5

nci
VEHICLE RESCUE PLC

Registered number: 05052874

# NCI Vehicle Rescue PLC

# Annual Report and Financial Statements

# For Year Ended 31 March 2016



**PKF LITTLEJOHN LLP**
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

# NCI Vehicle Rescue PLC

## Financial Statements

## Year ended 31 March 2016

**Contents** **Page**

# NCI Vehicle Rescue PLC

## Company Information

| | | |
|---|---|---|
| **The Board of Directors** | Mr N M Richards-Smith | (Managing Director) |
| | Mr C T Duwell | (Operations Director) |
| | Mr C R Jackson | (Non-Executive Chairman) |
| | Mr R P Sharman | (Sales Director) |
| | Mr P M Barrett | (Finance Director) |
| | Mr C Astbury | (IT Director) |
| **Company Secretary** | Mr P M Barrett | |
| **Business Address** | 4th Floor, Clarendon House<br>Victoria Avenue<br>Harrogate<br>HG1 1JD | |
| **Registered Office** | 4th Floor, Clarendon House<br>Victoria Avenue<br>Harrogate<br>HG1 1JD | |
| **Independent Auditor** | PKF Littlejohn LLP<br>Statutory Auditor<br>1 Westferry Circus<br>Canary Wharf<br>London<br>E14 4HD | |
| **Bankers** | Lloyds Bank PLC<br>8-11 Cambridge Street<br>Harrogate<br>HG1 1PQ | |
| **Solicitors** | Clarions Solicitors Limited<br>Elizabeth House<br>13-19 Queen Street<br>Leeds<br>LS1 2TW | |
| **Company Number** | 05052874 | |

# NCI Vehicle Rescue PLC

## Group Strategic Report

## Year ended 31 March 2016

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

**Business Review and Future Developments**

The principal activity of the group in the year under review was the provision of vehicle breakdown and insurance services.

**Group Result & Business Review**

The year ended 31st March 2016 has been the most difficult year in the company's history, following the loss of our largest motor insurance account in September 2014. This resulted in a loss on ordinary activities before taxation of £602,603 compared to the restated profit of £18,870 achieved in the previous year. Gross Sales (Gross Premiums written plus the value of the vehicle breakdown policies) decreased by 35.0% from £22.17m to £14.40m with statutory turnover (commission and fees) decreasing by 7.4% from £6,969,305 to £6,455,697.

The Group places considerable value on the involvement of its employees and continues to provide a framework for the development of staff.

**Future Outlook**

Trading will still continue to be challenging for the whole of 2016/17, as the Group develops and gains new deals to replace the turnover and margins lost in the previous eighteen months. Over this period, the Group has rebalanced its revenue and profit generation more equally in its three main business units of Private Motor Insurance, Breakdown and Roadside Assistance and Pet Insurance, whilst developing our third party claims service and is now generating profitable growth in these markets.

**Principal Risks and Uncertainties**

The Group operates a risk management system that evaluates and prioritises risks and uncertainties. This is principally a function of the Board of Directors lead by the Executive team.

The Group has a simple capital structure and its principal financial asset is cash. In addition, various other financial assets and liabilities (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the Group's operations.

The Group has no material exposure to market risk or currency risk. The Group monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

Additional risks and uncertainties, which are not currently known or are deemed immaterial, may also have a material impact on the Group. The following have been identified as the more significant risks to the Group:

We are subject to a broad spectrum of regulatory requirements in each of the markets in which we operate and failure to comply with these regulatory requirements could result in us having to suspend either temporarily or permanently certain activities.

A significant reduction in our main routes to market could have a significant impact on customer and policy numbers.

If we were unable to access sufficient insurance capacity for our products, this could have a significant impact on future commission income.

Our reputation is heavily dependent on the quality of our customer service. Any failure to meet our service standards or negative media coverage of poor service could have a detrimental impact on customer and policy numbers.

### Principal Risks and Uncertainties *(continued)*

Our ability to meet growth expectations and compete effectively is, in part, dependent on the skills, experience and performance of our personnel. The ability to attract, motivate or retain key talent could impact on our overall business performance.

The Group depends on the continued contribution of key management, and the loss of a significant member of the management team could adversely effect the business.

### Key Performance Indicators

The directors monitor the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Details of the most significant key performance indicators (KPIs) used by the Group are as follows:

### Gross Sales (growth)

The Group views changes in the market as an opportunity to grow, and to use its retained profits and its ability to develop and produce innovative products, services and solutions that satisfy emerging customer needs. Growth comes from taking considered risks, based on the state of the industry and the market that we operate in. The Group measures gross sales by reference to the gross premiums written under the various insurance products offered by the Group, plus the value of the vehicle breakdown policies entered into in the year.

### Profitability

In order to be successful, NCI needs to achieve sufficient profits over a medium to long term to finance growth, create value for the Group's shareholders and provide resource to achieve any of the Group's other objectives.

### Cash at bank and in hand

Increasing available cash is key to achieving our long term goals, whether making corporate acquisitions or acquiring books of business.

This report was approved by the board of directors on ..6/12/16..........and signed on behalf of the board by:

P Barrett

Mr P M Barrett
Director

# NCI Vehicle Rescue PLC

## Directors' Report

## Year ended 31 March 2016

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2016.

**Principal activities and business review**

The principal activity of the Company was that of a holding company.

The principal activities of the Group are the provision of vehicle breakdown and insurance services.

A review of the Group's activities and performance for the year and its prospects for 2016 to 2017 is contained in the Strategic Report in pages 2 and 3.

