AssetCo plc

Annual report and financial statements

Year ended 30 September 2012

Registered number: 04966347

COMPANY INFORMATION

Company registration number	04966347
Registered office	Singleton Court Business Park Wonastow Road Monmouth Monmouthshire NP25 5JA
Directors	Tudor Davies *(Chairman)* Gareth White Dr Jeff Ord Christopher Mills Mark Butcher
Company secretary	Tudor Davies
Independent auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham B3 2DT
Nominated adviser, and corporate broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Registrar	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgewater Road Bristol BS13 8AE
Website	www.assetco.com

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Chairman's statement

Introduction

I am pleased to report that, following the successful restructuring and refinancing completed on 29 September 2011 the business has made progress in the year to 30 September 2012.

At the time of the restructuring, it was reported that the focus would be on the Group's outsourced fire and rescue operations in the Middle East within the United Arab Emirates ("UAE") and this would involve a move away from the historic UK vehicle leasing and maintenance businesses which had been the principal reason for the significant decline in shareholder value.

The continuing business has shown good returns from the existing contract in the Middle East and additional consultancy work as well; as planned, we successfully exited from the UK businesses during the course of the year and as a consequence, the Group's financial position has shown a significant improvement.

Results

The Consolidated Income Statement for the year under review reflects a profit for the year of £85.4m (18-months to 30 September 2011: a loss of £22.2m); this comprises a profit of £2.9m on Revenue of £15.9m from the continuing operations primarily in the Middle East; an Income tax credit of £1.1m; and a profit of £81.4m on the UK discontinued operations (this being the benefit from the exit from the liabilities of the UK businesses).

The Consolidated Statement of Financial Position shows a much stronger Total Equity position of £8.9m as at 30 September 2012 compared with a negative Total Equity position of £75.3m as at 30 September 2011.

As at 30 September 2012, the Group's net cash position improved significantly, to a cash position of £9.4m (Cash of £5.3m and an advance payment bond of £4.1m) changing from the financial liabilities of £76.8m as at 30 September 2011.

Potential Claims

The new Board has been considering claims to recover value for shareholders given the very significant decline in value following the four separate fundraisings amounting to £53m between 2009 and 2011 when, from the published accounts it appeared the Group's financial position was satisfactory. As explained in the 2011 Annual Report, the massive restatements to the 2009 and 2010 financial accounts and the requirement for a Scheme of Arrangement subsequently showed a very different situation, and the differences arose from the UK businesses. The funds raised between 2009 and 2011 had primarily been utilised in support of an apparently flawed business and financial model associated with the UK vehicle leasing and maintenance business, without any reasonable prospect of shareholder value. Following expert advice, the new Board is at the early stages of pursuing claims against those associated with the past for in excess of £50 million.

Current Trading

Trading in the Middle East continues to be satisfactory and in line with management expectations; we are working closely with our partners both on new opportunities within the region and on the extension to the existing contract which is due for renewal at the end of April 2013. We look forward to keeping shareholders updated as appropriate during the year.

Board of Directors

Tudor Davies

Director, Chairman and Company Secretary

Appointed to the AssetCo plc board in March 2011 Tudor was the Executive Chairman of Dowding and Mills plc and was subsequently appointed to the board of Castle Support Services plc in June 2007. He was also a non-executive director and subsequently Chairman of Stratagem Group plc from 2000 to 2002. From 1990 to 1999 he was Chief Executive and subsequently Chairman of Hicking Pentecost plc. He is currently also the Chairman of Zytronic plc.

Gareth White

Executive Director

Appointed to the AssetCo plc board in April 2012 Gareth has been a member of the AssetCo management team since 2007 and launched the Company's UAE based branch in 2010.

Dr Jeff Ord

Executive Director

Appointed to the AssetCo plc board in April 2012 Jeff has been a member of the AssetCo management team since 2007 and launched the Company's UAE based branch in 2010.

Christopher Mills

Non-executive Director

Chairman of the Audit Committee

Chairman of the Remuneration Committee

Chairman of the Nomination Committee

Appointed to the AssetCo plc board in March 2011 Christopher is Chief Executive Officer of Harwood Capital Management Limited and Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc.

Mark Butcher

Non-executive Director

Appointed to the AssetCo plc board in October 2012 Mark's previous directorships include Autologic Holdings plc, Newbury Racecourse PLC, Nationwide Accident Repair Services PLC, and GPG (UK) Holdings plc, which was the UK investment arm of Guinness Peat Group plc.

Directors' Report

Introduction

The Directors present their annual report and the audited financial statements of the Company and the Group for the year from 1 October 2011 until 30 September 2012.

Principal Activities

AssetCo plc is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business.

Business Review

Further information relating to the performance of the business, strategy and progress is given in the Chairman's statement on page 1 which is incorporated into this report by reference. The Group has recently been restructured to focus on its operations in the UAE.

Results

The consolidated financial statements are set out on pages 12 to 62.

Dividend

The Directors do not propose a dividend this year (2011: £nil).

Key Performance Indicators

The principal indicators used to measure the performance at Group and segment level in the past 12 months are EBITDA and cash generation. There are very detailed KPIs at contract level and these are monitored accordingly.

Principal Risks and Uncertainties

The Directors continuously monitor the business and markets to identify and deal with risks and uncertainties as they arise, as the main risk to the Group's business is reliance on one contract with a Government agency, and failure to perform could result in these contracts not being renewed or lost, leading to a significant reduction in revenues and materially affect the value and prospects of the Group.

Whilst credit risk is low due to the Government backed nature of the contract, the concentration of revenues from one source in UAE could expose the Group to material risk to trading performance and contracts in the event of contractual issues arising. The success of the Group depends upon continuing relationships with its existing customer.

The Group may need to compete for business with companies who provide similar services in other industry sectors. This may place other competitive pressures on the Group by driving price reductions or causing reduced margins and/or loss of the Group's market share.

The Group's growth is dependent on winning further total managed services and other contracts and enhancing the returns from its existing contract. Other contracts may be dependent upon the ongoing purchasing power delegated to Government agencies under Government policy, which is subject to regular review. Contracts with public bodies which are central to the Group's business are normally awarded through a formal competitive tendering process, presenting a number of risks, including substantial cost and managerial time and incorrectly estimating the resources and cost structure that will be required to service any contract.

The Group has contractual obligations to perform its services within stringent time criteria, and is subject to financial penalties. Any such circumstances may have a material adverse effect on the business, financial condition, trading performance and prospects. Further, the Group subcontracts some of its contracted obligations and may be responsible for, and liable in respect of, subcontractor defaults.

The Group is dependent upon senior management and so the focus is on the recruitment and retention of suitably qualified employees. The loss of key personnel without adequate replacement may have a material adverse effect on the Group's business, performance and prospects.

The activities of the Group are subject to laws and regulation governing taxes, employment standards and occupational health, safety, environmental and other matters. Failure to comply with such requirements may result in fines and/or penalties being assessed against the Group which could have a material adverse effect on the Group's business, financial condition, trading performance and prospects.

Capital Structure

The primary objective of the Group's capital management is to ensure that capital is available to allocate to business that maximises shareholder value.

Details of the authorised and issued capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 25.

Financial Risk Management

See note 3 to the consolidated financial statements.

Directors

The Directors who held office during the period were as follows:

Tudor Davies *(Chairman)*	
Christopher Mills *(Non-Executive)*	
Gareth White *(Executive)*	– appointed 11 April 2012
Dr Jeff Ord *(Executive)*	– appointed 11 April 2012
Peter Manning *(Non-Executive)*	– resigned 14 May 2012
Andrew Freemantle *(Non-Executive)*	– resigned 24 October 2012
Mark Butcher *(Non-Executive)*	– appointed 24 October 2012

The Company Secretary who held office during the period was as follows:

Tudor Davies

Directors' Shareholdings

The beneficial interests of the Directors in the shares of the Company were as follows:

	At 30 September 2012 No.	At 30 September 2011 No.
Executive Directors		
Tudor Davies*	25,024	25,024
Christopher Mills*	5,915,779	5,915,779
Gareth White	—	—
Dr Jeff Ord	—	—
Non-executive Directors		
Mark Butcher	—	—

* The share interests of both Tudor Davies and Christopher Mills shares are owned by various funds associated with Harwood Capital LLP and are held on their behalf on a discretionary management basis.

Substantial Shareholdings

At 11 December 2012 the Company Secretary has been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules ("DTR") as issued by the Financial Services Authority, of the following interest in 3% or more in the ordinary share capital of the Company:

Name	Number of shares	% age of issued share capital
Harwood Capital (formerly North Atlantic Value LLP)*	5,915,779	53.8%
Utilico Group*	2,379,986	21.6%
Henderson Global Investors Limited*	2,376,730	21.6%

* Harwood Capital LLP, Henderson Global Investors Limited, and Utilico Group also have an interest of 1,166,667 warrants each – please refer to note 25 for further information.

Charitable Donations

The Company did not make any charitable donations during the year (2011:£nil).

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed with the Company and its suppliers provided that all trading terms have been complied with. Trade payables at the year end amount to 77 days (2011: 43 days) of average supplies for the year.

Business combinations and disposals

Details of the Group's disposals can be found in Note 5 to the consolidated financial statements.

Post Balance sheet events

There are no post balance sheet events to report.

Corporate Governance

As an AIM listed company AssetCo Plc is not required to comply with the UK Corporate Governance Code published in June 2010, ("the Code") in respect of the financial year ended 30 September 2012, instead using its provisions as a guide, but only as considered appropriate to the circumstances of the Company.

The Company is committed to high standards of corporate governance but, for the reasons outlined in our previous Annual Report, during the period to 30 September 2011 and for a short time thereafter the Chairman, Tudor Davies, covered multiple roles in order to stabilise the business. During the current period the Board has made significant progress in regularising the situation and the information below includes some of the steps it has taken to improve matters.

Directors

Brief biographical details of the Directors in office are set out on page 2.

Two new Executive Directors were appointed on 11 April 2012. The Board therefore now normally consists of a Chairman, two other Executive Directors and two Non-Executive Directors who are considered by the Board to be independent of the Company's Executives for the purposes of the Code. The Board considers that it has the appropriate balance of skills, experience, ages and length of service in the circumstances.

The Board is a small Board and individual members have a wide range of qualifications and expertise to bring to any debate. The Board meets as necessary. The Board has considered the need to appoint a senior independent director and believes that it is not necessary at present.

Board meetings

At each scheduled meeting of the Board reports are received on the Group's operations and the financial position of the Group. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings. In addition to scheduled Board Meetings, the Board may carry out certain urgent matters not requiring debate by way of delegation to a Committee of the Board or by resolution in writing of all Directors.

Remuneration committee

All of the Non-Executive Directors comprise the Remuneration Committee. The Remuneration Committee reviews the remuneration paid to the Chairman and Executive Directors.

Audit committee

The Board is supported by an Audit Committee which comprises all of the Non-Executive Directors.

The Audit Committee meets twice a year with the external Auditors in attendance as required. It assists the Board in ensuring that appropriate accounting policies, financial systems, internal controls and compliance procedures are in place. It also reviews the relationship between the Group and external Auditors in terms of the provision of non-audit services and ensuring that auditor independence and objectivity is maintained.

