finance					
Interest received		55		413	
Interest paid		(16,036)		(23,875)	
Interest element of finance lease rentals		(779)		-	
Dividends received		-		30	
Net cash outflow for returns on investments and servicing of finance			(16,760)		(23,432)
Taxation			(290)		(7,737)
Capital expenditure and financial investment					
Payments to acquire intangible assets		(703)		(105)	
Payments to acquire tangible assets		(31,347)		(22,473)	
Payments to acquire investments		(3,119)		(4,257)	
Receipts from sales of tangible assets		11,138		6,056	
Receipts from sales of investments		2,860		3,252	
Net cash outflow for capital expenditure			(21,171)		(17,527)
Acquisitions and disposals	19				
Purchase of subsidiary undertakings (net of cash acquired)		(3,776)		(8,067)	
Net cash outflow for acquisitions and disposals			(3,776)		(8,067)
Net cash inflow before management of liquid resources and financing			3,920		2,605
Management of liquid resources					
Current asset investments		(2,957)		470	
			(2,957)		470

ADDISON LEE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

		2015 £'000	2015 £'000	2014 £'000	2014 £'000
Financing	Notes				
Preference shares repaid		-		(5,996)	
New long term bank loan		30,000		82,577	
Repayment of other long term loans		(18,500)		(80,000)	
Repayment of other short term loans		(2,000)		(1,000)	
Capital element of finance lease repayments		(14,648)		(22,014)	
Receipts from new hire purchase contracts		24,190		15,628	
Net cash inflow/(outflow) from financing			19,042		(10,805)
Increase/(decrease) in cash in the year	34		20,005		(7,730)

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

1.1 Accounting convention

The financial statements of Addison Lee Holdings Limited were approved for issue by the Board of Directors on 10 December 2015.

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

Going concern

The group is financed by a combination of debt, equity and retained earnings. The group reports its banking covenants quarterly and there is significant headroom within these facilities. The Directors have reviewed the detailed financial budgets prepared for the forthcoming year, together with its five year strategic plan and believe that the group has sufficient resources available to it. The Directors therefore believe that it is appropriate to prepare the accounts on a going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 August 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the latest financial statements of the undertakings concerned.

1.5 Goodwill

Goodwill is amortised on a straight line basis over its useful economic life of 5 to 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.6 Intangible assets

Intangible assets which comprise intellectual property are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.7 Tangible fixed assets and depreciation

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets are depreciated over the following useful lives:

Freehold land and buildings	Straight line over the life of the lease
Plant and machinery	25% - 33% straight line
Fixtures and fittings	33% - 50% straight line
Plant and machinery	33% reducing balance
Fixtures, fittings & equipment	10% reducing balance
Motor vehicles	30% - 33% reducing balance

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable.

Intangible assets which comprise intellectual property are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years.

Capitalisation of internal labour costs

Internal labour costs associated with research and development on software projects have been capitalised in accordance with the requirements of SSAP 13 Accounting for Research and Development. Labour costs are allocated to projects according to actual time worked. The cost of external developers and other ancillary costs have also been capitalised.

Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years. Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.8 Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised on the balance sheet and are depreciated over the shorter of the lease term and the assets useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

1.9 Investments

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

Listed investments are stated at market value at the balance sheet date. Corporate bonds are valued at the mid-market price quoted on a recognised stock exchange. Realised and unrealised gains and losses are taken to the profit and loss account.

Current asset investments are stated at the lower of cost and net realisable value.

Short term investments comprise of certificates of deposit which can be withdrawn or realised at any time without penalty. These are held at market value and gains or losses arising from the revaluation are taken to the profit and loss account.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further selling costs.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.11 Revenue recognition

Revenue, which excludes value added tax ("VAT"), constitutes the value of services undertaken by the group from its principal activities, which are the provision of ground transportation activities namely operating private hire vehicle services, delivery and courier services and other ancillary and related services.

The group recognises two different income streams depending on the end customers – account and non-account.

Account customers

- Revenue from bookings made by account customers, including account and credit card bookings, represents amounts billed for the provision of private vehicle hire services to these customers. The company acts as a principal as it retains exposure to all significant benefits and risks associated with account and credit card bookings in accordance with the principal versus agent criteria as defined in FRS 5 'Reporting the Substance of Transactions'. This revenue is recognised when the service has been provided. Revenue in respect of bookings received when the service is provided subsequent to the balance sheet date is correspondingly deferred on the balance sheet within deferred income

Non-account customers

- Revenue from bookings made by non-account customers, including credit card and cash bookings, represents amounts billed to drivers in respect of a booking fee in return for allocating the customer. The company acts as an agent as the driver retains exposure to all significant benefits and risks associated with account and credit card bookings in accordance with the principal versus agent criteria as defined in FRS 5. This revenue is allocated when the customer has been allocated to the driver. At the start of the year, the group was the principal for non-account credit card bookings; in May 2015, in order to make non-account services consistent between cash and credit card, the driver became the principal.

Other revenue streams

- Revenue from the rental of vehicles to drivers and associated insurance services, advertising services and other ancillary and related services is recognised on a time apportioned basis
- Revenue from delivery, courier and other ancillary and related services is recognised when the service has been provided
- Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable

Insurance premium income - Under the annual basis of accounting, premium written comprises the premiums due on contracts entered into during a financial year, regardless of whether such amounts may relate in whole or in part to a later financial year, exclusive of taxes levied on premiums.