**Directors**

The Directors who served during the year were as follows:

Mr N M Richards-Smith
Mr C T Duwell
Mr C R Jackson
Mr R P Sharman
Mr P M Barrett
Mr C Astbury

**Results and dividends**

The Group's loss for the year, after taxation, amounted to £594,146 (2015: loss of £3,948). Particulars of dividends paid are detailed in note 13 to financial statements.

**Future developments**

A review of the business and future prospects is set out in the Strategic Report on pages 2 and 3.

**Financial risk management**

The Group has a simple capital structure and its principal financial asset is cash. In addition, various other financial assets and liabilities (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

The Group has no material exposure to market risk or currency risk.

The Group monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The Group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations.

**Policy on the payment of creditors**

The Group's policy is to pay all creditors in accordance with contractual and legal obligations. Advantage is taken of available discounts for prompt payment whenever possible.

The rate, expressed in days, between the amounts invoiced to the group by its suppliers in the year and the amount owing to trade and other creditors at the year end was 30 days (2015: 30 days).

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The financial position of the Group, its cashflows and liquidity position are disclosed within these financial statements.

The Group has adequate resources and the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Provision of information auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on ....6/12/16.................. and signed on its behalf.

P Barrett

Mr P M Barrett
Director

# NCI Vehicle Rescue PLC

## Directors' Responsibilities Statement

## Year ended 31 March 2016

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company 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 Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 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 Company 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 Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NCI Vehicle Rescue PLC

## Independent Auditor's Report to the Members of NCI Vehicle Rescue PLC

## Year ended 31 March 2016

We have audited the financial statements of NCI Vehicle Rescue PLC for the year ended 31 March 2016, which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Company Statements of Changes in Equity and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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 and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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 of the Parent Company's affairs as at 31 March 2016 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.

**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.

Ian Cowan

Ian Cowan (Senior statutory auditor)

For and on behalf of
**PKF Littlejohn LLP**
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 6 December 2016

# NCI Vehicle Rescue PLC

## Consolidated Profit and Loss Account

## Year ended 31 March 2016

| | Note | 2016 £ | 2015 *(restated)* £ |
|---|---|---|---|
| **Turnover** | **5** | **6,455,697** | 6,969,305 |
| Cost of sales | | **(3,266,290)** | (2,761,625) |
| **Gross profit** | | **3,189,407** | 4,207,680 |
| Administrative expenses | | **(3,800,115)** | (4,198,014) |
| **Operating (loss)/profit** | **6** | **(610,708)** | 9,666 |
| Other interest receivable and similar income | **10** | **8,105** | 9,204 |
| **(Loss)/profit on ordinary activities before taxation** | | **(602,603)** | 18,870 |
| Tax on (loss)/profit on ordinary activities | **11** | **8,457** | (22,818) |
| **Loss for the financial year and total comprehensive income** | | **(594,146)** | (3,948) |

All the activities of the group are from continuing operations.

The Group has no other comprehensive income other than the amounts recognised in the consolidated profit and loss account.

**The notes on pages 15 to 33 form part of these financial statements.**

# NCI Vehicle Rescue PLC

## Consolidated Balance Sheet

### 31 March 2016

| | Note | | 2016 | 2015 (restated) |
|---|---|---|---|---|
| | | | £ | £ |
| **Fixed assets** | | | | |
| Intangible assets | 14 | | **81,061** | 116,804 |
| Tangible assets | 15 | | **250,834** | 302,581 |
| Investments | 16 | | **50** | – |
| | | | **331,945** | 419,385 |
| **Current assets** | | | | |
| Debtors: Amounts falling due within one year | 17 | **1,433,839** | | 1,703,360 |
| Cash at bank and in hand | 18 | **1,689,593** | | 1,410,153 |
| | | **3,123,432** | | 3,113,513 |
| **Creditors: amounts falling due within one year** | 19 | **(2,395,713)** | | (1,809,449) |
| **Net current assets** | | | **727,719** | 1,304,064 |
| **Total assets less current liabilities** | | | **1,059,664** | 1,723,449 |
| **Provisions** | | | | |
| Taxation including deferred tax | 21 | | **(41,310)** | (49,767) |
| **Net assets** | | | **1,018,354** | 1,673,682 |
| **Capital and reserves** | | | | |
| Called up share capital | 25 | | **101,969** | 101,969 |
| Share premium account | 26 | | **677,607** | 677,607 |
| Capital redemption reserve | 26 | | **2,581** | 2,581 |
| Share option reserve | 26 | | **57,789** | 57,789 |
| Profit and loss account | 26 | | **178,408** | 833,736 |
| **Shareholders funds** | | | **1,018,354** | 1,673,682 |

These financial statements were approved by the board of directors and authorised for issue on .........6/12/16.........., and are signed on behalf of the board by:

Mr N M Richards-Smith
Director

Company registration number: 05052874

**The notes on pages 15 to 33 form part of these financial statements.**

# NCI Vehicle Rescue PLC

## Company Balance Sheet

### 31 March 2016

| | Note | | 2016 £ | 2015 £ |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Tangible assets | 15 | | **141,474** | 202,922 |
| Investments | 16 | | **213,053** | 213,003 |
| | | | **354,527** | 415,925 |
| **Current assets** | | | | |
| Debtors: Amounts falling due within one year | 17 | **712,015** | | 585,687 |
| Cash at bank and in hand | | **169,416** | | 216,576 |
| | | **881,431** | | 802,263 |
| **Creditors: *amounts falling due within one year*** | 19 | **(350,558)** | | (290,256) |
| **Net current assets** | | | **530,873** | 512,007 |
| **Total assets less current liabilities** | | | **885,400** | 927,932 |
| **Provisions** | | | | |
| Taxation including deferred tax | 21 | | **(19,665)** | (30,112) |
| **Net assets** | | | **865,735** | 897,820 |
| **Capital and reserves** | | | | |
| Called up share capital | 25 | | **101,969** | 101,969 |
| Share premium account | 26 | | **677,607** | 677,607 |
| Capital redemption reserve | 26 | | **2,581** | 2,581 |
| Share option reserve | 26 | | **57,789** | 57,789 |
| Profit and loss account | 26 | | **25,789** | 57,874 |
| **Shareholders funds** | | | **865,735** | 897,820 |