Nominations committee

The Nominations Committee makes recommendations to the Board on the composition of the Board generally and on the balance between executive and non-executive Directors. It also makes recommendations on the appointment of new Directors and subsequent re-appointments on retirement by rotation.

Re-election of Directors

The Articles of Association provide that newly appointed Directors are required to submit themselves for election by Shareholders at the General Meeting following their appointment and for all Directors to be re-elected at least once every three years.

Shareholder relations

The Company, through the Chairman and Executives, has regular contact with its Institutional Shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private Shareholders and encourages them to participate.

The Notice of the Annual General Meeting will be sent out in due course.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness in accordance with the guidance set out in the Code. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Code has a requirement that the Directors review the effectiveness of the Group's system of internal controls. This includes internal financial controls and controls over financial, operational, compliance and risk management.

In the previous reporting period we reported that internal controls had become ineffective for a number of reasons. The Board has re-established internal control by a combination of close involvement with management of businesses and regular review of accounting systems and transactions. Furthermore, with the disposal of the London/Lincoln businesses, and the closure of other UK businesses leaving only the UAE operation, there is a much smaller overall Group to control and monitor.

The Group has established procedures for planning and monitoring the operational and financial performance of all businesses in the Group, as well as their compliance with applicable laws and regulations. These procedures include:

- clear responsibilities on the part of line and financial management for good financial controls in the production of accurate and timely financial management information

- the control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties

- the review of monthly reporting of trading results, balance sheets and cash flows by management and the Board

- reporting on compliance with internal financial controls and procedures by each individual business unit under the supervision of the Chairman and at the year-end by external Auditors.

Going Concern

The Directors have considered the going concern assumption for the Parent Company, AssetCo Plc, and the Group by assessing the operational and funding requirements of the Parent Company and the Group as a whole.

The Directors have concluded that there are no material uncertainties that they have identified relating to events or conditions that may cast significant doubt about the ability of AssetCo Plc to continue as a going concern.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the 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 the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;

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

In so far as the Directors are aware:

- there is no relevant audit information of which the Company auditor is 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 auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The financial statements for the year to September 2012 and previous accounting periods are available to view on this website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor

In accordance with section 489(4) of the Companies Act 2006 a resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

By order of the Board

Tudor Davies
Company Secretary

Company Registration Number: 04966347

Report of the independent auditors to the members of AssetCo plc
(consolidated financial statements)

We have audited the group financial statements of AssetCo plc for the year ended 30 September 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the AssetCo plc annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

Due to limitations in the audit evidence available to us, our audit report in respect of the 18 month period ended 30 September 2011, which forms the comparative period for the financial statements for the year ended 30 September 2012, included a disclaimer of opinion in respect of the group's loss and cash flows for the period, and our opinion on the financial statements was qualified in respect of the following:

- the directors identified a number of related party transactions with former directors of the company. We were unable to obtain sufficient appropriate audit evidence that there were no additional related party transactions which would be required to be disclosed in accordance with International Accounting Standard 24 and the Companies Act 2006.

- We were not able to obtain sufficient appropriate audit evidence in relation to the completeness of the disclosure of directors' emoluments.

Any adjustments that would have been found to have been necessary had we been able to obtain sufficient audit evidence in respect of all of these matters above would impact the comparative figures in the income statement and cash flow statement and the comparative disclosures for related party transactions and directors' emoluments in note 32 to the financial statements.

Our audit report for the period ended 30 September 2011 was also qualified because our work on property, plant and equipment included in the balance sheet at 30 September 2011 of £24.3 million was restricted to obtaining evidence in respect of this net book value. We were not able to obtain sufficient appropriate audit evidence in respect of the disclosures in the notes to the financial statements in respect of the cost of £91.8 million and accumulated depreciation of £67.5 million. As a result, we have not been able to obtain sufficient appropriate audit evidence in relation to the depreciation charge of £2.9 million for discontinued operations included in the income statement for the year ended 30 September 2012 and disclosed in note 13 to the financial statements. Any misstatement of the depreciation charge within discontinued operations would give rise to a reclassification of costs from cost of sales and administrative expenses to profit on disposal of businesses.

Qualified opinion on financial statements

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 September 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Directors' Report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

In respect solely of the limitations of our work referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

- certain disclosures of directors' remuneration specified by law are not made.

Other matter

We have reported separately on the parent company financial statements of AssetCo plc for the year ended 30 September 2012. The opinion in that report is qualified.

Andrew Hammond *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Birmingham

19 December 2012

Consolidated Income Statement

for the year ended 30 September 2012

	Notes	Year to 30 September 2012 Continuing £'000	Year to 30 September 2012 Discontinued £'000	18 months to 30 September 2011 Continuing £'000	18 months to 30 September 2011 Discontinued £'000
Revenue	6	**15,923**	**19,802**	13,023	35,982
Cost of sales		**(10,927)**	**(11,794)**	(8,518)	(18,335)
Gross profit		**4,996**	**8,008**	4,505	17,647
Administrative expenses		**(1,618)**	**(5,284)**	66,337	(99,925)
Operating profit/(loss)	7	**3,378**	**2,724**	70,842	(82,278)
Analysed as:					
Operating profit/(loss) before exceptional items		**3,378**	**2,724**	200	(2,075)
Exceptional items		**—**	**—**	70,642	(80,203)
Profit/(loss) from disposal of businesses		**—**	**81,788**	—	(610)
Finance income	9	**51**	**19**	58	101
Finance costs	9	**(492)**	**(2,841)**	(860)	(8,061)
Loss on fair value of financial instruments	24	**—**	**(303)**	—	(1,390)
Profit/(loss) before tax		**2,937**	**81,387**	70,040	(92,238)
Income tax credit	11	**1,096**	**—**	—	—
Profit/(loss) for the period		**4,033**	**81,387**	70,040	(92,238)
Discontinued operations					
Profit/(loss) for the period from discontinued operations		**81,387**		(92,238)	
Profit/(loss) for the period		**85,420**		(22,198)	
Earnings per share (EPS)					
Basic – pence					
Continuing operations	12	**36.66**		47.72	
Discontinued operations	12	**739.83**		(62.84)	
Diluted – pence					
Continuing operations	12	**27.81**		47.72	
Discontinued operations	12	**561.26**		(62.84)	

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2012

	Notes	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Recognised profit/(loss) for the period		**85,420**	(22,198)
Other comprehensive income			
Exchange differences on translating foreign operations		**11**	165
Actuarial losses on defined benefit pensions plan	15	**(1,288)**	(1,846)
Other comprehensive income, net of tax		**(1,277)**	(1,681)
Total comprehensive income for the period		**84,143**	(23,879)

Consolidated Statement of Financial Position

as at 30 September 2012

	Notes	30 September 2012 £'000	30 September 2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	**74**	24,332
Goodwill	14	**—**	—
Other intangible assets	14	**—**	100
Retirement benefit surplus	15	**—**	—
Cash held in respect of a bond		**2,042**	4,226
Total non-current assets		**2,116**	28,658
Current assets			
Inventories	16	**377**	291
Trade and other receivables	17	**5,838**	13,326
Cash and cash equivalents (excluding bank overdrafts)	21	**5,266**	4,395
Cash held in respect of scheme of arrangement		**—**	5,000
Cash held in respect of a bond		**2,042**	—
Total current assets		**13,523**	23,012
Total assets		**15,639**	51,670
Shareholders' equity			
Share capital	25	**25,353**	25,353
Share premium	25	**62,645**	62,645
Reverse acquisition reserve		**—**	(12,644)
Foreign currency translation reserve		**118**	107
Profit and loss account		**(79,235)**	(150,723)
Total equity		**8,881**	(75,262)
Liabilities			
Current liabilities			
Trade and other payables	18/19	**6,758**	21,546
Amount held in respect of scheme of arrangement	19	**—**	5,000
Short-term provisions	23	**—**	3,638
Tax liabilities	26	**—**	—
Bank loans and short term borrowings	22	**—**	78,166
Derivative financial instruments	20	**—**	7,211
Total current liabilities		**6,758**	115,561
Non-current liabilities			
Long-term borrowings	22	**—**	—
Retirement benefit liabilities	15	**—**	1,112
Long-term provisions	23	**—**	10,259
Total non-current liabilities		**—**	11,371
Total liabilities		**6,758**	126,932
Total equity and liabilities		**15,639**	51,670

The notes on pages 17 to 62 are an integral part of these consolidated financial statements. The financial statements were authorised for issue by the board of directors on 19 December 2012 and were signed on its behalf by T G Davies.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2012

	Share capital £'000	Reverse acquisition reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Profit and loss reserve £'000	Equity component of compound financial instruments £'000	Share premium £'000	Total equity £'000
Balance at 1 April 2010	22,678	(12,644)	(58)	680	(133,236)	7,917	29,288	**(85,375)**
Dividends	—	—	—	—	(1,360)	—	—	**(1,360)**
Preference share expense	—	—	—	—	7,917	(7,917)	—	**—**
Share based payments	—	—	—	(680)	—	—	—	**(680)**
Issue of shares	2,675	—	—	—	—	—	33,357	**36,032**
Transactions with owners	2,675	—	—	(680)	6,557	(7,917)	33,357	**33,992**
Loss for the period	—	—	—	—	(22,198)	—	—	**(22,198)**
Other comprehensive income:								
Exchange differences on translation	—	—	165	—	—	—	—	**165**
Actuarial losses on defined benefit pensions plan	—	—	—	—	(1,846)	—	—	**(1,846)**
Total comprehensive income for the period	—	—	165	—	(24,044)	—	—	**(23,879)**
Balance at 30 September 2011	25,353	(12,644)	107	—	(150,723)	—	62,645	**(75,262)**
Profit for the year	—	—	—	—	85,420	—	—	**85,420**
Other comprehensive income:								
Exchange differences on translation	—	—	11	—	—	—	—	**11**
Actuarial losses on defined benefit pensions plan	—	—	—	—	(1,288)	—	—	**(1,288)**
Reverse acquisition reserve transfer	—	12,644	—	—	(12,644)	—	—	**—**
Total comprehensive income for the year	—	12,644	11	—	71,488	—	—	**84,143**
Balance at 30 September 2012	25,353	—	118	—	(79,235)	—	62,645	**8,881**

The reverse acquisition reserve has been transferred to retained earnings following the restructuring of the group's operations in the year.