1.12 Pensions

The group contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2015**

1 Accounting policies

(Continued)

1.13 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.15 Exceptional items

The directors consider transactions to be disclosed as exceptional items if individually or, if of a similar type, in aggregate, are by virtue of their size or incidence needed to give a true and fair view of the financial statements. The exceptional items are presented in the consolidated profit and loss in accordance as to whether the related exceptional item was part of the ordinary operating activities of the group.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2015**

1 Accounting policies

(Continued)

1.16 Capital instruments

Capital instruments are reported under the provisions of FRS 4, 'Capital Instruments'. Accordingly, the direct costs incurred in connection with the issue of capital instruments have been deducted from the proceeds of the issue and the finance costs associated with debt have been allocated to periods at a constant rate based on the carrying amount.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Interest payable

Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Derivative instruments

The group uses interest rate swap contracts to reduce exposure to interest rate movements. Interest rate swaps are used to hedge the group's exposure to movements on interest rates. The interest payable or receivable on such swaps is accrued in the same way as interest arising on deposits or borrowings. Interest rate swaps are held at cost and not revalued to fair value prior to maturity.

Cash and liquid resources

For the purposes of the cash flow statement, cash and liquid resources are defined as cash at bank and in hand.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

1 Accounting policies

(Continued)

1.17 Addison Lee Insurance Limited Accounting Policies

The following accounting policies are in addition to those of the group accounts as they are only relevant to Addison Lee Insurance Limited due to the specific nature of the trade.

Accounting convention

The financial statements have been prepared in accordance with the provisions of The Companies (Guernsey) Law 2008, The Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended and the Statement of Recommended Practice (SORP) on accounting for insurance business issued by the Association of British Insurers (ABI). The ABI revised its SORP on accounting for insurance business in December 2005.

Basis of accounting for underwriting activities

All classes of business are accounted for on an annual basis.

Premium income

Under the annual basis of accounting, premium written comprises the premiums due on contracts entered into during a financial year, regardless of whether such amounts may relate in whole or in part to a later financial year, exclusive of taxes levied on premiums. Unearned premiums represent the proportion of premiums written which is estimated to be earned in future financial years, computed separately for each insurance contract using the daily pro rata method.

Claims paid

Claims paid include all payments made in respect of the year with associated claims settlement expenses.

Claims outstanding and IBNR (Incurred but not reported) reserve

Claims outstanding comprises provisions for the estimated cost of settling all claims incurred up to, but not paid at, the balance sheet date whether reported or not, together with the relevant claims settlement expenses. Although provisions for claims are based upon the information currently available to the directors, subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The methods used, and estimates made, are continually reviewed and any resulting adjustments are reported in the profit and loss - technical account in the financial year in which they are made. IBNR reserves are initially provided to the expected loss ratio of 100%, and kept under review and revised on an on-going basis in accordance with projected losses for that particular year.

Investment income

Interest receivable is accounted for in the profit and loss - non technical account on an accruals basis.

Expenses

Administrative expenses are accounted for in the profit and loss - non technical account on an accruals basis.

Cash at bank

Cash comprises of cash at bank, short term deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are stated at current value at the balance sheet date. Corporate bonds are valued at the mid market price quoted on a recognised stock exchange. Realised and unrealised gains and losses are taken to the profit and loss - non-technical account.

Short term investments

Short term investments comprise of certificates of deposit which can be withdrawn or realised at any time without penalty. These are held at current value and gains or losses arising from the revaluation are taken to the profit and loss - non-technical account.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover, loss before taxation and net assets is set out as below:

Turnover

	2015 £'000	2014 £'000
Class of business		
Private minicab hire, delivery and courier service	191,267	200,684
Insurance and reimbursement policies	8,720	7,156
Rental of motor vehicles	34,122	26,936
Investment property	64	183
	<u>234,173</u>	<u>234,959</u>

Loss before taxation

	2015 £'000	2014 £'000
Class of business		
Private minicab hire, delivery and courier service	18,703	31,072
Insurance and reimbursement policies	3,068	2,133
Rental of motor vehicles	10,557	9,793
Investment property	(119)	(115)
Holding companies	(38,134)	(51,573)
	<u>(5,925)</u>	<u>(8,690)</u>

Net assets

	2015 £'000	2014 £'000
Class of business		
Private minicab hire, delivery and courier service	67,611	57,427
Insurance and reimbursement policies	3,552	484
Rental of motor vehicles	32,831	19,198
Investment property	(1,710)	(1,669)
Holding companies	(105,948)	(69,047)
	<u>(3,664)</u>	<u>6,393</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

3 Adjusted EBITDA

	2015 £'000	2014 £'000
Operating profit	17,438	29,678
Add back:		
Exceptional items	11,609	5,344
Administrative fees - monitoring fees	600	598
Amortisation of intangible assets	15,266	14,172
Depreciation of tangible assets	18,912	16,079
Less:		
Profit on disposal of tangible assets	(3,676)	(1,950)
	<u>60,149</u>	<u>63,921</u>

4 Exceptional items

		2015 £'000	2014 £'000
Strategic review	(a)	4,857	-
Restructuring	(b)	4,433	-
Aborted acquisition costs	(c)	2,319	-
Refinancing costs	(d)	-	1,893
Former owner costs	(e)	-	390
Recruitment costs	(f)	-	314
Bank fees	(g)	-	790
Legal and professional fees	(h)	-	747
Rebranding	(i)-	-	1,210
		<u>11,609</u>	<u>5,344</u>

During the year, the group incurred certain costs which the directors believe are of an exceptional nature and quantum and should be separately disclosed.