These financial statements were approved by the board of directors and authorised for issue on ....6./12./16........; and are signed on behalf of the board by:

Mr N M Richards-Smith
Director

Company registration number: 05052874

**The notes on pages 15 to 33 form part of these financial statements.**

# NCI Vehicle Rescue PLC

## Consolidated Statement of Changes in Equity

### Year ended 31 March 2016

| | Note | Called up share capital £ | Share premium account £ | Capital redemption reserve £ | Share option reserve £ | Profit and loss account £ | Total £ |
|---|---|---|---|---|---|---|---|
| **At 1 April 2014 (restated)** | | 101,800 | 649,107 | 1,750 | 63,722 | 1,124,497 | 1,940,876 |
| Loss for the year | | | | | | (3,948) | (3,948) |
| **Total comprehensive income for the year** | | – | – | – | – | (3,948) | (3,948) |
| Issue of shares | | 1,000 | – | – | – | – | 1,000 |
| Share premium arising on shares issued | | – | 28,500 | – | – | – | 28,500 |
| Dividends paid | **13** | – | – | – | – | (193,741) | (193,741) |
| Transfer to capital redemption reserve | | – | – | 831 | – | (831) | – |
| Purchase of own shares | | (831) | – | – | – | (92,241) | (93,072) |
| Equity-settled share-based payments | | – | – | – | (5,933) | – | (5,933) |
| **Total investments by and distributions to owners** | | 169 | 28,500 | 831 | (5,933) | (286,813) | (263,246) |
| **At 31 March 2015 (as previously reported)** | | 101,969 | 677,607 | 2,581 | 57,789 | 901,229 | **1,741,175** |
| Prior period adjustments | **24** | – | – | – | – | (67,493) | **(67,493)** |
| **At 31 March 2015 (restated)** | | 101,969 | 677,607 | 2,581 | 57,789 | 833,736 | **1,673,682** |
| Loss for the year | | | | | | (594,146) | **(594,146)** |
| Dividends paid | **13** | – | – | – | – | (61,182) | **(61,182)** |
| **At 31 March 2016** | | **101,969** | **677,607** | **2,581** | **57,789** | **178,408** | **1,018,354** |

# NCI Vehicle Rescue PLC

## Company Statement of Changes in Equity

## Year ended 31 March 2016

| | Note | Called up share capital £ | Share premium account £ | Capital redemption reserve £ | Share option reserve £ | Profit and loss account £ | Total £ |
|---|---|---|---|---|---|---|---|
| **At 1 April 2014 (restated)** | | 101,800 | 649,107 | 1,750 | 63,722 | 251,489 | 1,067,868 |
| Profit for the year | | | | | | 93,198 | 93,198 |
| **Total comprehensive income for the year** | | – | – | – | – | 93,198 | 93,198 |
| Issue of shares | | 1,000 | | – | – | – | 1,000 |
| Share premium arising on shares issued | | | 28,500 | – | – | – | 28,500 |
| Dividends paid | 13 | – | – | – | – | (193,741) | (193,741) |
| Transfer to capital redemption reserve | | – | – | 831 | – | (831) | – |
| Purchase of own shares | | (831) | – | – | – | (92,241) | (93,072) |
| Equity-settled share-based payments | | – | – | – | (5,933) | – | (5,933) |
| **Total investments by and distributions to owners** | | 169 | 28,500 | 831 | (5,933) | (286,813) | (263,246) |
| **At 31 March 2015 (restated)** | | 101,969 | 677,607 | 2,581 | 57,789 | 57,874 | **897,820** |
| Profit for the year | | | | | | 29,097 | **29,097** |
| Dividends paid and payable | 13 | – | – | – | – | (61,182) | **(61,182)** |
| **At 31 March 2016** | | **101,969** | **677,607** | **2,581** | **57,789** | **25,789** | **865,735** |

The notes on pages 15 to 33 form part of these financial statements.

