

AA RV LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

TUESDAY



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COMPANIES HOUSE

AA RV LIMITED

COMPANY INFORMATION

DIRECTORS

J C G Eddy
P J Knight

REGISTERED NUMBER

07383482

REGISTERED OFFICE

3rd Floor
Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

AA RV LIMITED

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AA RV LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

The directors present their report and the unaudited financial statements for the year ended 30 September 2015

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £718,978 (2014 £606,651)

The directors do not recommend the payment of a dividend (2014 £NIL)

DIRECTORS

The directors who were in office during the year and up to the date of signing the financial statements were

J C G Eddy
P J Knight

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

This report was approved by the board on 29 February 2016 and signed on its behalf

A handwritten signature in black ink, appearing to be 'J C G Eddy', written in a cursive style.

J C G Eddy
Director

AA RV LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2015

| | Note | 2015 £ | 2014 £ |
|--|------|-----------------------|--------------------|
| TURNOVER | 1,2 | 2,379,856 | 3,361,403 |
| Cost of sales | | <u>(1,341,746)</u> | <u>(2,557,633)</u> |
| GROSS PROFIT | | 1,038,110 | 803,770 |
| Administrative expenses | | <u>(139,850)</u> | <u>-</u> |
| OPERATING PROFIT | 3 | 898,260 | 803,770 |
| Interest receivable and similar income | 4 | 33,666 | - |
| Interest payable and similar charges | 5 | <u>(24,092)</u> | <u>(114,259)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 907,834 | 689,511 |
| Tax on profit on ordinary activities | 6 | <u>(188,856)</u> | <u>(82,860)</u> |
| PROFIT FOR THE FINANCIAL YEAR | 15 | <u>718,978</u> | <u>606,651</u> |

All amounts relate to continuing operations

There were no recognised gains and losses for the years ended 30 September 2015 or 2014 other than those included in the profit and loss account

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

The notes on pages 4 to 12 form part of these financial statements

AA RV LIMITED
REGISTERED NUMBER: 07383482

BALANCE SHEET
AS AT 30 SEPTEMBER 2015

| | Note | £ | 2015 £ | £ | 2014 £ |
|--|------|------------------|------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 8 | | 456,517 | | 2,365,021 |
| CURRENT ASSETS | | | | | |
| Stocks | | 439,501 | | 374,948 | |
| Debtors | 9 | 921,928 | | 245,983 | |
| Investment in Residual Values | 10 | 218,352 | | 1,120,686 | |
| | | | 1,579,781 | 1,741,617 | |
| CREDITORS: amounts falling due within one year | 11 | (714,449) | | (2,940,452) | |
| NET CURRENT ASSETS/(LIABILITIES) | | | 865,332 | | (1,198,835) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,321,849 | | 1,166,186 |
| CREDITORS: amounts falling due after more than one year | 12 | | (120,323) | | (683,638) |
| NET ASSETS | | | 1,201,526 | | 482,548 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 1 | | 1 |
| Profit and loss account | 15 | | 1,201,525 | | 482,547 |
| TOTAL SHAREHOLDERS' FUNDS | 16 | | 1,201,526 | | 482,548 |

For the financial year ending 30 September 2015, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

No members have required the companies to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The financial statements on pages 2 to 12 were approved by the Board of Directors on 29 February 2016 and were signed on its behalf



J C G Eddy
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare financial statements as its parent undertaking, Asset Advantage Group Limited, is a UK company which prepares consolidated financial statements which include AARV Limited

The principal accounting policies, which have been consistently applied throughout the year, are set out below

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Leases

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

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

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

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

Where the company bears the cost of maintenance and disposal, then the related income is matched on a consistent basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.4 Tangible fixed assets and depreciation

The company does not utilise any tangible fixed assets for its own use, all assets are in respect of leases to customers

Tangible fixed assets other than freehold property are shown at original historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to working condition for its intended use. Assets are depreciated from the date they are brought into use.

Impairment

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

Assets under long term arrangements

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

Profits or losses on the disposal of leased fixed assets are included in the calculation of operating profit.

1.5 Investment in Residual Values

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

Investments in residual values are valued at cost less provision for impairment where appropriate.

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

1.6 Stocks

Stock held for resale is stated at the lower of cost (being the residual value of the asset) and net realisable value and comprises those assets formerly leased to customers under long term arrangements for which those arrangements have since ended. Cost is determined on an individual asset basis being the residual value of the asset. Net realisable value is based on the estimated selling prices less all relevant marketing, selling and distribution costs. Stock is net of provisions for slow moving, obsolete and defective stock.