Consolidated Statement of Cash Flows

for the year ended 30 September 2012

	Note	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Cash flows from operating activities			
Cash (used)/generated from operations	30	**(2,842)**	4,554
Interest paid		**(3,316)**	(7,038)
Income taxes paid		**—**	(1,096)
Net cash outflows from operating activities		**(6,158)**	(3,580)
Cash flows from investing activities			
Finance income		**70**	57
Disposal of businesses		**—**	2,515
Purchase of property, plant, and equipment		**(167)**	(2,589)
Sale of property, plant, and equipment		**138**	566
Cash deposited in respect of scheme of arrangement and a bond		**—**	(9,226)
Net cash generated/(used) in investing activities		**41**	(8,677)
Cash flows from financing activities			
Issue of shares (net of costs)		**8,041**	20,491
Dividends paid		**—**	(847)
Dividends/management charges		**—**	(450)
Repayments of amounts borrowed		**(379)**	(3,001)
Increase in borrowings		**—**	1,296
Finance lease additions		**—**	10,523
Finance lease repayments		**(612)**	(12,765)
Net cash generated in financing activities		**7,050**	15,247
Net change in cash and cash equivalents		**933**	2,990
Cash, cash equivalents and bank overdrafts at beginning of period		**4,377**	1,387
Cash disposed of with businesses		**(44)**	—
Cash, cash equivalents and bank overdrafts at end of period	21	**5,266**	4,377

Notes to the Consolidated Financial Statements

for the year ended 30 September 2012

1. LEGAL STATUS AND ACTIVITIES

AssetCo plc (the "Company") is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business. As at period end, the company has no trading subsidiaries and therefore the principal activities of the Group are restricted to those of the Company detailed above.

AssetCo plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is Singleton Court Business Park, Wonastow Road, Monmouth, Monmouthshire NP25 5JA. The Group operates from one site in UAE.

AssetCo plc shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The financial statements of AssetCo plc for the 18 month period ended 30 September 2011 were authorised for issue by the then Board of Directors on 10 April 2011 and the balance sheet was signed on the Board's behalf by TG Davies. Those financial statements received a qualified audit report which did not contain statements under Section 237 (2) and (3) of the Companies Act 2006.

The financial statements have been presented in Sterling to the nearest thousand pounds (£'000) except where otherwise indicated.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 19 December 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The Group's financial statements comply with the AIM Rules and have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union as they apply to the financial statements of the Group for the 12 month period ended 30 September 2012 and applied in accordance with the Companies Act 2006. The financial statements are prepared using the historical cost convention as modified by financial liabilities at fair value through profit or loss. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 September 2012.

Going concern

As the company has no material subsidiaries the Directors have considered the going concern assumption for the Parent Company, AssetCo Plc, and the Group by assessing the operational and funding requirements of the Parent Company.

The Directors have concluded that there are no material uncertainties that they have identified relating to events or conditions that may cast significant doubt about the ability of AssetCo Plc or the Group to continue as a going concern.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. The nature of estimation means the actual outcomes may differ from the estimates. Further details on the critical accounting estimates used and judgements made in preparing these financial statements can be found in Note 4.

Accounting standards and interpretations

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group:

At the date of authorisation of these financial statements the following standards, amendments and interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendment to IAS 32 "Income taxes" on deferred tax

Clarifies the treatment of income tax relating to distributions and transaction costs. This amendment clarifies income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.

Amendment to IAS 16

Clarifies that spare parts and servicing equipment are classified as PPE rather than inventory when they meet the definition of PPE.

Amendment to IAS 34

Clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'.

The directors are currently assessing the impact of the adoption of these standards and interpretations on the financial statements of the Group but currently do not expect these to have a material impact on the results or presentation of the 2013 annual report.

The Directors have re-assessed the presentation of the Income Statement and as a result have reclassified costs in respect of bank guarantees from Administrative expenses to Finance costs. The reclassification has resulted in no net impact on results, earnings per share, or net assets.

2.2 **Consolidation**

The Group financial statements consolidate the financial statements of AssetCo Plc and the entities it controls (its subsidiaries) drawn up to 30 September each year.

(a) Reverse acquisition accounting

Under IFRS 3 "Business Combinations", the acquisition of AssetCo Fire & Rescue Limited in 2007 (previously named AssetCo Group Limited) (the "legal subsidiary") by the Company (the "legal parent") has been accounted for as a reverse acquisition and the consolidated IFRS financial information of the Company is therefore a continuation of the financial information of AssetCo Fire & Rescue Limited.

Under reverse acquisition accounting, the cost of a business combination is deemed to have been incurred by the legal subsidiary in the form of equity instruments issued to the owners of the legal parent.

The assets and liabilities of the legal subsidiary (the "acquirer") are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts. The assets and liabilities of the legal parent (the "acquiree") are fair valued at the acquisition date.

The retained earnings and other reserves recognised in the consolidated financial statements should be those of the legal subsidiary immediately before the business combination. The equity structure shown in the consolidated financial statements should reflect the legal parent's equity structure, including the equity instruments issued by the legal parent to effect the combination.

(b) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date that control ceases. Control comprises the power to govern the financial and operating policies of the investment so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights or by way of contractual agreement.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When settlement of all or any part of the cost of a business combination is deferred, the fair value of that deferred component shall be determined by discounting the amounts payable to their present value at the date of exchange, taking into account any premium or discount likely to be incurred in settlement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless there is evidence of impairment of the asset, but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the provision of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, and after eliminating sales within the Group.

The Group recognises revenue when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The continuing Group recognises revenue in respect of the provision of services to, the construction of facilities and supply of equipment for fire and emergency services in UAE.

Revenue recognised in respect of discontinued operations is with regard to:

- provision of vehicles and equipment for use by the fire emergency services under PPP and PFI fixed term contracts in the UK;
- provision of maintenance of vehicles and equipment used by the fire emergency services in the UK;
- provision of trained fire service personnel cover for deployment in the event of a pandemic or other unplanned incidents in the UK; and

(a) Rendering of services

Revenue is recognised on performance of the Group's service obligations in respect of the Group's fire service personnel contacts. Deductions are made for any service shortfalls in the period.

(b) Sale of goods

Revenue from the sale of goods to the emergency services market is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when the goods have been successfully delivered to the customer and accepted;
- the Group retains neither continuous managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which is generally when the goods have been despatched;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(c) Construction of facilities

When the outcome of a construction contract can be estimated reliably, contract revenues and associated costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that these costs will be recoverable.

(d) Leasing and short-term hire

Revenue from the leasing and short-term hire of assets is recognised in the income statement on a straight-line basis over the period of the hire.

(e) Interest income

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling (£), which is the Group's functional and presentation currency.

There has been no change in the Group's functional or presentation currency during the period under review.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies recognised through equity.

(c) Foreign operations translation

The consolidated Group accounts are prepared in sterling. Income statements of foreign operations are translated into sterling at the average exchange rates for the period and balance sheets are translated into sterling at the exchange rate ruling on the balance sheet date.

2.5 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

2.7 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance is charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Leasehold buildings	Over the term of the lease
Leasehold improvements	Over the term of the lease
Fixtures and fittings	3 – 5 years
Equipment, plant and machinery	2 – 5 years
Operational equipment and motor vehicles	2 – 20 years

Land is not depreciated.

Operational equipment and motor vehicles that have been provided to customers under long-term contracts are grouped as "assets under long-term arrangements" in Note 13 to the financial statements.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. Details of revisions in the year, and their related effect, are set out in note 13.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the income statement.

2.8 **Intangible assets**

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (separately identifiable cash flows) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each contract that it operates and the underlying business to which the goodwill relates.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of three to five years.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Goodwill with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.9 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out ("FIFO") method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

The principal estimation technique used by the Group in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on revenues and costs to complete and enable an assessment to be made of the final out-turn of each contract. Consistent contract review procedures are in place in respect of contract forecasting.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately. Contract costs are recognised as expenses in the period in which they are incurred.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts within trade and other receivables. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts within trade and other payables.

2.10 **Financial instruments**

(a) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than twelve months after the balance sheet. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents".

Trade receivables

Trade receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Factored receivables

Factoring arrangements that do not transfer all economic risks and rewards are accounted for by continuing to recognise the continuing rights over the receivable and by recognising any related obligation to the third party factor.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(b) Financial liabilities and equity instruments

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Where the contractual obligations of financial instruments, including share capital, are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are classified as such in the balance sheet.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate or return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Any gains or losses arising from changes in the fair value of derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement. The fair value of interest rate swap contracts is determined by reference to discounted cash flows for similar instruments.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 **Equity**

Issued share capital

Ordinary and deferred shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

The share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Reverse acquisition reserve

The reverse acquisition reserve arises on the acquisition of Asfare Group plc by AssetCo Fire & Rescue Limited and represents the extent to which the reserves of AssetCo Fire & Rescue Limited have been capitalised as a result of the business combination.

Translation reserve

The translation reserve represents the movement on the translation of the net investment in foreign operations recorded in foreign currencies at the balance sheet date. Exchange differences arising in the ordinary course of trading are included in the income statement.

Other reserve

The other reserve represents equity-settled share-based employee remuneration until such share options are exercised, forfeited, lapsed or expired.

2.12 **Leases**

Group as a lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risk and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases other than finance leases are classified as operating leases and payments are charged to the income statement on a straight-line basis over the lease term. Lease incentives, if applicable, are spread over the term of the lease.

Group as a lessor

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

2.13 **Income taxes**

Income tax payable is provided on taxable profits using tax rates enacted or substantially enacted at the balance sheet date.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that is it probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14 **Employee benefits**

Pension obligations – defined benefit schemes

The subsidiaries disposed of during the period operate two defined benefit pension schemes. Actuarial gains and losses arising on defined benefit retirement benefits are recognised in full in the period in equity.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

The current service cost, past service cost and costs from settlements and curtailments are charged against administrative expenses. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs and income.

Pension contributions – defined contribution scheme

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Contributions to defined contribution schemes are recognised in the income statement during the period in which they become payable.

Equity settled share-based payment

All share-based payment arrangements are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values using the Black-Scholes options pricing model. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "other reserves".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Termination benefits

Termination benefits are payable when an employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of acceptance of an offer of voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.15 **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.16 Dividends

Dividends are recognised as a liability in the period in which they are authorised. The interim dividend is recognised when it is paid and the final dividend is recognised when it has been approved by shareholders at the Annual General Meeting.

2.17 Accrued income

Material income earned from, but not yet invoiced to, customers in the financial period is included within prepayments and accrued income where receipt of such income is reasonably certain.

2.18 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which are included within the exceptional category include:

- costs of restructuring the business;
- costs in relation to the Company's scheme of arrangement with creditors;
- significant goodwill or other asset impairments;
- significant movements in provisions; and
- other particularly significant or unusual items.

Exceptional items are excluded from the headline profit measure EBITDA, as explained in Note 6. The basis of calculation of these measures is explained.

2.19 Deferred income

Deferred income arises when income from customers is received in advance of the period in which the Group is contractually obliged to provide its service. Such income is held within accruals and deferred income and only released to the income statement when the Group has met its related obligations.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Credit risk

The Group's exposure to credit risk is detailed in Notes 21 and 22.

As at 30 September 2012 the Group had exposure to two customers, with the vast majority of revenue accruing with a department of the Abu Dhabi government, whom are considered to offer an extremely small credit risk.

The Group has policies that limit the amount of credit exposure to any financial institution. The credit risk on liquid funds is limited because the counterparties are financial institutions with strong credit ratings assigned by international credit-rating agencies. The possibility of material loss is therefore considered to be unlikely.

(b) Market risk

Currency risk

The group transacts principally in Sterling and Dirhams.

Transaction risk in the Group is principally managed by seeking to ensure that sales, payroll costs and purchases are made in the same currency and, if material imbalances are predicted to arise, a decision is made on whether to hedge the exposure.