# NCI Vehicle Rescue PLC

## Consolidated Statement of Cash Flows

## Year ended 31 March 2016

| | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| **Cash flows from operating activities** | | |
| Loss for the financial year | **(594,146)** | (3,948) |
| *Adjustments for:* | | |
| Depreciation of tangible assets | **102,119** | 112,081 |
| Amortisation of intangible assets | **35,743** | 8,353 |
| Interest receivable and similar income | **(8,105)** | (9,204) |
| Tax on (loss)/profit on ordinary activities | **(8,457)** | 22,818 |
| Equity share based payment | – | (5,933) |
| *Changes in:* | | |
| Trade and other debtors | **269,521** | 235,076 |
| Trade and other creditors | **586,750** | (1,112,116) |
| Cash generated from operations | **383,425** | (752,873) |
| Interest received | **8,105** | 9,204 |
| Tax paid | **(486)** | (134,880) |
| Net cash from/(used in) operating activities | **391,044** | (878,549) |
| **Cash flows from investing activities** | | |
| Purchase of tangible assets | **(50,372)** | (165,344) |
| Acquisition of interests in associates | **(50)** | – |
| Net cash used in investing activities | **(50,422)** | (165,344) |
| **Cash flows from financing activities** | | |
| Issue of share capital | – | 1,000 |
| Share premium on issue of equity share capital | – | 28,500 |
| Purchase of own shares | – | (93,072) |
| Dividends paid | **(61,182)** | (193,741) |
| Net cash used in financing activities | **(61,182)** | (257,313) |
| **Net increase/(decrease) in cash and cash equivalents** | **279,440** | (1,301,206) |
| **Cash and cash equivalents at beginning of year** | **1,410,153** | 2,711,359 |
| **Cash and cash equivalents at end of year** | **1,689,593** | 1,410,153 |

**The notes on pages 15 to 33 form part of these financial statements.**

### 1. Statement of compliance

The Group and individual financial statements of NCI Vehicle Rescue PLC have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 2. General information

NCI Vehicle Rescue PLC is a Public Limited Company and is incorporated and domiciled in England. The Group operate in the vehicle breakdown and insurance industry. The address of its registered office is 4th Floor, Clarendon House, Victoria Avenue, Harrogate, North Yorkshire, HG1 1JD.

### 3. Summary of significant accounting policies

**Basis of preparation**

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss accounts.

The following accounting principles have been applied:

**Going concern**

The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

**Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 32.

**Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.

### 3. Accounting policies *(continued)*

#### Consolidation

The Group consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2016.

A subsidiary is an entity that is controlled by the Group. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity to obtain benefits from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has not got significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting.

Under Section 408 Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

#### Revenue recognition

Turnover is derived from ordinary activities, stated net of VAT and comprises the sale of vehicle breakdown assistance contracts, commissions and fees due on insurance policies sold during the year and claims administration services.

Income from vehicle breakdown is generally taken at the earlier of the date of breakdown cover being provided to customer or at point of sale.

Brokerage in respect of insurance business is recognised when the Group's contractual right to such income is established and to the extent that the group's relevant obligations under the contracts concerned have been performed. Credit is generally taken at the earlier of either the date of the policy incepting or when the policy placement has been completed and confirmed to the client, subject to a deferral of brokerage in respect of post-placement services that constitute obligations of the group under those contracts.

Coverholder's commission arising from the exercise of an underwriting agency by the company is recognised when the right to such commission is established through a contract.

Profit commission arising from the placement of insurance contracts or the exercise of an underwriting agency by the group is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Income from claims administration services are recognised when the right to such income is established through a contract and in line with the provision of services to which they relate.

## 3. Accounting policies *(continued)*

### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

### Goodwill

Goodwill is the difference between amounts paid in the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 10 years.

Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

### Tangible assets

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Profit and Loss account.

### 3. Accounting policies *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Improvements to leasehold property | - | Over the period of the lease |
| Software and website development | - | 5 years |
| Equipment | - | 25% reducing balance |

#### Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Investments in associates are held at cost less accumulated impairment losses.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**3. Accounting policies** *(continued)*

**Dividends**

Dividends on ordinary shares are recognised in the group's financial statements in the period in which the dividends are approved by the shareholders of the Company (generally in the case of the final dividend) or paid (in the case of interim dividends).

**Cost of sales**

Cost of sales in relation to vehicle breakdown comprises the total of amounts paid or payable in respect of breakdown assistance obligations and commissions due on the obligations, including an estimate of future amounts payable under assistance contracts in force at the year end.

Cost of sales in relation to insurance business comprises commissions and fees payable to third party intermediaries relating to the provision of such business and costs to cover post placement obligations under these contracts.

**Insurance assets and liabilities**

The Group acts as an agent in broking the insurable risks of its clients and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the Group's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Group.

In ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux or insurance intermediaries on the basis of the net balance due to or from the individual third parties which it represents.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**Employee benefits**

The Group provides a range of benefits to employees, including annual bonus arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates a number of defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The Group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

## 3. Accounting policies *(continued)*

### Share based payments

The Group provides share-based payment arrangements to certain employees, the fair value of the options at the date of grant is charged to the Profit and loss account over the vesting period within administrative expenses, the corresponding entry is treated as a capital contribution within other reserves. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Profit and loss account is charged with the fair value of goods and services received.

### Financial instruments

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

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

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

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

### 3. Accounting policies *(continued)*

**Financial instruments** *(continued)*

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

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

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

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

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical judgements in applying the entity's accounting policies**

No judgements have been made in applying the entities accounting policies that would have a significant effect on the amounts recognised in these financial statements.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Post placement activities provision**

The Group has an obligation to provide services following the placement of insurance policies under certain contracts and breakdown contracts provided, including the handling of claims arising on these contracts. The cost of these services depends on a number of factors, including the number, nature and complexity of claims received and anticipated cost base for handling such claims. In order to recognise the post placement obligation an amount of income is deferred. The amount of income deferred is estimated by management after taking into account the factors noted previously. The assumptions reflect historical experience, current trends and management's best estimate.

At 31 March 2016, the Company has deferred £560,000 in respect of post placement activities; this amount is included within accruals and deferred income.