(a) Professional and other costs related to a strategic review of the business.

(b) Restructuring costs comprise of costs of onerous leases, redundancies, professional fees, one off set up costs associated setting up new operations.

(c) Costs associated with aborted acquisitions.

(d) Costs related to re-financing.

(e) Items attributable to the former owners of the business which will not re-occur.

(f) Following the acquisition of the group in 2013, the senior management team was been strengthened with the addition of a new Chairman, Chief Financial Officer, Chief Commercial Officer, Chief Operating Officer and General Counsel. These costs relate to recruitment to fill these new roles.

(g) Unutilised commitment fees.

(h) One off items relating to certain legal and taxation matters.

(i) Costs relating to one off consulting and branding costs incurred by the group following the acquisition in 2013.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

5	Operating profit:	2015	2014
		£'000	£'000
	Operating profit is stated after charging:		
	Amortisation of intangible assets	15,266	14,172
	Depreciation of tangible assets	18,912	16,079
	Loss on foreign exchange transactions	37	33
	Operating lease rentals		
	- Other	-	306
	- Land and buildings	1,266	1,220
	Fees payable to the group's auditor for the audit of the group's annual accounts - company	35	38
	Fees payable to the group's auditor for the audit of the group's annual accounts - group	295	300
	and after crediting:		
	Profit on disposal of tangible assets	(3,676)	(1,950)
		<u> </u>	<u> </u>
 6	 Amounts written off investments	 2015	 2014
		£'000	£'000
	Loss on disposal of investments	-	(28)
	Movement in unrealised loss on investments	-	(91)
		<u> </u>	<u> </u>
		-	(119)
		<u> </u>	<u> </u>
 7	 Interest payable	 2015	 2014
		£'000	£'000
	On other loans wholly repayable within five years - Loan notes and Preference shares	9,684	14,226
	On loans repayable within five years - Senior debt	11,472	7,928
	Lease finance charges and hire purchase interest	779	1,140
	Debt issue costs	524	15,388
	Other interest	1,065	13
		<u> </u>	<u> </u>
		23,524	38,695
		<u> </u>	<u> </u>

Debt issue costs

Issue costs on the loan notes are amortised over a period of 12 years. During the year there was a repayment of £18,500k (2014:£80,000k) of loan notes and the issue costs in relation to the amounts repaid have been fully amortised. During 2014 there was a refinancing of the Senior debt and the issue costs were fully amortised during the year.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

8 Interest receivable

	2015 £'000	2014 £'000
Bank interest	50	412
Other interest	5	1
	<u>55</u>	<u>413</u>

9 Taxation

	2015 £'000	2014 £'000
Domestic current year tax		
U.K. corporation tax	4,747	3,666
Adjustment for prior years	(22)	(234)
Share of tax in associate	18	7
Total current tax	<u>4,743</u>	<u>3,439</u>
Deferred tax		
Origination and reversal of timing differences	(611)	(587)
Deferred tax adjustments arising in previous periods	-	157
	<u>(611)</u>	<u>(430)</u>
	<u>4,132</u>	<u>3,009</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(5,925)</u>	<u>(8,690)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.58% (2014 - 22.16%)	(1,219)	(1,926)
Effects of:		
Non deductible expenses	5,857	5,111
Depreciation and amortisation	3,247	3,564
Capital allowances	(2,493)	(2,661)
Tax losses utilised	(48)	(176)
Income from associated undertakings	18	-
Adjustment for prior years	(22)	(235)
Chargeable disposals	(741)	(248)
Other tax adjustments	144	10
Current tax charge for the year	<u>4,743</u>	<u>3,439</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

The UK tax rate was 23% from 1 April 2013 to 31 March 2014 and 21% from 1 April 2014 to 31 March 2015 but has fallen to 20% from 1 April 2015.

At 31 August 2015, the reduction to 20% from has been substantively enacted effective 1 April 2015 and deferred tax has been calculated at 20%.

The Finance Act 2013 included legislation to reduce the main rate of corporation tax down to 20% with effect from 1st April 2015. The Summer Finance Bill 2015 proposes the Corporation Tax rate to reduce to 19% from the Financial year commencing 1st April 2017 and 18% from April 1st 2020. As of 31 August 2015, these rates were not considered substantively enacted as the bill was still at the Committee Stage in the House of Commons. On October 26th 2015, the Summer Finance Bill completed its report stage and is now substantively enacted for accounting purposes. It also had its third reading in the House of Commons on the same day.

As the further changes were not substantively enacted at the balance sheet date, they are not reflected within the financial statements. The estimated impact of the announced changes is not expected to have a significant impact on the deferred tax balance.

The group has estimated tax losses of £2,839k (2014:£3,100k) available to carry forward against future trading profits within the subsidiaries in which losses have arisen.