Stock comprises only goods held for resale. There are no amounts held in respect of raw materials or work in progress.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.7 Turnover

Turnover comprises gross rentals from the financing and sale of equipment and end of lease income, stated net of VAT

Lease income

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

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

End of lease income

At the end of the lease arrangement with the customer the company sells the underlying assets to a third party on a mutually agreed date. Sale proceeds are recognised on the agreed date.

Any secondary income received in relation to leases is recognised in full in the month in which it falls due.

1.8 Taxation

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

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 that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and is not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. TURNOVER

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

| | 2015 £ | 2014 £ |
|---------------------|------------------|------------------|
| Lease income | 751,550 | 1,877,610 |
| End of lease income | 1,628,306 | 1,483,793 |
| | <u>2,379,856</u> | <u>3,361,403</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

3. OPERATING PROFIT

The operating profit is stated after charging

| | 2015 £ | 2014 £ |
|--|----------------|------------------|
| Depreciation of tangible fixed assets | | |
| - assets financed under hire purchase and sale of receivables contracts | 643,747 | 1,503,555 |
| Management recharges | 139,850 | - |
| | <u>643,747</u> | <u>1,503,555</u> |

Fees payable to the company's auditors for the audit of Asset Advantage Group's financial statements and consolidated financial statements for the year ended 30 September 2015 were £115,500 (2014 £155,000)

Fees payable to the company's auditors for taxation advice for the Asset Advantage Group in the year ended 30 September 2015 were £235,000 (2014 £175,000)

All audit fees were borne by Asset Advantage Group Limited and the directors do not allocate these to individual companies within the group

4. INTEREST RECEIVABLE

| | 2015 £ | 2014 £ |
|---|---------------|-----------|
| On hire purchase and sale of receivable contracts | 33,666 | - |
| | <u>33,666</u> | <u>-</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2015 £ | 2014 £ |
|---|---------------|----------------|
| On hire purchase and sale of receivable contracts | 24,092 | 114,259 |
| | <u>24,092</u> | <u>114,259</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 2015 £ | 2014 £ |
|--|-----------------------|----------------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 187,605 | 221,259 |
| Adjustments in respect of prior periods | 8,748 | - |
| Total current tax | <u>196,353</u> | <u>221,259</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (53,447) | (176,847) |
| Adjustment in respect of previous period | 45,950 | 38,448 |
| Total deferred tax (see note 13) | <u>(7,497)</u> | <u>(138,399)</u> |
| Tax on profit on ordinary activities | <u><u>188,856</u></u> | <u><u>82,860</u></u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.5% (2014 22.0%). The differences are explained below

| | 2015 £ | 2014 £ |
|--|-----------------------|-----------------------|
| Profit on ordinary activities before taxation | <u>907,834</u> | <u>689,511</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 22.0%) | 186,106 | 151,692 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 9,249 |
| Accelerated (Capital Allowances)/Depreciation | 1,499 | 3,844 |
| Adjustments to tax charge in respect of prior periods | 8,748 | - |
| Other timing differences leading to an increase (decrease) in taxation | - | 56,474 |
| Current tax charge for the year | <u><u>196,353</u></u> | <u><u>221,259</u></u> |

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the company's profits for this accounting period are taxed at a blended rate of 20.5%.

The UK Government announced in Finance (No. 2) Act 2015 reductions to the main UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020, however this was not substantively enacted until 26 October 2015. Therefore, as at 30 September 2015 the latest substantively enacted tax rate was 20%. Accordingly, the deferred tax assets and liabilities have been recognised at this rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

7. STAFF COSTS AND DIRECTORS REMUNERATION

The company had no employees other than the directors in the year ended 30 September 2015 and they did not receive any remuneration from the company (2014 £NIL) in respect of their services to it. The aggregate directors' emoluments, which were borne by Asset Advantage Group Limited, were £570,650 (2014 £443,255), of which the highest paid director received £256,000 (2014 £238,331).

The Group does not operate any share option schemes.