## 4. Critical accounting judgements and estimation uncertainty *(continued)*

### Accrued profit commission receivable

The Group is entitled to profit commission arising from the placement of insurance under certain contracts. The profit commission earned by the Group is dependent upon the underlying profitability of the book of business written, which given the tail of claims arising may not be payable to the Group for a period of time following completion of the contract on which profit commission is earned. Due to the unexpired risk on those contracts, the uncertain assessment of any final losses, including an assessment of any IBNR, and the impact of any loss deficit clauses, the Directors are not able to reliably estimate profit commission due at 31 March 2016 and have therefore not recognised such income.

### Current value of investments

The Group has a 30% interest in Valeos (2013) Limited, and has also advanced the company £100,000 as a loan due for repayment by 31 March 2018 at the latest. The Directors have reviewed the current financial position of the company and the latest financial information, including budgets, forecasts and future plan, and do not believe any impairment provisions is required against the value of any investment or loan advance. The Directors believe the Group has significant influence over the company, however, the company is not treated as an associate in these financial statements as it is not material to the Group, and is therefore excluded from consolidation.

The Directors have assessed the current value of the investment in Follifoot Lane Limited at the year end and can confirm that no amounts have been or are expected to be recovered, accordingly, the investment continues to be fully impaired.

### Goodwill

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired, for example due to a changed business climate or a decision taken either to sell or close down certain operations. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. No impairment is required at 31 March 2016.

## 5. Turnover

Turnover arises from:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Vehicle rescue | **4,556,067** | 4,379,641 |
| Insurance commissions | **1,899,630** | 2,589,664 |
| | **6,455,697** | 6,969,305 |

The whole of the turnover is attributable to the principal activity of the Group wholly undertaken in the United Kingdom.

## 6. Operating (loss) / profit

Operating profit or loss is stated after charging:

| | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| Amortisation of intangible assets | **35,743** | 8,353 |
| Depreciation of tangible assets | **102,119** | 112,081 |
| Defined contribution pension cost | **39,566** | 51,894 |
| Operating lease charges - land and buildings | **88,830** | 95,940 |
| Operating lease charges - motor expenses | **45,416** | 35,113 |
| Wages and salaries | **2,430,824** | 2,586,006 |

## 7. Auditor's remuneration

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Fees payable for the audit of the financial statements | **43,075** | 52,260 |

## 8. Staff costs

The average monthly number of employees, including Directors, during the year was as follows:

| | 2016 | 2015 |
|---|---|---|
| | No. | No. |
| Administrative staff | **77** | 95 |
| Management staff | **6** | 6 |
| | **83** | 101 |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| Wages and salaries | **2,197,034** | 2,324,739 |
| Social security costs | **194,224** | 209,373 |
| Other pension costs | **39,566** | 51,894 |
| | **2,430,824** | 2,586,006 |

## 9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Remuneration | **542,257** | 527,581 |
| Company contributions to defined contribution pension plans | **27,250** | 40,246 |
| | **569,507** | 567,827 |

## 9. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Aggregate remuneration | 116,046 | 111,355 |
| Company contributions to defined contribution pension plans | 6,250 | 12,328 |
| | 122,296 | 123,683 |

Post-employment benefits are accruing for 5 directors (2015: 5) under defined contribution pension schemes.

## 10. Other interest receivable and similar income

| | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| Interest on bank deposits | 7,977 | 9,204 |
| Other interest receivable and similar income | 128 | – |
| | 8,105 | 9,204 |

## 11. Taxation

| **Tax expense included in profit and loss** | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| **Current tax:** | | |
| UK current tax expense | – | 6,295 |
| **Deferred tax:** | | |
| Origination and reversal of timing differences | (8,457) | 16,523 |
| **Tax on (loss)/profit on ordinary activities** | (8,457) | 22,818 |

### Reconciliation of tax charge

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of Corporation tax in the UK of 20% (2015: 20%).

| | 2016 | 2015 *(restated)* |
|---|---|---|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | (602,603) | 18,870 |
| (Loss)/profit on ordinary activities by rate of tax | (120,521) | 3,774 |
| Effect of expenses not deductible for tax purposes | 9,004 | 9,723 |
| Effect of prior year adjustments | – | 13,498 |
| Difference in tax rate | – | 375 |
| Utilisation of tax losses | (52) | (4,552) |
| Unused tax losses | 103,112 | – |
| Tax on (loss)/profit on ordinary activities | (8,457) | 22,818 |

### 11. Taxation *(continued)*

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future tax charge accordingly.

The Group has taxation losses totalling £515,000 which are available for carry forward against future taxable profits. No deferred tax asset has been provided in respect of these losses, due to the uncertainty of their future recovery.

### 12. Profit for the year of the parent company

The profit for the financial year of the parent company was £29,097 (2015: £93,198).

### 13. Dividends

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Dividends | **61,182** | 193,741 |

### 14. Intangible assets

| **Group** | **Goodwill** |
|---|---|
| | **£** |
| **Cost** | |
| **At 1 Apr 2015 and 31 Mar 2016** | **167,068** |
| **Amortisation** | |
| At 1 April 2015 | **50,264** |
| Charge for the year | **35,743** |
| **At 31 March 2016** | **86,007** |
| **Net Book Value** | |
| **At 31 March 2016** | **81,061** |
| At 31 March 2015 | 116,804 |

The company has no intangible assets.

The goodwill is being amortised evenly over the directors' estimate of its expected useful life of 10 years.