A deferred tax asset has not been recognised in respect of these losses as there is insufficient evidence that the asset will be recoverable. Deferred tax asset of £568k (2014:£620k) would be recognised if it was certain that there would be expected future profits against which tax losses could be relieved within the subsidiaries in which the losses have arisen.

10 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding companies profit and loss account has not been included in these financial statements. The loss for the financial year is as follows:

	2015 £'000	2014 £'000
Holding company's loss for the financial year	(7,056)	(6,920)

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

11 Intangible fixed assets Group

	Intellectual property £'000	Goodwill £'000	Total £'000
Cost			
At 1 September 2014	298	277,506	277,804
Additions	703	2,448	3,151
Adjustment in respect of prior year acquisitions	-	50	50
At 31 August 2015	1,001	280,004	281,005
Amortisation			
At 1 September 2014	54	19,088	19,142
Charge for the year	106	15,160	15,266
At 31 August 2015	160	34,248	34,408
Net book value			
At 31 August 2015	841	245,756	246,597
At 31 August 2014	244	258,418	258,662

Goodwill is amortised on a straight line basis over its useful economic life of 5 to 20 years.

Intangible assets which comprise intellectual property are carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

12 Fixed asset investments

Group	Listed investments	Unlisted investments	Shares in associated undertakings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2014	8,809	458	178	9,445
Additions	3,119	-	88	3,207
Revaluation	(182)	-	-	(182)
Disposals	(2,760)	(100)	-	(2,860)
	<u>8,986</u>	<u>358</u>	<u>266</u>	<u>9,610</u>
At 31 August 2015	8,986	358	266	9,610
Provisions for diminution in value				
At 1 September 2014 & at 31 August 2015	-	82	-	82
	<u>-</u>	<u>82</u>	<u>-</u>	<u>82</u>
Net book value				
At 31 August 2015	8,986	276	266	9,528
	<u>8,986</u>	<u>276</u>	<u>266</u>	<u>9,528</u>
At 31 August 2014	8,809	376	178	9,363
	<u>8,809</u>	<u>376</u>	<u>178</u>	<u>9,363</u>

The group's listed investments are held at market value. Unlisted investments and shares in associated undertakings are held at cost less provision for diminution in value.

Listed Investments

The groups listed investments are subject to a security interest agreement in favour of Aviva Insurance Limited.

The group has appointed Credit Suisse (Guernsey) Limited ('CSG') to act as an investment manager. Under the terms of a discretionary portfolio management agreement, CSG invests in a balanced portfolio of segregated government and corporate bonds with the following investment limitations:

- i) Maximum portfolio duration: 5 years
- ii) Maximum individual holding maturity: 8 years
- iii) Maximum amount that maybe held with any one counterparty limit: 10% of the value of the portfolio with a maximum of £1 million.
- iv) Minimum credit rating: A3 Moody's / A- Standard and Poor's.
- v) Minimum cash balance: 5% of the portfolio.
- vi) No investment in instruments that suffer withholding tax.

Listed investments are held by and on behalf of the group's insurance businesses which are subject to contractual or regulatory restrictions. The amounts held are not readily available to be used for other purposes within the group.

Unlisted investments are in relation to a 5.8% shareholding in Medical Services Limited.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

12 Fixed asset investments

(Continued)

Associated undertaking

The investment in the associated undertaking is set out below:

	2015 £'000	2014 £'000
Brought forward	178	182
Share of profit in associate	106	33
Share of tax in associate	(18)	(7)
Dividends received	0	(30)
	<u>266</u>	<u>178</u>
Carried forward	<u>266</u>	<u>178</u>

Company

	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 September 2014	47,558	59,370	106,928
Repayment of loans	-	(18,500)	(18,500)
	<u>47,558</u>	<u>40,870</u>	<u>88,428</u>
At 31 August 2015	47,558	40,870	88,428
Net book value			
At 31 August 2015	<u>47,558</u>	<u>40,870</u>	<u>88,428</u>
At 31 August 2014	<u>47,558</u>	<u>59,370</u>	<u>106,928</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the cost included in the balance sheet.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

12 Fixed asset investments

(Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held %	Principal activity
Subsidiary undertakings			
Addison Lee Midco I Limited*	England & Wales	100.00	Holding Company
Addison Lee Midco II Limited	England & Wales	100.00	Holding Company
Addison Lee Financing Limited	England & Wales	100.00	Holding Company
Addison Lee Group Limited	England & Wales	100.00	Holding Company
Addison Lee Coaches Limited	England & Wales	100.00	Property investment
Addison Lee Gatwick Cars Limited	England & Wales	100.00	Dormant
Addison Lee Insurance Limited	Guernsey	100.00	Insurance captive
Addison Lee Limited	England & Wales	100.00	Private mini cab hire
London Executive Limited	England & Wales	100.00	Dormant
Blueback Limited	England & Wales	100.00	Private mini cab hire
Eventech Limited	England & Wales	100.00	Rental of motor vehicles
Homeflag Limited	England & Wales	100.00	Dormant
Professional IT (Logistics) Limited	England & Wales	100.00	Software development
Seela Limited	England & Wales	100.00	Rental of motor vehicles
Ecoigo Limited	England & Wales	100.00	Non trading
W1 Cars Limited	England & Wales	100.00	Private mini cab hire
Addison Lee Inc	U.S.A	100.00	Private mini cab hire

* direct subsidiary; all other companies are indirect subsidiaries.