In relation to translation risk, the Group's current policy is not to hedge the net asset values of the overseas investments although, where appropriate and cost effective facilities are available, local borrowings are utilised to reduce the translation risk.

Cash flow interest-rate risk

The Group's policy on managing interest rate risk is subject to regular monitoring of the effect of potential changes in interest rates on its interest cost with a view to taking suitable actions should exposure reach certain levels. The Group may seek to limit its exposure to fluctuating interest rates by keeping a significant proportion of the Group's borrowings at fixed interest rates.

Financial assets

The Group holds its surplus funds in short-term bank deposits.

Financial liabilities

The Group has no material cash flow interest rate risk as it has low level of financial liabilities that attract interest. Should this situation change then the Group may manage the risk by using floating to fixed interest rate swaps.

Other price risk

Other price risk, such as changes in the fair value of financial instruments being caused by movements in commodity or equity prices, is not applicable to the Group's operations. The Group does not hold any investments in companies listed on recognised Stock Exchanges.

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group maintains adequate bank balances to fund its operations.

3.2 Capital risk management

Group companies are funded through various shareholders' funds, cash balances, and bank debt, including term loans, asset finance and overdrafts.

	Note	2012 £'000	2011 £'000
Issued share capital	25	**25,353**	25,353
Share premium account	25	**62,645**	62,645
Accumulated reserves		**(79,235)**	(150,723)
		8,763	(62,725)
Cash and cash equivalents	21	**(5,266)**	(4,395)
Cash held in respect of a bond		**(4,084)**	(4,226)
Cash held in respect of the scheme of arrangement		**—**	(5,000)
Bank loans and short term borrowings	22	**—**	78,166
		(587)	1,820

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to externally impaired capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the period a number of companies that were disposed of were in breach of the covenants of their banking facilities. The banks involved continued to support the companies involved and had reserved their rights in respect of the breaches and these included immediate withdrawal of their facilities. The covenant breaches during the period included failure to make capital repayments and interest payments as they fall due, and the effect of creditor action.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely 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 outlined below.

Property, plant and equipment

Useful economic lives of property, plant and equipment have been established with reference to firstly contractual replacement obligations and secondly to historical experience and an assessment of the nature of the assets involved.

Revenue recognition

The calculation of revenue and cost of sales, and therefore profit, arising from contracts is estimated based upon the comparison of actual costs to date against total forecast costs for each contract.

(b) Judgements

The following critical judgements have been made in preparing the financial statements which have a significant risk of causing a material adjustment to be made to the carrying amounts of assets and liabilities within the next financial year.

Taxation

Significant judgement is required in determining the Group's provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. As a result, the exercising of judgement is required in order to assess the exposures in these areas and set the appropriate level of provision.

5. DISCONTINUED OPERATIONS

Profit on discontinued operations

On 15 August AssetCo plc completed the sale of its UK vehicle leasing and maintenance businesses to AB & A Investments Limited.

This disposal saw the Group exit its historic UK vehicle leasing and maintenance contracts which were based on a flawed business and financial structure and were the principal reason for the significant decline in shareholder value throughout 2010 and 2011.

The consideration for the sale of Continental Shelf 547 Ltd and Continental Shelf 548 Ltd and their subsidiaries, AssetCo London Limited, AssetCo Engineering Limited, AssetCo Lincoln Limited, AssetCo Solutions Limited, which hold the contracts with London and Lincoln Fire authorities, and Mflow Limited was £2.

The net liabilities on the date of disposal, 15 August 2012, were:

	£'000
Assets	
Non-current assets	
Property, plant and equipment	21,066
	21,066
Current assets	
Inventories	204
Trade and other receivables	3,255
Cash and cash equivalents	33
	3,492
Total assets	**24,558**
Liabilities	
Current liabilities	
Trade and other payables	(4,509)
Bank loans and short term borrowings	(61,072)
Derivative financial instruments	(7,514)
	(73,095)
Non-current liabilities	
Retirement benefit liabilities	(2,078)
Long-term provisions	(850)
	(2,928)
Total liabilities	**(76,023)**
Net liabilities	**(51,465)**

In the audited 18-month period ended 30 September 2011, the companies being sold as part of the disposal of Continental Shelf 547 Limited and Continental Shelf 548 Limited made a loss after exceptional items but before tax of £16.5 million on revenue of £33.3 million and in the year to 30 September 2012 the companies made a profit after exceptional items but before tax of £0.4 million on revenue of £19.8 million. As at 30 September 2011, the net liabilities of the companies being sold had a book value of £50.2 million.

In addition, as part of the restructuring program first announced in September 2011, a number of dormant or intermediary holding companies have entered insolvency procedures and consequently the Group no longer holds an economic interest in or control of them:-

AssetCo Municipal Limited

On 1 December 2011 AssetCo Municipal Limited was placed into Administration. The net liabilities as at the date of disposal, being 1 December 2011 were:

	£'000
Assets	
Non-current assets	
Property, plant and equipment	—
	—
Current assets	
Inventories	—
Trade and other receivables	—
Cash and cash equivalents	—
	—
Total assets	**—**
Liabilities	
Current liabilities	
Trade and other payables	(373)
Bank loans and short term borrowings	(176)
	(549)
Non-current liabilities	
Long-term provisions	(2,457)
	(2,457)
Total liabilities	**(3,006)**
Net liabilities	**(3,006)**

In the audited 18-month period ended 30 September 2011, AssetCo Municipal Limited made a loss after exceptional items but before tax of £3.1 million on revenue of £1.4 million and in the year to 30 September 2012 the companies made a profit after exceptional items but before tax of £0.3 million on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £3.3 million.

AssetCo Fire & Rescue Limited

On 1 March 2012 AssetCo Fire & Rescue Limited was placed into Administration and therefore effective from this date it and its subsidiaries left the Group. The subsidiaries involved were AssetCo Emergency Limited, AssetCo Servicecare Limited, AssetCo Contracts Limited, AssetCo Resource Limited, AssetCo Managed Services (ROI) Limited, AssetCo Managed Services Limited and Simentra Limited. The net liabilities on the date of disposal, being 1 March 2012, were:

	£'000
Assets	
Non-current assets	
Property, plant and equipment	396
Other intangible assets	33
	429
Current assets	
Inventories	—
Trade and other receivables	12
Cash and cash equivalents	11
	23
Total assets	**452**
Liabilities	
Current liabilities	
Trade and other payables	(677)
Bank loans and short term borrowings	(12,755)
	(13,432)
Non-current liabilities	
Long-term provisions	(4,068)
	(4,068)
Total liabilities	**(17,500)**
Net liabilities	**(17,048)**

In the audited 18-month period ended 30 September 2011, the companies where the Group no longer holds an economic interest in or control of them as a result of AssetCo Fire & Rescue limited entering Administration made a loss after exceptional items but before tax of £55.7 million on revenue of £nil and in the year to 30 September 2012 the companies made a loss after exceptional items but before tax of £1.3 million on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £16.6 million.

AssetCo Specialist Vehicles Limited

On 9 July 2012 AssetCo Specialist Vehicles Limited was placed into Administration and therefore effective from this date it and its subsidiaries left the Group. The subsidiaries involved were AssetCo SVO Limited and Papworth Specialist Vehicles Limited. The net liabilities on the date of disposal, being 9 July 2012, were:

	£'000
Assets	
Non-current assets	
Property, plant and equipment	—
	—
Current assets	
Inventories	—
Trade and other receivables	—
Cash and cash equivalents	—
	—
Total assets	**—**
Liabilities	
Current liabilities	
Trade and other payables	(1,317)
Bank loans and short term borrowings	(3,154)
	(4,471)
Non-current liabilities	
Long-term provisions	(5,798)
	(5,798)
Total liabilities	**(10,269)**
Net liabilities	**(10,269)**

In the audited 18-month period ended 30 September 2011, the companies where the Group no longer holds an economic interest in or control of them as a result of AssetCo Specialist Vehicles Limited entering Administration made a loss after exceptional items but before tax of £16.3 million on revenue of £1.3 million and in the year to 30 September 2012 the companies made a profit after exceptional items but before tax of £nil on revenue of £nil. As at 30 September 2011, the net liabilities of the companies where the Group no longer holds an economic interest in or control of them being sold had a book value of £10.3 million.

Cash flows from discontinued operations

	2012 £'000
Net cash flows from operating activities	(1,683)
Net cash flows from investing activities	(10)
Net cash flows from financing activities	(991)

No comparative figures are presented because, as set out in the 2011 Annual Report and Accounts, the breakdown in controls during the prior period and parts of the 2011 reporting period have made it impossible to rely on some of the accounting information from that time.

6. SEGMENTAL REPORTING

The core principle of IFRS 8 'Operating Segments' is to require an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates. Segment information is therefore presented in respect of the group's geographical settlement. No secondary segmental information has been provided as in the view of the directors, the group operates in only one segment, being the provision of management and resources to fire and rescue emergency services. A number of operations have been discontinued in the year and these are disclosed separately. The Directors consider that the chief operating decision maker is the board.

Unallocated comprised the head office.

Analysis of revenue and results by geographical settlement

Year to 30 September 2012

	UAE £'000	Unallocated £'000	Continuing Operations £'000	Discontinued Operations £'000
Revenue				
Revenue to external customers	15,078	—	**15,078**	19,802
Inter-segment revenue	—	845	**845**	—
Total revenue	15,078	845	**15,923**	19,802
Result				
EBITDA	3,266	138	**3,404**	5,708
Operating profit before exceptional items	3,240	138	**3,378**	2,724
Exceptional items	—	—	**—**	—
Operating profit	3,240	138	**3,378**	2,724
Profit from disposal of businesses	—	—	**—**	81,788
Finance income	36	15	**51**	19
Finance costs	(492)	—	**(492)**	(2,841)
Loss on fair value of financial instrument	—	—	**—**	(303)
Profit before tax	2,784	153	**2,937**	81,387
Income tax	—	1,096	**1,096**	—
Profit for the year	2,784	1,249	**4,033**	81,387
Assets and liabilities				
Total segment assets	9,950	5,689	**15,639**	—
Total segment liabilities	(6,126)	(632)	**(6,758)**	—
Total net assets	3,824	5,057	**8,881**	—
Other segment information				
Total capital expenditure	—	—	**—**	167
Depreciation	26	—	**26**	2,917
Amortisation and impairment of intangible assets	—	—	**—**	67

Segment result has been calculated by subtracting depreciation and amortisation from EBITDA.

Revenues of approximately £18,900,000 are derived from a single external customer within the discontinued segment and revenues of approximately £14,618,000 are derived from a single customer within the UAE segment.

The amounts provided to the board with respect to net assets are measured in a manner consistent with that of the financial statements.

The Group is domiciled in the UK and also operates out of branch in UAE. Revenue by destination is not materially different from the turnover by origin shown above. All revenue relates to services.