### 15. Tangible assets

**Group**

| | Improvements to Leasehold Property £ | Software and Website Development £ | Equipment £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2015 | 171,346 | 157,574 | 319,145 | **648,065** |
| Additions | – | 45,272 | 5,100 | **50,372** |
| **At 31 March 2016** | **171,346** | **202,846** | **324,245** | **698,437** |
| **Depreciation** | | | | |
| At 1 April 2015 | 108,834 | 84,573 | 152,077 | **345,484** |
| Charge for the year | 26,062 | 32,987 | 43,070 | **102,119** |
| **At 31 March 2016** | **134,896** | **117,560** | **195,147** | **447,603** |
| **Net Book Value** | | | | |
| **At 31 March 2016** | **36,450** | **85,286** | **129,098** | **250,834** |
| At 31 March 2015 | 62,512 | 73,001 | 167,068 | 302,581 |

**Company**

| | Improvements to Leasehold Property £ | Software and Website Development £ | Equipment £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| **At 1 Apr 2015 and 31 Mar 2016** | **171,346** | **5,664** | **253,435** | **430,445** |
| **Depreciation** | | | | |
| At 1 April 2015 | 108,834 | 2,266 | 116,423 | **227,523** |
| Charge for the year | 26,062 | 1,133 | 34,253 | **61,448** |
| **At 31 March 2016** | **134,896** | **3,399** | **150,676** | **288,971** |
| **Net Book Value** | | | | |
| **At 31 March 2016** | **36,450** | **2,265** | **102,759** | **141,474** |
| At 31 March 2015 | 62,512 | 3,398 | 137,012 | 202,922 |

### 16. Investments

**Group**

| | Interests in other undertakings £ |
|---|---|
| **Cost** | |
| At 1 April 2015 | **250,000** |
| Additions | **50** |
| **At 31 March 2016** | **250,050** |
| **Impairment** | |
| **At 1 Apr 2015 and 31 Mar 2016** | **250,000** |
| **Net book value** | |
| **At 31 March 2016** | **50** |
| At 31 March 2015 | – |

## 16. Investments *(continued)*

**Company**

| | Shares in group undertakings | Interests in other undertakings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2015 | 213,003 | 250,000 | **463,003** |
| Additions | – | 50 | **50** |
| **At 31 March 2016** | 213,003 | 250,050 | **463,053** |
| **Impairment** | | | |
| **At 1 Apr 2015 and 31 Mar 2016** | – | 250,000 | **250,000** |
| **Net book value** | | | |
| **At 31 March 2016** | 213,003 | 50 | **213,053** |
| At 31 March 2015 | 213,003 | – | 213,003 |

**Subsidiaries and associates**

Details of the investments in which the Group and the parent company have an interest of 20% or more are as follows:

| Subsidiary undertakings | Country of incorporation | Nature of business | Interest |
|---|---|---|---|
| NCI Consultants Limited | England & Wales | Vehicle Rescue | 100% Ordinary Shares |
| NCI Insurance Services Limited | England & Wales | Insurance Broking | 100% Ordinary Shares |
| Vehicle Rescue Network Limited | England & Wales | Vehicle Rescue | 100% Ordinary Shares |
| Sterling Rock Limited | England & Wales | Vehicle Rescue | 100% Ordinary Shares |
| **Other undertakings** | | | |
| Follifoot Lane Limited | England & Wales | Investment Company | 33% Ordinary Shares |
| Valeos (2013) Limited | England & Wales | Insurance Broking | 30% Ordinary Shares |

## 17. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 *(restated)* | **2016** | 2015 *(restated)* |
| | £ | £ | £ | £ |
| Trade debtors | **785,963** | 1,166,204 | – | – |
| Amounts owed by group undertakings | – | – | **447,208** | 395,006 |
| Prepayments and accrued income | **261,844** | 220,379 | **157,813** | 132,866 |
| Directors loan account | **4,108** | 3,217 | **2,750** | 1,859 |
| Other debtors | **381,924** | 313,560 | **104,244** | 55,956 |
| | **1,433,839** | 1,703,360 | **712,015** | 585,687 |

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included in Other debtors is £100,447 due from Valeos (2013) Limited, which is due for repayment by 31 March 2018, at the latest.

## 18. Cash and Cash Equivalents

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Cash at bank and in hand | **1,689,593** | 1,410,153 |

Cash at bank and in hand includes £655,433 (2015: £329,292) held in insurer trust money bank accounts, which is not available to the Group for working capital purposes.

## 19. Creditors: amounts falling due within one year

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2016** | 2015 *(restated)* | **2016** | 2015 *(restated)* |
| | **£** | £ | **£** | £ |
| Trade creditors | **887,393** | 617,301 | **135,511** | 121,339 |
| Accruals and deferred income | **753,864** | 838,680 | **58,065** | 53,226 |
| Corporation tax | **–** | 486 | **–** | – |
| Social security and other taxes | **141,284** | 70,337 | **140,530** | 104,648 |
| Other creditors | **613,172** | 282,645 | **16,452** | 11,043 |
| | **2,395,713** | 1,809,449 | **350,558** | 290,256 |

## 20. Deferred tax

The deferred tax included in the balance sheet is as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **£** | £ | **£** | £ |
| Included in provisions (note 21) | **41,310** | 49,767 | **19,665** | 30,112 |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **£** | £ | **£** | £ |
| Accelerated capital allowances | **41,310** | 49,767 | **19,665** | 30,112 |

## 21. Provisions

| **Group** | **Deferred tax (note 20)** |
|---|---|
| | **£** |
| At 1 April 2015 | **49,767** |
| Additions | **(8,457)** |
| At 31 March 2016 | **41,310** |

| **Company** | **Deferred tax (note 20)** |
|---|---|
| | **£** |
| At 1 April 2015 | **30,112** |
| Additions | **(10,447)** |
| At 31 March 2016 | **19,665** |

## 22. Post-employment benefits

### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £39,566 (2015: £51,894).