Associated undertakings

Haulmont Technology Limited	England & Wales	30	Software consultancy
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13 Investment property

	Group £'000	Company £'000
Valuation		
At 1 September 2014 & at 31 August 2015	1,000	-

The investment property was valued by Allsop LLP on 21 February 2013 and the open market value on that date was £1,000k. The directors believe that the value of the property at the balance sheet date does not materially differ from this valuation. No depreciation is provided in respect of this property.

No provision has been made for deferred tax on the potential sale of the remaining property. After taking into account indexation allowances accrued from the date of acquisition into the group to the balance sheet date, the total amount unprovided for is £nil (2014: £nil). At present, it is not envisaged that any tax will become payable in the foreseeable future.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

14 Tangible fixed assets

Group	Freehold land and buildings £'000	Coaches £'000	Plant and machinery £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2014	52	3,512	33	8,804	50,125	62,526
Additions	-	-	-	7,568	25,237	32,805
Disposals	-	-	-	-	(23,382)	(23,382)
At 31 August 2015	52	3,512	33	16,372	51,980	71,949
Depreciation						
At 1 September 2014	10	474	19	3,728	11,226	15,457
On disposals	-	-	-	-	(15,919)	(15,919)
Charge for the year	9	303	14	3,771	14,815	18,912
At 31 August 2015	19	777	33	7,499	10,122	18,450
Net book value						
At 31 August 2015	33	2,735	-	8,873	41,858	53,499
At 31 August 2014	42	3,038	14	5,076	38,899	47,069

Included above are assets held under finance leases or hire purchase contracts as follows:

	Coaches £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Net book values				
At 31 August 2015	1,837	-	29,028	30,865
At 31 August 2014	2,041	745	30,047	32,833
Depreciation charge for the year				
31 August 2015	204	-	10,273	10,477
31 August 2014	227	373	12,109	12,709

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

15 Stocks

	Group 2015 £'000	2014 £'000	Company 2015 £'000	2014 £'000
Raw materials and consumables	321	367	-	-
	<u>321</u>	<u>367</u>	<u>-</u>	<u>-</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

16 Debtors

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	20,332	17,854	-	-
Third party loans	343	1,286	-	-
Amounts owed by associated undertakings (note 35)	44	42	-	-
Amounts owed by subsidiary companies	-	-	1,915	1,587
Corporation tax	-	1,630	-	-
Other debtors	2,267	2,710	-	-
Amounts owed by related parties (note 35)	2,954	60	-	-
Directors current accounts	6	190	-	-
Prepayments and accrued income	3,910	4,155	-	-
Deferred tax asset	3,753	3,142	-	-
	<u>33,609</u>	<u>31,069</u>	<u>1,915</u>	<u>1,587</u>

Deferred tax asset is made up as follows:

	Group		Company	
	2015		2015	
	£'000		£'000	
Balance at 1 September 2014	3,142		-	
Profit and loss account	611		-	
	<u>3,753</u>		<u>-</u>	
Balance at 31 August 2015	<u>3,753</u>		<u>-</u>	

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
(Decelerated)/accelerated capital allowances	3,349	-	-	-
Other timing differences	380	80	-	-
Decelerated capital allowances	24	3,062	-	-
	<u>3,753</u>	<u>3,142</u>	<u>-</u>	<u>-</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2015

17 Current asset investments

	Group 2015 £'000	2014 £'000	Company 2015 £'000	2014 £'000
Other unlisted investments	3,407	450	-	-

The above investments comprise of certificates of deposit held by Addison Lee Insurance Limited which can be withdrawn or realised at any time without penalty. These are held at current value and gains or losses arising from the revaluation are taken to the profit and loss - non-technical account.

18 Cash at bank and short term investments

Certain cash balances are held by and on behalf of the group's insurance businesses which are subject to contractual or regulatory restrictions. The amounts held are not readily available to be used for other purposes within the group and are subject to security interest agreements in favour of the following parties:

	Group 2015 £'000	Group 2014 £'000
Syndicate 218 at Lloyds (Equity Red Star)	5	5
(MIT) Syndicate 3210 at Lloyds	97	342
Aviva Insurance Limited	585	480
	<u>687</u>	<u>827</u>

The group's remaining cash at bank and short term investments are not subject to any security interest agreements.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

19 Acquisitions

On 16 April 2015, the group acquired the trade and assets of Climate Cars Limited. In addition, on 19 May 2015, the group acquired the trade and assets of Cyclone VIP Limited.

Net assets of the trade and assets acquired were as follows:

	2015 Book value acquired £'000	2015 Fair value adjustments £'000	2015 Total value £'000
Tangible fixed assets	1,458	-	1,458
Creditors: amounts falling due within one year	(130)	-	(130)
Net assets acquired	<u>1,328</u>	<u>-</u>	<u>1,328</u>
Goodwill (note 11)			<u>2,448</u>
Fair value of consideration and cash outflow			<u>3,776</u>

2014

On 31 March 2014, the group acquired the trade and assets of London Executive Group (comprising London Executive LEG Limited, London Executive International Limited, Executive West Limited, London Executive Leasing Limited, London Executive Limited, First Chauffeur Services Limited, and London Executive Facilities Management Limited). In addition, on 11 April 2014, the group acquired the trade and assets of Ecoigo Limited, a company in administration. The cost of goodwill was adjusted for the fair value of trade debts purchased.