Analysis of revenue and results by geographical settlement

Eighteen months to 30 September 2011

	UAE £'000	Unallocated £'000	Continuing Operations £'000	Discontinued Operations £'000
Revenue				
Revenue to external customers	13,023	—	**13,023**	35,982
Inter-segment revenue	—	—	**—**	—
Total revenue	13,023	—	**13,023**	35,982
Result				
EBITDA	1,905	(1,667)	**238**	(2,104)
Operating profit/(loss) before exceptional items	1,867	(1,667)	**200**	(2,075)
Exceptional items	—	70,642	**70,642**	(80,203)
Operating profit/(loss)	1,867	68,975	**70,842**	(82,278)
Loss from disposal of businesses	—	—	**—**	(610)
Finance income	58	—	**58**	101
Finance costs	(773)	(87)	**(860)**	(8,061)
Loss on fair value of financial instrument	—	—	**—**	(1,390)
Profit/(loss) before tax	1,152	68,888	**70,040**	(92,238)
Income tax expense	—	—	**—**	—
Profit/(loss) for the period	1,152	68,888	**70,040**	(92,238)
Assets and liabilities				
Total segment assets	10,895	11,963	**22,858**	28,812
Total segment liabilities	(9,769)	(7,926)	**(17,695)**	(109,237)
Total net assets/(liabilities)	1,126	4,037	**5,163**	(80,425)
Other segment information				
Total capital expenditure	141	—	**141**	2,448
Depreciation	38	—	**38**	5,944
Amortisation and impairment of intangible assets	—	—	**—**	184

Segment result has been calculated by subtracting depreciation and amortisation from EBITDA.

Revenues of approximately £30,471,000 are derived from a single external customer within the discontinued segment and revenues of approximately £13,023,000 are derived from a single customer within the UAE segment.

The amounts provided to the board with respect to net assets are measured in a manner consistent with that of the financial statements.

The Group is domiciled in the UK and also operates out of branch in UAE. Revenue by destination is not materially different from the turnover by origin shown above. All revenue relates to services.

7. OPERATING PROFIT/(LOSS)

The analysis of the components of operating profit/(loss) is shown below, after charging the following:

	Year to 30 September 2012		18 months to 30 September 2011	
	£'000	£'000	£'000	£'000
Depreciation of property, plant and equipment (note 13)		**2,943**		5,982
Amortisation and impairment of intangible assets (note 14)		**67**		184
Exceptional items		**—**		9,561
Fees payable to the company's auditor for the audit of the annual accounts	**90**		100	
Fees payable to the company's auditor and its associates for other services:				
– the audit of the company's subsidiaries, pursuant to legislation	**120**		255	
– other services relating to taxation	**28**		332	
– all other services	**13**		123	
		251		810
Operating lease rentals on Group properties		**167**		1,062
Operating lease rentals on other		**68**		71
Employee benefit expense		**12,261**		18,827
Raw materials and consumables used		**9,013**		10,147

Exceptional items

During the year ending 30 September 2012 the group incurred £nil exceptional charges (2011: £9,561,000). All exceptional items are included within discontinued operations.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 September 2012

Exceptional items by category

	Year to 30 September 2012 £'000	£'000	18 months to 30 September 2011 £'000
Goodwill impairment	—		610
Creation of provisions	—		2,530
Sale of fixed assets	—		347
Fair Value of liabilities associated with guarantees	—	4,353	
Scheme of Arrangement	—	4,990	
Gain from the write-off of liabilities subject to the Scheme	—	(6,922)	
Loss in respect of Creditor Scheme of Arrangement	—		2,421
Gain on preference share exchange	—		(1,600)
Gain from share options	—		(680)
Correction of accounting errors	—		180
Restructuring expenses	—		5,753
	—		9,561

Goodwill impairment

There was a £nil charge for the year ending September 2012 (2011: £610,000)

Creation of provisions

The expense in 2011 relates to the creation of provisions as detailed in note 23 of the 2011 Report & Accounts, for the year ending 30 September 2012 £nil.

Loss in Respect of Creditor Scheme of Arrangement

In August 2010 the Group announced a Creditor Scheme of Arrangement whereby all known and unknown liabilities at 28 December 2011 would be settled for a maximum cost of £4,990,000 in respect of third parties (excludes £10,000 in respect of amounts due to subsidiaries).

Under the Scheme the Group has obligations in respect of certain guarantees provided previously and the fair value of these obligations, amounting to £4,353,000, have been recognised.

As noted above, under the Scheme of Arrangement all liabilities are to be settled for a maximum amount of £4,990,000 and this sum has been expensed in the period to 30 September 2011. The liabilities to be settled amounted to £6,922,000 in respect of third parties and these amounts have been credited to the income statement in the 18 month period to 30 September 2011.

A loss has been recognised in the income statement, effectively, netting the loss from recognising the fair value of guarantees with the cost of the scheme and the gain from settling liabilities.

There was £nil charge for the year ending 30 September 2012.

Gain on Preference Share Exchange

Following the capital re-organisation, announced on 9 September 2011, 3,750,000 Ordinary Shares with a nominal value of 10p each were issued in consideration for the purchase of £15m Preference Shares in AssetCo (Abu Dhabi) Limited. The fair value of the Ordinary Shares issued has been assessed at £7,500,000 and at purchase date the book value of liabilities in respect of the Preference Shares was £17,017,000. Of this amount £7,917,000 was identified as equity instruments and therefore the book profit recognised in operating loss for the 18 month period to 30 September 2011 was £1,600,000.

There was £nil charge for the year ending 30 September 2012.

Gain from share options

All share options immediately lapsed and ceased to be exercisable upon the presentation of the winding up petition against the Group in March 2011. Accumulated charges have therefore been reversed to the income statement in the 18 month period to 30 September 2011.

There was £nil charge for the year ending 30 September 2012.

Correction of accounting errors

The Group was subject to a breakdown in systems and controls during the period to 30 September 2011 and the expense of £180,000 related to a write-off of unsubstantiated balances.

There was £nil charge for the year ending 30 September 2012.

Restructuring expenses

During the 18 month period to 30 September 2011 the Group incurred significant incremental advisor costs in respect of the various liquidity issues that the Group has faced. These issues are explained in detail elsewhere in the Report & Accounts for 2011 principally related to: creditor action, breaches of bank facilities, share placings, and a Creditor scheme of arrangement.

There was £nil charge for the year ending 30 September 2012.

8. EMPLOYEES AND DIRECTORS

The average number of persons employed by the group (including executive directors) was:

	Year to 30 September 2012 Number	**18 months to 30 September 2011 Number**
Production	**247**	158
Sales	**1**	2
Administration	**39**	83
	287	243

The costs incurred in respect of these employees were:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Wages and salaries	**11,196**	19,131
Share based payments	**—**	(680)
Social security costs	**347**	882
Other pension costs	**1,158**	869
	12,701	20,202

The above includes redundancy payments of £14,000 (2011: £486,000).

Key management compensation

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Payments made to board directors		
Aggregate fees and emoluments	**342**	818

There were £7,000 pension contributions made to key management (2011: £nil).

The above includes redundancy payments of £nil (2011: £30,000).

Total emoluments include the following amounts in respect of the highest paid director:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Salary and benefits	**125**	492

The directors consider the executive directors to be the key management.

9. FINANCE INCOME AND FINANCE COSTS

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Interest payable on bank borrowings and finance leases	**(3,185)**	(8,441)
Provisions: unwinding of discount (note 23)	**(131)**	(480)
Bank interest receivable	**70**	57
Net finance (expense)/income – pensions	**(17)**	102
	(3,263)	(8,762)

During the period to 30 September 2011 interest payable on bank borrowings and finance leases included a settlement amount of £769,000 in respect of the termination of a Swap.

10. DIVIDENDS

A final dividend for 2012 has not been recommended (2011: £nil).

11. INCOME TAX

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Current Taxation		
UK Corporation Tax at 25% (2011: 27.33%) – Current Period	**—**	—
– Prior Period	**(1,096)**	—
Total Current Tax	**(1,096)**	—
Income Tax Credit	**(1,096)**	—

The difference between the loss on ordinary activities at an effective corporation tax rate of 25% (2011: 27.33%) ruling in the UK and the actual current tax shown above is explained below:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit/(loss) on ordinary activities before taxation	**84,324**	(22,198)
Tax on profit/(loss) on ordinary activities at a standard rate of 25% (2011: 27.33%)	**21,081**	(6,067)
Factors affecting tax charge for the period:		
Expenses not allowable for tax purposes	**8**	2,876
Income not taxable	**(686)**	—
Disposal profit not taxable	**(20,447)**	—
Amortisation of intangible assets	**17**	537
Tax losses eliminated	**1,092**	2,740
Tax losses utilised	**(776)**	—
Preference shares for share exchange	**—**	(437)
Deferred tax balances (not)/recognised	**(289)**	351
Adjustment in respect of prior years	**(1,096)**	—
	(1,096)	—

A number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Directors believe that corporation tax in prior periods may have been overpaid based on the previously submitted corporation returns and that as a result corporation tax may be recoverable as at 30 September 2011. The Directors confirm that £1,096,000 of tax overpaid in recent financial years has been received from HMRC post 30 September 2012.

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit/(loss) for the period	**85,420**	(22,198)
Weighted average number of ordinary shares in issue	**11,000,713**	146,771,286
Basic profit per share (EPS) – pence – continuing	**36.66**	47.72
Basic profit/(loss) per share (EPS) – pence – discontinued	**739.83**	(62.84)
Basic profit/(loss) per share (EPS) – pence	**776.50**	(15.12)

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise share options and warrants. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and warrants, the warrants are exercisable up until 31 December 2012 at a price of £2.00 each warrant. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants. As at 30 September 2012 there were 3,500,000 warrants which could have been convertible at £2.00 each (2011: 3,500,000).

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit/(loss) for the period	**85,420**	(22,198)
Weighted average number of ordinary shares in issue	**14,500,713**	146,777,673
Diluted profit per share (EPS) – pence – continuing	**27.81**	47.72
Diluted profit/(loss) per share (EPS) – pence – discontinued	**561.26**	(62.84)
Diluted profit/(loss) per share (EPS) – pence	**589.07**	(15.12)

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Equipment plant and machinery £'000	Assets under long term arrangements £'000	Total £'000
Cost						
At 1 April 2010	—	2,244	324	5,336	81,584	**89,488**
Additions	—	—	143	61	2,385	**2,589**
Disposals	—	(19)	(235)	(58)	(2,302)	**(2,614)**
Assets held for sale	1,050	346	187	815	—	**2,398**
Exchange differences	—	(10)	(6)	(7)	—	**(23)**
At 30 September 2011	1,050	2,561	413	6,147	81,667	**91,838**
Additions	—	—	—	6	161	**167**
Disposals	—	—	—	(72)	(3,618)	**(3,690)**
Disposal of businesses	(1,050)	(2,531)	(259)	(6,056)	(78,210)	**(88,106)**
Exchange differences	—	(30)	(18)	(25)	—	**(73)**
At 30 September 2012	—	—	136	—	—	**136**
Accumulated depreciation						
At 1 April 2010	—	1,483	219	4,863	54,783	**61,348**
Charge for the year	1,032	401	90	273	4,186	**5,982**
Disposals	—	(3)	(116)	(30)	(575)	**(724)**
Assets held for sale	18	37	134	741	(17)	**913**
Exchange differences	—	(2)	(4)	(6)	(1)	**(13)**
At 30 September 2011	1,050	1,916	323	5,841	58,376	**67,506**
Charge for the year	—	36	27	70	2,810	**2,943**
Disposals	—	—	—	(72)	(3,618)	**(3,690)**
Disposal of businesses	(1,050)	(1,940)	(272)	(5,814)	(57,568)	**(66,644)**
Exchange differences	—	(12)	(16)	(25)	—	**(53)**
At 30 September 2012	—	—	62	—	—	**62**
Net book amount						
At 30 September 2012	—	—	74	—	—	**74**
At 30 September 2011	—	645	90	306	23,291	**24,332**

The net book value of assets held under finance leases amounts to £nil (2011: £23,290,000).