## 23. Share based payments

The Company has granted options over shares in the company to a number of directors. Any options granted are exercisable on the third anniversary of the date of grant. No share options were granted in the year. No options were exercised in the year.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding at the end of the year are as follows:

| | | No. of Ordinary Shares and Price | | | | |
|---|---|---|---|---|---|---|
| **Grant Date** | **Expiry Date** | **29.5p** | **30.0p** | **49.5p** | **110.5p** | **Total** |
| 11 Nov 2009 | 11 Nov 2019 | 88,333 | – | – | – | 88,333 |
| 24 Mar 2010 | 24 Mar 2020 | – | 50,000 | – | – | 50,000 |
| 5 Feb 2013 | 4 Feb 2023 | – | – | 119,950 | – | 119,950 |
| 24 Sep 2013 | 23 Sep 2023 | – | – | – | 8,358 | 8,358 |
| | | 88,333 | 50,000 | 119,950 | 8,358 | 266,641 |

These options have been valued, using the Black Scholes method, using the following assumptions:

| | | | | |
|---|---|---|---|---|
| Grant date | 11 Nov 2009 | 23 Mar 2010 | 5 Feb 2013 | 24 Sep 2013 |
| Expiry dated | 11 Nov 2019 | 23 Mar 2020 | 4 Feb 2023 | 23 Sep 2023 |
| Contract term (years) | 10 | 10 | 10 | 10 |
| Vesting period (years) | 3 | 3 | 3 | 3 |
| Exercise price | 29.5p | 30p | 49.5p | 110.5p |
| Share price at granting | 30.5p | 34.5p | 49.5p | 110.5p |
| Annual risk free rate (%) | 2% | 2% | 2% | 2% |
| Annual expected dividend yield (%) | 0% | 0% | 0% | 0% |
| Volatility | 50% | 50% | 50% | 50% |
| Fair value per option | 18.91p | 22.14p | 30.17p | 67.35p |

The Group and Company recognised a charge to expenses of £nil (2015: credit £5,933) relating to equity-settled share-based payment transactions during the year.

The volatility measured at the standard deviation of continuously compounded share returns is based on expectations about volatility and the correlation of share prices in the ISDX market.

### 24. Prior period errors

The financial statements have been restated to incorporate a reclassification of costs for the NCI Vehicle Rescue PLC's Group's main computer software systems. The reclassification is to reflect more accurately the actual usage of the system by each respective subsidiary company following changes to the Group's income stream. This cost reclassification was backdated to the year ended 31st March 2015 during the current financial year.

In addition a material error was identified in the calculation of a previous post placement obligation provision.

The changes have resulted in the Group reporting a loss after tax for the year ended 31 March 2015 of £3,948.

**Reconciliation of profit or loss account**

| | As previously stated | Effect of PYA | At 31 March 2015 (restated) |
|---|---|---|---|
| | £ | £ | £ |
| Turnover | 6,969,305 | – | 6,969,305 |
| Cost of sales | (2,661,625) | (100,000) | (2,761,625) |
| Gross profit | 4,307,680 | (100,000) | 4,207,680 |
| Administrative expenses | (4,230,521) | 32,507 | (4,198,014) |
| Operating (loss)/profit | 77,159 | (67,493) | 9,666 |
| Other interest receivable and similar income | 9,204 | – | 9,204 |
| Tax on (loss)/profit on ordinary activities | (22,818) | – | (22,818) |
| Loss for the financial year | 63,545 | (67,493) | (3,948) |

**Reconciliation of balance sheet**

| | As previously stated | Effect of PYA | At 31 March 2015 (restated) |
|---|---|---|---|
| | £ | £ | £ |
| Fixed assets | 419,385 | – | 419,385 |
| Current assets | 3,113,513 | – | 3,113,513 |
| Creditors: amounts falling due within one year | (1,741,956) | (67,493) | (1,809,449) |
| Net current assets | 1,371,557 | (67,493) | 1,304,064 |
| Total assets less current liabilities | 1,790,942 | (67,493) | 1,723,449 |
| Provisions | (49,767) | – | (49,767) |
| Net assets | 1,741,175 | (67,493) | 1,673,682 |
| Capital and reserves | 1,741,175 | (67,493) | 1,673,682 |

### 25. Share capital

**Allotted, called-up and fully paid**

| | **2016** | | 2015 | |
|---|---|---|---|---|
| | **No.** | **£** | No. | £ |
| Ordinary shares of £0.01 each | **10,196,898** | **101,969** | 10,196,898 | 101,969 |

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## 26. Reserves

Capital redemption reserve - this represents the nominal value of shares repurchased by the company.

Share premium account – includes any premium received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Share option reserve - this reserve records the value of any share options issued that remain unexercised at the balance sheet date.

Profit and loss account – this represents cumulative profits and losses net of dividends and other adjustments.

## 27. Analysis of changes in net funds

| | At 1 Apr 2015 | Cash flows | At 31 Mar 2016 |
|---|---|---|---|
| | £ | £ | £ |
| Cash at bank and in hand | 1,410,153 | 279,440 | 1,689,593 |

## 28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 *(restated)* | **2016** | 2015 *(restated)* |
| | **£** | £ | **£** | £ |
| Not later than 1 year | **17,936** | 105,760 | **17,936** | 105,760 |
| Later than 1 year and not later than 5 years | **21,909** | 34,709 | **21,909** | 34,709 |
| | **39,845** | 140,469 | **39,845** | 140,469 |

On 6th June 2016, the Group signed a property lease with a commitment of £663,016 over the 5 years ending 31st March 2021.