	2014 Book value acquired £'000	2014 Fair value adjustments £'000	2014 Total value £'000
Tangible fixed assets	1,382	-	1,382
Debtors	535	(71)	464
Creditors: amounts falling due within one year	(239)	-	(239)
Hire purchase	(890)	-	(890)
Net assets acquired	<u>788</u>	<u>(71)</u>	<u>717</u>
Goodwill			<u>7,350</u>
Fair value consideration and cash outflow			<u>8,067</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

20 Creditors : amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Net obligations under finance lease and hire purchase contracts	23,117	11,852	-	-
Trade creditors	6,689	6,710	-	61
Amounts owed to group companies	-	-	-	838
Amounts owed to subsidiary companies	-	-	916	-
Amounts owed to parent company (note 35)	9,849	3,687	-	-
Corporation tax	2,823	-	515	-
Other taxes and social security costs	5,731	6,958	-	-
Other creditors	2,189	1,891	-	-
Senior debt	3,000	2,000	-	-
Accruals and deferred income	5,194	3,084	9,305	2,450
	<u>58,592</u>	<u>36,182</u>	<u>10,736</u>	<u>3,349</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

21 Creditors : amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Senior debt	229,000	202,000	-	-
Unsecured transferable 4.1% loan notes	18,940	36,916	19,250	37,750
Net obligations under finance leases and hire purchase agreements	14,311	16,034	-	-
Preference shares	57,913	57,913	57,913	57,913
	<u>320,164</u>	<u>312,863</u>	<u>77,163</u>	<u>95,663</u>

Analysis of loan notes

Not wholly repayable within five years by instalments:

Unsecured transferable 4.1% loan notes	37,750	117,750	37,750	117,750
Less: repayment	(18,500)	(80,000)	(18,500)	(80,000)
Less: issue costs	(310)	(834)	-	-
	<u>18,940</u>	<u>36,916</u>	<u>19,250</u>	<u>37,750</u>

The loan notes are repayable on 19 April 2025. They accrue interest, compounded each year, at the rate of 4.1%.

There are 70,129,142 preference shares in issue with a normal value of 1p each. A fixed cumulative, preferential dividend is payable at the rate of 12 percent per annum of the subscription price. On 19 May 2014 there was a capital reduction in accordance with the Companies Act 2006. 6m of the preference shares in issue were cancelled reducing the preference share account by £6m. Additionally, the value paid for the preference shares was reduced to £0.82581 per share and an amount of £12.2m was transferred from the preference share premium account to the profit and loss reserve.

Net obligations under finance leases and hire purchase contracts

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Repayable within one year	23,117	11,852	-	-
Repayable between one and five years	14,311	16,034	-	-
	<u>37,428</u>	<u>27,886</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(23,117)	(11,852)	-	-
	<u>14,311</u>	<u>16,034</u>	<u>-</u>	<u>-</u>

Preference shares are classified as financial liabilities due after more than five years.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

21 Creditors : amounts falling due after more than one year

(Continued)

Senior debt	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts payable:				
Within one year	3,000	2,000	-	-
In two and five years	14,000	17,000	-	-
In two and five years not repayable by instalments	215,000	185,000	-	-
	<u>232,000</u>	<u>204,000</u>	<u>-</u>	<u>-</u>
Included in creditors less than one year	(3,000)	(2,000)	-	-
	<u>229,000</u>	<u>202,000</u>	<u>-</u>	<u>-</u>

Loans repayable by instalments £17m - interest is payable at the rate of one month GBP LIBOR plus 4.0%.

Loans not repayable by instalments £215m - these loans are repayable on 19 April 2020. The rate of interest is one month GBP LIBOR plus 4.75%.

Interest swap agreement

Addison Lee Financing Limited entered into two interest rate swap transactions on 3rd June 2013 with ING Bank and BNP Paribas. Both agreements are on identical terms. The initial value of each swap was £50,000k which will amortise over the life of the swap to £29,250k at the maturity date on 29 April 2016. Both arrangements attract a fixed rate of 0.63% per annum and a floating rate of one month GBP LIBOR set by the BBA.

Addison Lee Financing Limited entered into two interest rate swap transactions on 28 August 2015 with HSBC and Lloyds Bank. The total value of the swap was £100,000k, increasing to £150,000k when the ING Bank and BNP Paribas swap cease on 29 April 2016. The arrangements attract a fixed rate of 1.1118% per annum and a floating rate of one month GBP LIBOR set by the BBA. The fair value of interest rate swaps held at the balance sheet date, determined by reference to their market value, is estimated to be a net liability of £192k.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

22 Provision for liabilities and charges

Group

	Insurance technical provisions £'000	Onerous leases £'000	Total £'000
At 1 September 2014	8,282	-	8,282
Profit and loss account	-	175	175
Movements on technical claims provisions	157	-	157
At 31 August 2015	<u>8,439</u>	<u>175</u>	<u>8,614</u>