8. TANGIBLE FIXED ASSETS

| | Plant & machinery £ | Vehicles £ | Total £ |
|---------------------------------|---------------------------|---------------|-------------|
| Cost | | | |
| At 1 October 2014 | 2,009,956 | 7,747,155 | 9,757,111 |
| Disposals | (2,009,956) | (5,334,094) | (7,344,050) |
| At 30 September 2015 | - | 2,413,061 | 2,413,061 |
| Accumulated Depreciation | | | |
| At 1 October 2014 | 1,450,006 | 5,942,084 | 7,392,090 |
| Charge for the year | 24,668 | 619,079 | 643,747 |
| On disposals | (1,474,674) | (4,604,619) | (6,079,293) |
| At 30 September 2015 | - | 1,956,544 | 1,956,544 |
| Net book value | | | |
| At 30 September 2015 | - | 456,517 | 456,517 |
| At 30 September 2014 | 559,950 | 1,805,071 | 2,365,021 |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2015 £ | 2014 £ |
|-------------------|----------------|------------------|
| Plant & machinery | - | 559,950 |
| Vehicles | 456,517 | 1,805,071 |
| | <u>456,517</u> | <u>2,365,021</u> |

AA RV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

9. DEBTORS

| | 2015 £ | 2014 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 23,553 | 47,397 |
| Amounts owed by group undertakings | 864,508 | 172,216 |
| Deferred tax asset (see note 13) | 33,867 | 26,370 |
| | <u>921,928</u> | <u>245,983</u> |

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

10. INVESTMENT IN RESIDUAL VALUES

| | 2015 £ | 2014 £ |
|--------------------------------|----------------|------------------|
| Maturing in less than one year | 163,324 | 762,632 |
| Maturing in more than one year | 55,028 | 358,054 |
| | <u>218,352</u> | <u>1,120,686</u> |

11. CREDITORS: Amounts falling due within one year

| | 2015 £ | 2014 £ |
|---|----------------|------------------|
| Net obligations under hire purchase and sale of receivables contracts | 305,776 | 1,110,361 |
| Trade creditors | 10 | 40,378 |
| Amounts owed to group undertakings | 28,319 | 750,979 |
| Corporation tax | 305,829 | 477,956 |
| Other creditors | - | 22,672 |
| Accruals and deferred income | 74,515 | 538,106 |
| | <u>714,449</u> | <u>2,940,452</u> |

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

12. CREDITORS: Amounts falling due after more than one year

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Net obligations under hire purchase and sale of receivables contracts | 120,323 | 683,638 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**
12. CREDITORS:
Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

| | 2015 £ | 2014 £ |
|----------------------------|----------------|----------------|
| Between one and five years | <u>120,323</u> | <u>683,638</u> |

13. DEFERRED TAX ASSET

| | 2015 £ | 2014 £ |
|----------------------------|---------------|---------------|
| At beginning of year | 26,370 | (112,029) |
| Released during year (P&L) | 53,447 | 176,847 |
| Other movement (P&L) | (45,950) | (38,448) |
| | <u>33,867</u> | <u>26,370</u> |
| At end of year | <u>33,867</u> | <u>26,370</u> |

The deferred tax asset is made up as follows

| | 2015 £ | 2014 £ |
|--------------------------------|---------------|-----------------|
| Accelerated capital allowances | 16,046 | 46,826 |
| Short term timing differences | 17,821 | (73,196) |
| | <u>33,867</u> | <u>(26,370)</u> |

14. CALLED UP SHARE CAPITAL

| | 2015 £ | 2014 £ |
|---|--------------|--------------|
| Authorised | | |
| 1,000 ordinary shares of £1 each (2014 1,000) | <u>1,000</u> | <u>1,000</u> |
| Allotted, called up and fully paid | | |
| 1 ordinary share of £1 (2014 1) | <u>1</u> | <u>1</u> |

15. PROFIT AND LOSS ACCOUNT

| | Profit and loss account £ |
|----------------------|---------------------------------|
| At 1 October 2014 | 482,547 |
| Profit for the year | 718,978 |
| | <u>1,201,525</u> |
| At 30 September 2015 | <u>1,201,525</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2015 £ | 2014 £ |
|---------------------------------------|------------------|----------------|
| Opening shareholders' funds/(deficit) | 482,548 | (124,103) |
| Profit for the financial year | 718,978 | 606,651 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | <u>1,201,526</u> | <u>482,548</u> |

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by paragraph 3 of FRS 8 "Related Party Disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Asset Advantage Group Limited whose financial statements are publicly available

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling party is Asset Advantage Group Limited, a company incorporated in England and Wales. The controlling party of Asset Advantage Group Limited is J C G Eddy who is also a director of Asset Advantage Group Limited.

Asset Advantage Group Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 September 2015. The consolidated financial statements of Asset Advantage Group Limited are available from 3rd Floor, Matrix House, Basing View Basingstoke, Hampshire, RG21 4DZ, United Kingdom.