## 29. Directors' advances, credits and guarantees

During the year the Directors entered into the following advances and credits with the Company and its subsidiary undertakings:

| | Advances/ (credits) to the directors | | Amounts repaid | | Balance outstanding | |
|---|---|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 | **2016** | 2015 |
| | **£** | £ | **£** | £ | **£** | £ |
| Mr N M Richards-Smith | **1,530** | 1,661 | **(964)** | (1,325) | **2,259** | 1,693 |
| Mr C T Duwell | **837** | 921 | **(330)** | (189) | **1,239** | 732 |
| Mr R P Sharman | **322** | 222 | **(419)** | (147) | **559** | 656 |
| Mr C Astbury | **66** | 136 | **(151)** | – | **51** | 136 |
| | **2,755** | 2,940 | **(1,864)** | (1,661) | **4,108** | 3,217 |

During the year, the company paid £24,000 (2015: £23,458) for professional services to CRJ Properties, a company owned by Mr C R Jackson.

### 30. Related party transactions

The Group was under the control of the Directors throughout the current and previous year. Mr N Richards-Smith, Mr C Duwell, Mr C Astbury, Mr R Sharman, Mr P Barrett and Mr R Jackson are the managing, operations, IT, sales, finance directors and chairman and together in aggregate the majority shareholders.

During the year, the Group paid £10,661 (net of VAT) to Wonder Media Limited, a company in which the wife of Mr C Astbury is a director and major shareholder. At the year end the Group owed £710 (2015: £nil) to this company.

During the year the Group paid £34,988 (2015: £111,033) in dividends to the Directors.

Other than the transactions disclosed in this note, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

### 31. Controlling party

In the opinion of the Directors there is no controlling party.

### 32. Transition to FRS 102

This is the first year that the Group has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There was a change in accounting policy as a result of the requirements of FRS 102 which required restatement of prior year comparatives

**Holiday pay accrual**

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee's service is received. This has resulted in the Group recognising a liability for holiday pay of £20,262 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 March 2015 an additional charge of £1,015 was recognised in the profit and loss account and the liability at 31 March 2015 was £20,262.

**Reconciliation of equity**

| Group | 1 April 2014 | | | 31 March 2015 | | |
|---|---|---|---|---|---|---|
| | As previously stated | Effect of transition | FRS 102 (as restated) | As previously stated | Effect of transition | FRS 102 (as restated) |
| | £ | £ | £ | £ | £ | £ |
| Fixed assets | 374,475 | – | 374,475 | 419,385 | – | 419,385 |
| Current assets | 4,649,798 | – | 4,649,798 | 3,113,513 | – | 3,113,513 |
| Creditors: amounts falling due within one year | (3,030,906) | (19,247) | (3,050,153) | (1,721,694) | (20,262) | (1,741,956) |
| Net current assets | 1,618,892 | (19,247) | 1,599,645 | 1,391,819 | (20,262) | 1,371,557 |
| Total assets less current liabilities | 1,993,367 | (19,247) | 1,974,120 | 1,811,204 | (20,262) | 1,790,942 |
| Provisions | (33,244) | – | (33,244) | (49,767) | – | (49,767) |
| Net assets | 1,960,123 | (19,247) | 1,940,876 | 1,761,437 | (20,262) | 1,741,175 |
| Capital and reserves | 1,960,123 | (19,247) | 1,940,876 | 1,761,437 | (20,262) | 1,741,175 |

### 32. Transition to FRS 102 *(continued)*

**Reconciliation of equity**

| Company | 1 April 2014 | | | 31 March 2015 | | |
|---|---|---|---|---|---|---|
| | As previously stated | Effect of transition | FRS 102 (as restated) | As previously stated | Effect of transition | FRS 102 (as restated) |
| | £ | £ | £ | £ | £ | £ |
| Fixed assets | 428,860 | – | 428,860 | 415,925 | – | 415,925 |
| Current assets | 947,253 | – | 947,253 | 802,263 | – | 802,263 |
| Creditors: amounts falling due within one year | (262,427) | (19,247) | (281,674) | (269,994) | (20,262) | (290,256) |
| Net current assets | 684,826 | (19,247) | 665,579 | 532,269 | (20,262) | 512,007 |
| Total assets less current liabilities | 1,113,686 | (19,247) | 1,094,439 | 948,194 | (20,262) | 927,932 |
| Provisions | (26,571) | – | (26,571) | (30,112) | – | (30,112) |
| Net assets | 1,087,115 | (19,247) | 1,067,868 | 918,082 | (20,262) | 897,820 |
| Capital and reserves | 1,087,115 | (19,247) | 1,067,868 | 918,082 | (20,262) | 897,820 |

**Reconciliation of profit or loss for the year**

| | Year ended 31 March 2015 | | |
|---|---|---|---|
| | As previously stated | Effect of transition | FRS 102 (as restated) |
| | £ | £ | £ |
| Turnover | 6,969,305 | – | 6,969,305 |
| Cost of sales | (2,661,625) | – | (2,661,625) |
| Gross profit | 4,307,680 | – | 4,307,680 |
| Administrative expenses | (4,229,506) | (1,015) | (4,230,521) |
| Operating (loss)/profit | 78,174 | (1,015) | 77,159 |
| Other interest receivable and similar income | 9,204 | – | 9,204 |
| Tax on (loss)/profit on ordinary activities | (22,818) | – | (22,818) |
| Loss for the financial year | 64,560 | (1,015) | 63,545 |