Assets under long-term arrangements

Assets under long-term arrangements comprise principally of items of operational equipment and motor vehicles that have been provided to customers under the Group's Private Finance Initiative and Public Private Partnership long-term contracts. The businesses concerned have been disposed of during the year.

Depreciation

Depreciation expense of £2,834,000 (2011: £11,760,000) has been charged in cost of sales and £109,000 (2011: £351,000) in administrative expenses.

Security

As at 30 September 2012 the Group provided no security in respect of Tangible Fixed Assets as the businesses concerned with the security described below as at 30 September 2011 have been disposed of during the year.

Leasehold land and buildings with a carrying amount of £nil (2011: £nil) have been pledged to secure borrowings of the Group (see Note 22) under a mortgage. The Group is not permitted to pledge these assets as security for other borrowings or to sell them to another entity.

In addition, the Group's obligations under finance leases (see Note 22) are secured by the lessors' title to the leased assets, which have a carrying amount of £nil (2011: £nil).

Assets under long-term arrangements include a net book value of £nil (2011: £23,290,000) in respect of assets secured by the lessor.

14. INTANGIBLE ASSETS

	Goodwill £'000	Bid costs £'000	Software development cost £'000	Total £'000
Cost				
At 1 April 2010	37,406	100	279	**37,785**
Disposals	(2,254)	—	—	**(2,254)**
At 30 September 2011	35,152	100	279	**35,531**
Disposal of businesses	(35,152)	(100)	(279)	**(35,531)**
At 30 September 2012	—	—	—	**—**
Accumulated amortisation				
At 1 April 2010	37,126	—	95	**37,221**
Charge for the year	—	—	42	**42**
Impairment	—	—	142	**142**
Disposals	(1,974)	—	—	**(1,974)**
At 30 September 2011	35,152	—	279	**35,431**
Charge for the year	—	67	—	**67**
Disposal of businesses	(35,152)	(67)	(279)	**(35,498)**
At 30 September 2012	—	—	—	**—**
Net book amount				
At 30 September 2012	—	—	—	**—**
At 30 September 2011	—	100	—	**100**

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. All CGUs form part of the UK & ROI operating segment. The CGUs include London/Lincoln, Specialist equipment and Vehicle assembly.

The carrying amount of goodwill has been allocated by CGU as follows:

2011	Opening £'000	Addition £'000	Disposal £'000	Impairment £'000	Assets for resale £'000	Closing £'000
London/Lincoln	—	—	—	—	—	—
Specialist equipment	280	—	(280)	—	—	—
Vehicle assembly	—	—	—	—	—	—
	280	—	(280)	—	—	—

15. EMPLOYEE BENEFIT OBLIGATIONS

Before the disposal of the businesses (see note 5) the Group companies operated one defined benefit pension scheme (2011: two defined benefit schemes).

The Group therefore accounts for pensions in accordance with IAS19 as set out below.

UK Schemes

Up to the date of disposal of the businesses the Group operated a defined benefit scheme for some of its UK employees (2011: two defined benefit schemes). The scheme in operation was the AssetCo pension scheme formerly the Brook Henderson pension scheme (2011: AssetCo pension scheme and the Todd Research Limited retirement benefits scheme; Todd Research Limited was sold in December 2010 along with the assets/liabilities of its pension scheme transferred with it). The remaining schemes' assets are held separately from those of the group and are administered by the trustees and managed professionally.

The AssetCo pension scheme was subject to a full actuarial valuation as at the date of disposal 15 August 2012, by an independently qualified actuary and showed a deficit of £2,078,000 (2011: deficit £1,112,000) at that date.

The anticipated employer contribution to the scheme in the coming year is £nil (2011: £231,000).

Actuarial losses of £1,288,000 (2011: £1,846,000) are included in other comprehensive income. Actual return on assets amounts to £941,000 (2011: £19,000).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 September 2012

The key assumptions used in the IAS19 valuations are:

Criteria	**Assumptions at 30 September 2012 Projected unit**	**Assumptions at 30 September 2011 Projected unit**
Valuation method		
Discount rate	**n/a**	5.10%
Increase to pensions in payment	**n/a**	2.1 % – 3.10 %
Inflation	**n/a**	3.10%
Expected return on plan assets	**n/a**	5.50%
Salary increases	**n/a**	3.10%
Demographic assumptions	**n/a**	Long cohort, 1%
– Future mortality	**n/a**	underpin

The value of assets in the schemes and the expected rate of return were:

	Long term rate of return expected at 30 September 2012	**Market value at 30 September 2012 £'000**	**Long term rate of return expected at 30 September 2011**	**Market value at 30 September 2011 £'000**
Equities	n/a	**4,503**	5.90%	3,922
Government bonds	n/a	**—**	2.90%	—
Corporate bonds	n/a	**3,825**	5.10%	2,932
Cash and Cash equivalents	n/a	**67**	0.50%	44
Total market value of assets		**8,395**		6,898
Present value of scheme liabilities		**(10,473)**		(8,010)
Deficit		**(2,078)**		(1,112)
Amount extinguished on disposal		**2,078**		—
Deficit		**—**		(1,112)

The amounts recognised in the statement of financial position are as follows:

	30 September 2012 £'000	**30 September 2011 £'000**
Present value of funded obligations	**—**	(8,010)
Fair value of scheme assets	**—**	6,898
	—	(1,112)

The amounts recognised in the income statement are as follows:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Current service cost	**314**	413
(Gain)/loss on settlement of liabilities	**(2,078)**	30
Included in operating profit/(loss)	**(1,764)**	443
Interest on obligation	**363**	531
Expected return on scheme assets	**(346)**	(633)
Included in net financing costs	**17**	(102)

Reconciliation of the present value of scheme liabilities and assets

	30 September 2012 £'000	30 September 2011 £'000
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	**(8,010)**	(6,386)
Service cost	**(314)**	(413)
Interest cost	**(363)**	(531)
Employees' contributions	**(31)**	(53)
Change of assumptions	**—**	(1,217)
Liabilities settled	**10,473**	420
Actuarial gains	**(1,883)**	(15)
Benefits paid	**128**	185
Closing defined benefit obligation	**—**	(8,010)
Change in the fair value of scheme assets		
Opening fair value of scheme assets	**6,898**	7,111
Expected return	**346**	633
Actuarial (losses)/gains	**595**	(614)
Contributions by the employer	**653**	350
Contributions by employees	**31**	53
Liability settlement costs	**(8,395)**	(450)
Benefits paid	**(128)**	(185)
Closing fair value of scheme assets	**—**	6,898

History of experience gains and losses

	30 September 2012 £'000	30 September 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Fair value of scheme assets	**8,395**	6,898	7,111	5,171
Present value of the defined benefit obligation	**(10,473)**	(8,010)	(6,386)	(4,422)
(Deficit)/surplus in the plan	**(2,078)**	(1,112)	725	749
Liabilities extinguished on disposal of businesses	**2,078**	—	—	—
Net (liability)/asset recognised in the balance sheet	**—**	(1,112)	725	749
Experience gains and (losses) on scheme assets	**595**	(614)	1,547	(1,586)
Experience gains and (losses) on scheme liabilities	**109**	(15)	72	(100)

Overseas schemes

The Abu Dhabi based branch of AssetCo plc contributes towards a statutory pension scheme to the Abu Dhabi Government. The total cost in the period for this scheme was £844,000 (2011: £456,000).

16. INVENTORIES

	30 September 2012 £'000	30 September 2011 £'000
Raw materials	**—**	291
Work in progress	**377**	—
	377	291

The net movement in the inventory provision resulted in £nil (2011: £291,000 charge) being recognised in the cost of sales.

As at 30 September 2012 inventories of £nil (2011: £291,000) were pledged as security for some of the Group's bank loans.

17. TRADE AND OTHER RECEIVABLES

	30 September 2012 £'000	30 September 2011 £'000
Trade receivables	**2,579**	3,059
Amounts provided for doubtful debts	**—**	(141)
Other receivables	**1,786**	222
Proceeds due from share placing	**—**	8,041
Prepayments and accrued income	**1,473**	2,145
	5,838	13,326

Due to their short-term nature the carrying value of trade and other receivables approximates to their fair value.

Trade and other receivables held in AED and Euros amounted to £4,201,000 and £nil (2011: £2,889,000 and £6,000) respectively.

No impairment provision has been made against other receivables. Trade receivables that have not been received within the agreed payment terms are classified as overdue. The ageing of amounts due as at 30 September 2012 and 2011 excluding impairment are as follows:

	30 September 2012 £'000	30 September 2011 £'000
Not yet due	**2,579**	2,760
Past due but not more than 30 days	**—**	114
Past due more than 30 days but not more than 60 days	**—**	38
Past due more than 60 days	**—**	147
	2,579	3,059

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The group does not hold any collateral as security.

There is a material concentration of credit risk due to the Group's individual material trade debts being predominantly with the Abu Dhabi government. However, these are nationally backed and have a AAA credit rating as well as there being a strong history of collection of trade debts due.

As of 30 September 2012, trade receivables of £nil (2011: £147,000) were impaired. The amount of the provision was £nil (2011: £141,000). The aging of these receivables in 2011 were all past due more than 60 days.

Movement in the provision for doubtful debts is as follows:

	30 September 2012 £'000	30 September 2011 £'000
Balance at beginning of year	**141**	9
Income statement charge	**—**	132
Disposal of businesses	**(141)**	—
Balance at end of year	**—**	141

18. TRADE AND OTHER PAYABLES

	30 September 2012 £'000	30 September 2011 £'000
Trade and other payables	**946**	2,905

Due to their short-term nature the carrying value of trade and other payables approximates to their fair value.

Trade and other payables held in AED and Euros amounted to £883,000 and £nil (2011: £674,000 and £29,000) respectively.

19. SHORT-TERM LIABILITIES

	30 September 2012 £'000	30 September 2011 £'000
Other payables	**1,004**	2,665
Other taxation and social security	**4**	1,385
Accruals and deferred income	**4,804**	14,591
	5,812	18,641
Amount held in respect of scheme of arrangement	**—**	5,000
	5,812	23,641

20. DERIVATIVE FINANCIAL INSTRUMENTS

The objectives, policies, and strategies associated with the use of derivative financial instruments can be found under the financial instruments section of the basis of preparation note.

Fair values of financial liabilities

At 30 September 2012, there were no interest rate swaps in place (2011: four amortising interest rate swaps were in place covering loans of £31.8m at a fixed rate of 5.795% payable monthly with HBOS, 4.63% payable quarterly with Co-Op; £0.7m at a fixed rate of 3.43% payable quarterly with Co-Op, and £1.6m at a fixed rate of 2.1% payable monthly with Co-Op).