Group

Addison Lee Insurance - technical provisions

	2015 £'000	2014 £'000
Claims outstanding		
Incurred but not reported (IBNR) reserve	7,215	6,120
	<u>1,224</u>	<u>2,162</u>
Balance at 31 August	<u>8,439</u>	<u>8,282</u>

23 Retirement Benefits

	2015 £'000	2014 £'000
Contributions payable by the group for the year under a defined contribution scheme	<u>309</u>	<u>224</u>

24 Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
4,500,000 ordinary A shares of 1p each and 500,000 ordinary B shares of 1p each	<u>50</u>	<u>50</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

25 Statement of movements on reserves

Group	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 September 2013	50	4,908	918	5,876
Loss for the year	-	-	(11,699)	(11,699)
Transfer from preference share premium	-	-	12,216	12,216
At 31 August 2014	50	4,908	1,435	6,393
Loss for the year	-	-	(10,057)	(10,057)
At 31 August 2015	<u>50</u>	<u>4,908</u>	<u>(8,622)</u>	<u>(3,664)</u>
Company				
At 1 September 2013	50	4,908	(701)	4,257
Loss for the year	-	-	(6,920)	(6,920)
Transfer from preference share premium	-	-	12,216	12,216
At 31 August 2014	50	4,908	4,595	9,553
Loss for the year	-	-	(7,056)	(7,056)
At 31 August 2015	<u>50</u>	<u>4,908</u>	<u>(2,461)</u>	<u>2,497</u>

26 Contingent liabilities

Group

Addison Lee Group Limited, Addison Lee Financing Limited and Addison Lee Midco II Limited entered into a fixed and floating arrangement with ING Bank N.V., London branch on 19 April 2013 as amended on 15 April 2014, in respect of bank borrowings of fellow group companies including loans provided to Addison Lee Financing Limited. The bank borrowings as at 31 August 2015 are £232,000k (2014:£204,000k) and are secured over the assets of group companies.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

27 Financial commitments

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiry date:				
Within one year	107	-	-	89
Between two and five years	1,003	1,163	-	62
In over five years	106	86	-	-
	<u>1,216</u>	<u>1,249</u>	<u>-</u>	<u>151</u>

28 Capital commitments

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Contracted for but not provided in the financial statements	3,062	4,583	-	-
	<u>3,062</u>	<u>4,583</u>	<u>-</u>	<u>-</u>

The capital commitment relates to the future acquisition of motor vehicles.

29 Directors' remuneration

	2015	2014
	£'000	£'000
Remuneration for qualifying services	<u>548</u>	<u>359</u>
Remuneration disclosed above includes the following amounts paid to the highest paid director		
	2015	2014
	£'000	£'000
Remuneration for qualifying services	<u>498</u>	<u>215</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

30 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Administration	244	356
Distribution	519	396
	<u>763</u>	<u>752</u>

Employment costs

	2015 £'000	2014 £'000
Wages and salaries	25,550	20,959
Social security costs	2,448	2,171
Other pension costs	309	224
	<u>28,307</u>	<u>23,354</u>

31 Control

The controlling shareholder of Addison Lee Holdings Limited is CEP III Participations Sarl SICAR and the ultimate controlling entity is Carlyle Europe Partners III L.P. The lowest level at which consolidated financial statements are prepared is Addison Lee Midco II Limited. Its consolidated annual report is available from their registered office.

32 Reconciliation of operating profit to net cash inflow from operating activities	2015 £'000	2014 £'000
Operating profit	17,438	29,678
Depreciation of tangible assets	18,912	16,079
Amortisation of intangible assets	15,266	14,172
Profit on disposal of tangible assets	(3,676)	(1,950)
Decrease/(increase) in stocks	46	(138)
Increase in debtors	(3,559)	(1,412)
Increase in creditors	1,030	3,030
Other reserve movement	460	(91)
Net cash inflow from operating activities	<u>45,917</u>	<u>59,368</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

33 Analysis of net debt	1 September 2014 £'000	Cash flow £'000	Other non- cash changes £'000	31 August 2015 £'000
Net cash:				
Cash at bank and in hand	15,740	20,005	-	35,745
Liquid resources:				
Current asset investments	450	2,957	-	3,407
Finance leases	(27,886)	(9,542)	-	(37,428)
Debts falling due within one year	(2,000)	(1,000)	-	(3,000)
Debts falling due after one year	(296,829)	(9,024)	-	(305,853)
	(326,715)	(19,566)	-	(346,281)
Net debt	(310,525)	3,396	-	(307,129)

34 Reconciliation of net cash flow to movement in net debt	2015 £'000	2014 £'000
Increase/(decrease) in cash in the year	20,005	(7,730)
Cash (outflow)/inflow from (increase)/decrease in liquid resources	2,957	(470)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(19,566)	8,382
Change in net debt resulting from cash flows	3,396	182
New finance lease	-	(915)
Capital reduction	-	(13,236)
Debt issue costs	-	12,216
Movement in net debt in the year	3,396	(1,753)
Opening net debt	(310,525)	(308,772)
Closing net debt	(307,129)	(310,525)

35 Related party relationships and transactions	Group 2015 £'000	Group 2014 £'000
Amounts owed by Associated undertakings		
Amounts owed by Associated undertakings - Haulmont Technology Limited	44	42
	44	42