As at the date of disposal of the businesses the fair value of the HBOS swap and Co-Op swaps were £4,900,000 and £2,614,000 respectively.

The fair value of interest rate swap contracts is determined by reference to discounted cash flows for similar instruments.

Title	Termination date	2012 Fair value £'000	2011 Fair value £'000
HBOS swap	31 March 2021	**—**	5,456
Co-Op swap	21 April 2026	**—**	1,732
Co-Op swap	23 January 2012	**—**	8
Co-Op swap	09 April 2013	**—**	15
Barclays swap	14 October 2010	**—**	—
		—	7,211

21. CASH AND CASH EQUIVALENTS

	2012 £'000	2011 £'000
Cash in bank and hand	**5,266**	4,395
Cash and cash equivalents (excluding bank overdrafts)	**5,266**	4,395
Bank overdrafts	**—**	(18)
Cash and cash equivalents	**5,266**	4,377

Cash and cash equivalents (excluding bank overdrafts)

	2012 £'000	2011 £'000
UK sterling	**4,683**	3,661
Euros	**—**	12
A E Dirhams	**583**	722
	5,266	4,395

Cash and cash equivalents receive interest at the floating rate and are carried on the balance sheet at a value approximate to their fair values.

Additional to the above A E Dirhams of £4,084,000 (2011: £4,226,000) is held on deposit as security in respect of an advance payment fee which was paid upfront in April 2010. Please see note 31 – Contingent Liabilities for further information

22. Borrowings

The Group's bank borrowings and overdrafts were secured by a debenture over the assets of the Group to mature in November 2016 but the businesses concerned have been disposed of during the year.

Finance lease liabilities principally related to assets provided to customers under long-term arrangements.

Current borrowings

	2012 £'000	2011 £'000
Bank borrowings	**—**	16,117
Finance lease liabilties	**—**	62,031
Bank overdraft	**—**	18
	—	78,166

At 30 September 2011 a number of group subsidiaries were in breach of the terms of their borrowing facilities and accordingly all borrowings were classified as current.

Total borrowings of £nil are in UK sterling (2011: £78,166,000).

Maturity analysis of financial liabilities

The following disclosures show the maturity profile of gross undiscounted cash flows of financial liabilities excluding accruals and deferred income as at 30 September 2012:

Maturity of financial liabilities

	Total £'000	Trade and other payables £'000	Other payables £'000	Other taxation and social security £'000
In one year or less	1,954	946	1,004	4
	1,954	**946**	**1,004**	**4**

Currency risk

The Group has used a sensitivity technique that measures the estimated change to the fair value of the Group's financial instruments of a 10% strengthening in sterling against all other currencies, from the closing rates as at 30 September 2012, with all other variables remaining constant. A 10% variation would have had an impact on the balance sheet of £249,000. All of this charge would be taken to the income statement.

	UK sterling £'000	AE Dirhams £'000	Total £'000	10% £'000
Financial assets	5,904	8,867	14,771	**806**
Financial liabilities	(632)	(6,126)	(6,758)	**(557)**
	5,272	2,741	8,013	**249**

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless the analysis above is considered to be representative of the Group's exposure to currency risk.

Bank borrowings

There were nil Group bank borrowings at 30 September 2012.

Details of the Group's bank borrowings at 30 September 2011 are summarised as follows:

Bank	Date	Initial loan	Term	Rate
HBOS	November 2007	£16.0 million	9 years	2% over 3 month Libor
Barclays	September 2008	£4.1 million	5 years	1.25% over 1 month Libor
Barclays	September 2008	£0.96 million	7 years	2.25% over 1 month Libor
Co-op	March 2009	£4.0 million	4 years	2.1% over base rate

At 30 September 2012, the Group had no principal loans (2011: four principal loans with three different financial institutions).

Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

A number of businesses were discontinued during the year and as a result the group had no finance lease liabilities as at 30 September 2012. The following paragraphs describe the position for 2011.

Finance lease liabilities were secured by a first and only debenture from a subsidiary undertaking and first and only chattel mortgage over the assets of one of the Group companies.

For the period ended 30 September 2012, the average effective borrowing rate on leases was nil% (2011: 6.75%). All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

Minimum lease payments under finance lease liabilities are as follows:

	2012 £'000	2011 £'000
In one year or less	—	82,173
Between one and five years	—	—
More than five years	—	—
	—	82,173
Future finance charges on finance leases	—	(20,142)
Present value of minimum lease payments	—	62,031

23. PROVISIONS

	Restructuring £'000	Dilapidations £'000	Employment £'000	Employment Grants £'000	Pension £'000	Total £'000
As at 1 April 2010	11,923	500	—	—	—	12,423
Unwinding of discount	480	—	—	—	—	480
Additions	—	—	729	1,102	750	2,581
Utilised during the period	(1,587)	—	—	—	—	(1,587)
As at 30 September 2011	10,816	500	729	1,102	750	13,897
Unwinding of discount	131	—	—	—	—	131
Utilised during the year	(803)	—	(52)	—	—	(855)
Disposals	(10,144)	(500)	(677)	(1,102)	(750)	(13,173)
As at 30 September 2012	—	—	—	—	—	—

	Restructuring £'000	Dilapidations £'000	Employment £'000	Employment Grants £'000	Pension £'000	Total £'000	2011 £'000
Short-term	—	—	—	—	—	—	3,638
Long-term	—	—	—	—	—	—	10,259
Total	—	—	—	—	—	—	13,897

Restructuring

The restructuring provision related to onerous property leases. Application of IAS37 requires provision for all irrecoverable costs on onerous leases. The leases included have a period remaining until the earliest break opportunity of between 10 and 30 years.

Dilapidations

As at 30 September 2011, the Group, based on best estimates, held provisions of £500,000 in order to cover any dilapidation costs on exit from the buildings covered by the onerous lease provision. The obligations are expected to be settled coterminous with cessation of the leases provided for.

Employment

The employment provision related to potential claims made in connection with employees who have left the business. Management considered that these obligations would have been settled within twelve months of the September 2011 balance sheet date.

Employment Grants

Employment grants were received during 2008 and 2009 in respect of job creation and have a contingent liability clause. The clause provides for a clawback for a period of up to 5 years from the last payment of the grant should the group breach the stated terms and conditions of the letter of the offer. There was considerable uncertainty as to when this obligation would be settled but management considered that it was reasonable to expect settlement to be within twelve months of the 30 September 2011 balance sheet date.

Pension

The pension provision relates to a claim received in relation to the settlement of an historic section 75 pension liability. There was considerable uncertainty as to when this obligation would be settled and management considered it reasonable to have expected settlement to be within the twelve months of the 30 September 2011 balance sheet date.

24. FINANCIAL ASSETS AND LIABILITIES

The following tables illustrate the categorisation and carrying value of financial assets and liabilities as at 30 September 2012:

Financial assets

	Loans and receivables £'000	Total 30 September 2012 £'000	Total 30 September 2011 £'000
Trade and other receivables	5,421	**5,421**	11,181
Cash and cash equivalents	5,266	**5,266**	4,395
Cash held in respect of a bond	4,084	**4,084**	4,226
Cash held in respect of scheme of arrangement	—	**—**	5,000
	14,771	**14,771**	24,802

Financial liabilities

	Fair value through profit and loss £'000	Other financial liabilities £'000	Total 30 September 2012 £'000	Total 30 September 2011 £'000
Trade and other payables	—	6,758	**6,758**	11,955
Bank overdraft	—	—	**—**	18
Borrowings – short term	—	—	**—**	6,781
Finance lease liabilities – short term	—	—	**—**	16,195
Borrowings – long term	—	—	**—**	9,336
Finance lease liabilities – long term	—	—	**—**	45,836
Derivatives – long term	—	—	**—**	7,211
	—	**6,758**	**6,758**	97,332

Fair value hierarchy

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives – long term	—	—	—	—

The derivatives entered into by the group are not traded in active markets. The fair value of these contracts is estimated using a valuation technique that maximises the use of observable market inputs (Level 2) within IFRS 7's fair value hierarchy.

The movement in the fair value of financial instruments amounted to £303,000 loss (2011: £1,390,000 loss).

25. SHARE CAPITAL

(a) Issued and fully paid:

	Number of Ordinary Shares					Number of Deferred Shares				Ordinary Share Capital	Deferred Share Capital	Share Premium
	25p	1p	0.01p	10p	Total	24p	0.99p	495p	Total	£'000	£'000	£'000
At 1 April 2011	90,712,740	—	—	—	90,712,740	—	—	—	—	22,678	—	29,288
March 2011 Placing and Capital Reorganisation												
Capital Re-organisation	(90,712,740)	90,712,740	—	—	—	90,712,740	—	—	90,712,740	(21,771)	21,771	—
Issue of Ordinary Shares of 1p each	—	160,000,000	—	—	160,000,000	—	—	—	—	1,600	—	13,498
September 2011 Placing and Capital Reorganisation												
Capital Re-organisation	—	(250,712,740)	250,712,740	—	—	—	250,712,740	—	250,712,740	(2,482)	2,482	—
Share Consolidation	—	—	(250,712,740)	250,713	(250,462,027)	—	(250,712,740)	501,425	(250,211,315)	—	—	—
Share Exchange	—	—	—	3,750,000	3,750,000	—	—	—	—	375	—	7,125
Issue of Ordinary Shares of 10p each	—	—	—	7,000,000	7,000,000	—	—	—	—	700	—	12,734
At 30 September 2011	—	—	—	11,000,713	11,000,713	90,712,740	—	501,425	91,214,165	1,100	24,253	62,645
At 30 September 2012	—	—	—	11,000,713	11,000,713	90,712,740	—	501,425	91,214,165	1,100	24,253	62,645

In July 2009 the Company issued 17,333,334 Ordinary Shares of 25p for an issue price of 45p each.

In March 2011 the Company implemented a capital re-organisation whereby each Ordinary Share of 25p was sub-divided into 1 Ordinary Share with a nominal value of 1p and 1 Deferred Share with a nominal value of 24p. Immediately following this capital re-organisation 160,000,000 Ordinary Shares of 1p were issued for an issue price of 10p each.

In September 2011 the Company implemented a further capital re-organisation whereby each Ordinary Share of 1p was sub-divided into 1 Ordinary Share with a nominal value of 0.01p and each Deferred Share of 24p was sub-divided into 1 Deferred Share with a nominal value of 0.99p. Immediately following the implementation of this a share consolidation was implemented whereby 1000 Ordinary Shares with a nominal value of 0.01p each were consolidated into 1 Ordinary Share with a nominal value of 10p and 500 Deferred Shares with a nominal value of 0.99p each were consolidated into 1 Deferred Share with a nominal value of 495p.

No Ordinary Shares or Deferred Shares were issued in the year ended 30 September 2012.

The rights attaching to Deferred Shares are set out in the Company's Articles of Association and are minimal. They do not carry any voting rights or dividend rights.

Following the September 2011 capital re-organisation 3,750,000 Ordinary Shares with a nominal value of 10p each were issued in consideration for the purchase of £15m Preference Shares in AssetCo (Abu Dhabi) Limited and 7,000,000 Ordinary Shares with a nominal value of 10p each were issued for an issue price of 200p. In addition 3,500,000 of warrants were issued, on the basis of 1 warrant for every 2 ordinary share subscribed for, and these are exercisable up until 31 December 2013 at a price of 200p each.