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

35 Related party relationships and transactions

(Continued)

	Group 2015 £'000	Group 2014 £'000
Amounts owed by related parties		
Addison Lee Pension scheme	50	50
Essenden Ventures LLP	50	10
Loan to A Boland	1,785	-
Amount owed by parent company (CEP II Alphyn I S.C.A)	1,020	-
Next Chapter Properties	49	-
	<u>2,954</u>	<u>60</u>
	Group 2015 £'000	Group 2014 £'000
Amounts owed by directors		
D Foster	2	-
L Griffin	4	-
Directors in 2014	-	190
	<u>6</u>	<u>190</u>
	Group 2015 £'000	Group 2014 £'000
Amount owed to parent company (CEP III Alphyn I S.C.A)		
Management charge	600	600
Loan notes 4.1% interest	449	690
Preference shares	8,800	2,397
	<u>9,849</u>	<u>3,687</u>

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2015

35 Related party relationships and transactions

(Continued)

Group

CEP III Alphyn I S.C.A (parent company)

During the year the following transactions took place between the group and CEP III Alphyn I S.C.A.

- (i) Management charge of £600k (2014:£600k) was charged during the year by CEP III Alphyn I S.C.A. These amounts were unpaid at the respective year ends.
- (ii) As at 31 August 2015, CEP III Alphyn I S.C.A, the parent company, owes the group £1,020k (2014: Nil).
- (iii) Interest of £449k(2014:£690k) on 4.1% loan notes of £19,250k (2014:£37,750k) is owed by Addison Lee Holdings Limited; interest paid during the year was £1,510k (2014:£4,710k)
- (iv) Interest of £8,800k (2014:£2,397k) on preference shares of £57,913k (2014:£57,913k) is owed by Addison Lee Holdings Limited; interest paid during the year was £1,990k (2014:£10,004k)

Haulmont Technology Limited

The group owns a 30% shareholding interest in Haulmont Technology Limited.

During the year the following transactions took place between the group and Haulmont Technology Limited:

- (i) The group paid expenses totalling £1k (2014: £1k) on behalf of Haulmont Technology Limited.
- (ii) Haulmont Technology Limited provided services to the group totalling £1,185k (2014: £864k).

As at 31 August 2015, Haulmont Technology Limited owed the group £133k (2014: £42k). During the year, interest of £Nil (2014: £Nil) has been charged on this loan. Included in trade creditors is a balance of £109k (2014: £109k) due to Haulmont Technology Limited.

Addison Lee Pension Scheme

Messrs J Griffin, D Foster, and L Griffin are members and trustees of the Addison Lee defined contribution pension scheme. There were no related party transactions during the year ended 31 August 2015, the pension scheme owed the group £50k (2014: £50k).

Addbins Limited

Messrs J Griffin, D Foster, and L Griffin are directors and shareholders of Addbins Limited. As at 31 August 2015, Addbins Limited owed the group £86k (2014: £86k). This amount has been provided for in full in both the current and prior year.

Essendon Ventures LLP

L Griffin is a designated member of Essendon Ventures LLP. During the year, the group made payments on behalf of Essendon Ventures LLP totalling £Nil (2014: £58k), and received money on behalf of Essendon Ventures LLP totalling £Nil (2014: £57k). As at 31 August 2015, Essendon Ventures LLP owed the group £50k (2014: £10k). During the year, interest of £Nil (2014: £Nil) has been charged on this loan.

DKL Properties

Messrs D Foster and L Griffin are the owners of DKL Properties. The group was charged rent of £84k (2014: £84k) by DKL Properties for the use of its business premises. At 31 August 2015, the group owed DKL Properties £Nil (2014: £Nil).

Next Chapter Properties

D Foster and L Griffin are the owners of Next Chapter Properties. The group was charged rent of £586k (2014: £Nil) by Next Chapter Properties for the use of its business premises. At 31 August 2015, Next Chapter Properties owed the group £49k (2014: £Nil). Previously the group was charged rent by the Trustees of the Addison Lee Pension Scheme £Nil (2014: £393k).

S Smith

The group trades from premises that are owned by S Smith, a director of Professional IT (Logistics) Limited, a group company. During the year the group paid a market value rent of £10k (2014: £18k) for the use of the premises. All transactions were in the ordinary course of business and at arm's length.

ADDISON LEE HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2015**

35 Related party relationships and transactions

(Continued)

G Cust

During the year, the group made payments/advances on behalf of G Cust totalling £Nil and received/(paid expenses) of £42k (2014: £Nil). As at 31 August 2015, the group was owed £Nil.

A Boland

During the year, the company loaned £1,785k, with 3.25% interest bearing per annum, to A Boland; as at 31 August 2015, the group was owed £1,785k. A Boland received emoluments of £197k in 2015 (2014: £Nil).

Transactions with directors

During the year, the group made payments/advances on behalf of D Foster totalling £26k (2014: £37k) and received/(paid expenses) of £28k (2014: £82k) from D Foster. As at 31 August 2015, the group was owed £2k (2014: £Nil).

During the year, the group made payments/advances on behalf of L Griffin totalling £5k (2014: £507k) and received/(paid expenses) of £1k (2014: £332k). As at 31 August 2015, the group was owed £4k (2014: £188).

Company

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.