The fair value of the consideration for the purchase of the Preference Shares is considered to be £7.5m.

Following the Company's adoption of new Articles of Association in September 2011, and in accordance with the Companies Act 2006, the share capital has no authorised limit (2011: no authorised limit). All issued shares are fully paid.

(b) Share-based payments

The charge/(credit) for the period in respect of share-based payments, comprising share options and warrants, is £nil (2011: credit £680,000).

(c) Share options

Share options were granted to Directors and to selected employees. The Group are under no legal or constructive obligation to repurchase or settle the options in cash and all share options immediately lapsed and ceased to be exercisable upon the presentation of the winding up petition against the Company in March 2011.

	30 September 2012		30 September 2011	
	Average exercise price per share £	Options	Average exercise price per share £	Options
Opening	—	—	1.70	1,212,603
Lapsed	—	—	1.70	(1,212,603)
	—	—	—	—

26. TAX LIABILITIES AND DEFERRED TAXATION

Deferred taxation

There was no deferred tax asset or liability recognised at the balance sheet dates.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences relate to losses, the availability of the losses to offset against future profitability is also considered. The directors consider that given the circumstances explained above there is no basis on which to recognise deferred tax assets at 31 March 2010, 30 September 2011 or 30 September 2012. The unrecognised asset in respect of tax losses at 30 September 2012 amounts to £994,000 (2011: £8,600,000).

27. INVESTMENTS

Details of Group companies can be found in Note 28 to the financial statements.

28. GROUP UNDERTAKINGS

A full list of group undertakings for AssetCo plc are filed with the Annual Return at Companies House.

There were no Group investments in associates and interests in joint ventures as at the balance sheet date.

29. FUTURE CAPITAL COMMITMENTS

	2012 £'000	2011 £'000
Contracted for but not provided in these financial statements	—	851

Operating lease commitments

The Group leases various assets under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

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

	2012 Property £'000	2011 Property £'000	2012 Other £'000	2011 Other £'000
Within one year	**16**	1,354	—	105
More than one year and less than five years	—	4,731	—	34
After five years	—	5,769	—	—
	16	11,854	—	139

The property lease commitment includes £nil (2011: £8,172,000) included in a provision for costs associated with onerous leases (note 23).

The business leases the commercial properties from which it operates. All leases were taken at the open market rent for the property prevailing at the outset of the lease. Lease renewals in respect of property are governed by the laws of the countries in which the leases are held. There are no purchase rights to any of the leased properties and no contingent rents are payable. None of the leases imposes financial or operating restrictions upon the business other than those associated with planning laws.

30. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAX TO NET CASH (USED)/GENERATED FROM OPERATIONS

	30 September 2012 £'000	30 September 2011 £'000
Profit/(loss) for the year before taxation	**84,324**	(22,198)
Depreciation and impairment (note 13)	**2,943**	5,982
Amortisation and impairment (note 14)	**67**	184
(Profit)/loss on sale of property, plant, and equipment	**(138)**	347
(Profit)/loss on disposal of businesses	**(81,788)**	610
Share-based payments	**—**	(680)
Interest rate swaps	**303**	1,390
Other finance expense/(income) (note 9)	**17**	(102)
Interest expense (note 9)	**3,316**	7,826
Interest received (note 9)	**(70)**	(57)
Other non-cash movements	**181**	3,737
(Increase)/decrease in inventories	**(290)**	374
Increase in debtors	**(2,731)**	(1,013)
(Decrease)/increase in creditors	**(7,913)**	9,169
Increase in provisions	**(724)**	(1,108)
Loss on pension settlement	**—**	30
Contributions to the DB pension scheme in excess of service cost	**(339)**	63
Cash (used)/generated from operations	**(2,842)**	4,554

Analysis of net (cash)/debt

	2012 £'000	2011 £'000
Bank borrowings	**—**	16,116
Finance lease liabilities	**—**	62,032
Bank overdrafts	**—**	18
Cash at bank and in hand	**(5,266)**	(13,621)
	(5,266)	64,545
Interest rate swaps	**—**	7,211
	(5,266)	71,756

Net (cash)/debt of (£5,266,000), (2011: £71,756,000 included the fair value of the interest rate swaps taken out with HBOS, Co-Op and Barclays (see note 20)) and cash held in a bond £4,084,000 (2011: £4,226,000 and cash held in the scheme of arrangement of £5,000,000).

31. CONTINGENT LIABILITIES

During the period to 30 September 2011 the Company's Scheme of Arrangement compromised all UK based guarantees that had been provided by the Company up to 28 December 2011.

During the period to 30 September 2011 the Group entered into a Performance Bond relating to a UAE based contract that would determine a potential liability of 10% of the total contract value upon failure to fulfill all the terms of the contract. This liability would equate to a maximum of approximately £4m. The Bond will remain in place in full until 90 days after the customer has confirmed that all contractual terms have been met and it is expected that the confirmation will occur on or around April 2013. At completion of the 90 day period the potential liability under this Bond will reduce to 5% of the contract value and then reduce to 0% in accordance with expiration of the associated warranty periods relating to contractual obligations that range between 12 and 36 months in length.

The Group has also provided an "Advanced Payment Guarantee" of approximately £8m in connection to a UAE based contract. The guarantee provides for the repayment in part or full of payments received from the customer in advance of contractual service delivery. The guarantee shall remain in place for the duration of the contract which is expected to conclude on or around April 2013. If the services required under the contract remain outstanding beyond the contractual service period then the guarantee could be extended until the services are delivered in full.

32. RELATED PARTY TRANSACTIONS

Related parties comprise the Company's shareholders, subsidiaries, associated companies, joint ventures, other entities over which the shareholders of the Group have the ability to control or exercise significant influence over their financial and operating decisions, and key management personnel.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the period, the Group entered into the following significant transactions with related parties at prices and on terms agreed between the related parties:

Remuneration of the Directors

		Salary 2012 £'000	Benefits in Kind 2012 £'000	Total Emol-uments 2012 £'000	Salary 2011 £'000	Compensation for loss of office 2011 £'000	Benefits in Kind 2011 £'000	Total Emol-uments 2011 £'000
Tudor Davies	i	**70**	**—**	**70**	35	—	—	35
John Shannon	ii	**—**	**—**	**—**	441	—	51	492
Scott Brown	iii	**—**	**—**	**—**	156	—	—	156
Frank Flynn	iv	**—**	**—**	**—**	93	30	12	135
Gareth White	v	**96**	**29**	**125**	—	—	—	—
Jeff Ord	vi	**70**	**19**	**89**	—	—	—	—
Total		**236**	**48**	**284**	725	30	63	818

i. Tudor Davies was appointed Executive Chairman on 23 March 2011.
ii. John Shannon was resigned as a director on 24 March 2011.
iii. Scott Brown was appointed as a director on 4 October 2010 and resigned as a director on 17 May 2011.
iv. Frank Flynn resigned as a director on 4 October 2010.
v. Gareth White was appointed to the board on 11 April 2012.
vi. Jeff Ord was appointed to the board on 11 April 2012.

Non-executive directors' remuneration

		2012 £'000	2011 £'000
Tim Wightman	vii	**—**	74
Christopher Mills	viii	**—**	—
Adrian Bradshaw	ix	**—**	31
Andrew Freemantle	x	**35**	53
Peter Manning	xi	**23**	53
Total		**58**	211

vii. Tim Wightman resigned as a non-executive director on 30 June 2011.

viii. Christopher Mills was appointed as a non-executive director on 23 March 2011.

ix. Adrian Bradshaw resigned as a non-executive director on 18 August 2010.

x. Andrew Freemantle resigned as a non-executive director on 1 October 2012.

xi. Peter Manning resigned as a non-executive director on 14 May 2012.

All Directors' share options – see note 25 – lapsed in the period to 30 September 2011.

Consultancy services were provided by Cadoc Limited, a company associated with Tudor Davies, to AssetCo plc during the year at a cost £319,000 (2011: £633,000) whilst at the balance sheet date an accrual of £93,000 was held (2011: £nil).

Report of the independent auditors to the members of AssetCo plc
(company financial statements)

We have audited the company financial statements of AssetCo plc for the year ended 30 September 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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. This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the AssetCo plc annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

Due to limitations in the audit evidence available to us, our audit report in respect of the 18 month period ended 30 September 2011, which forms the comparative period for the financial statements for the year ended 30 September 2012, included a disclaimer of opinion in respect of the parent company's profit and cash flows for the period, and our opinion on the financial statements was qualified in respect of the following:

- the directors identified a number of related party transactions with former directors of the company. We were unable to obtain sufficient appropriate audit evidence that there were no additional related party transactions which would be required to be disclosed in accordance with Financial Reporting Standard 8 and the Companies Act 2006.

- We were unable to obtain sufficient appropriate audit evidence in relation to the completeness of the disclosure of directors' emoluments.

Any adjustments that would have been found to have been necessary had we been able to obtain sufficient audit evidence in respect of all of these matters above would impact the comparative figures in the Profit and Loss Account and Cash Flow Statement and the comparative disclosures for related party transactions and directors' emoluments in note 20 to the financial statements.

Qualified opinion on financial statements

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit and cash flows 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 Directors' Report for the financial period for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

In respect solely of the limitations of our work in relation to the comparative information referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.

Other matter

We have reported separately on the group financial statements of AssetCo plc for the year ended 30 September 2012. The opinion in that report is qualified.

Andrew Hammond *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

19 December 2012

Company Profit and Loss Account

for the year ended 30 September 2012

		12 months to 30 September 2012			18 months to 30 September 2011		
	Notes	Pre-exceptional £'000	Exceptional items (note 5) £'000	Total £'000	Pre-exceptional £'000	Exceptional items (note 5) £'000	Total £'000
Turnover	3	**15,669**	**—**	**15,669**	12,796	—	12,796
Cost of sales		**(10,743)**	**—**	**(10,743)**	(8,372)	—	(8,372)
Gross profit		**4,926**	**—**	**4,926**	4,424	—	4,424
Administrative expenses		**(1,595)**	**—**	**(1,595)**	(4,222)	(23,672)	(27,894)
Operating profit/(loss)	4	**3,331**	**—**	**3,331**	202	(23,672)	(23,470)
Non operating exceptional items	5	**—**	**—**	—	—	106,628	106,628
Profit on ordinary activities before interest and taxation		**3,331**	**—**	**3,331**	202	82,956	83,158
Interest receivable and similar income	7	**51**	**—**	**51**	57	—	57
Interest payable and similar charges	7	**(484)**	**—**	**(484)**	(860)	—	(860)
Profit/(loss) on ordinary activities before taxation		**2,898**	**—**	**2,898**	(601)	82,956	82,355
Tax on profit/(loss) on ordinary activities	8	**1,096**	**—**	**1,096**	—	—	—
Profit/(loss) for the period		**3,994**	**—**	**3,994**	(601)	82,956	82,355

All activities relate to continuing operations.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profits/(losses) for the financial period stated above, and their historical cost equivalent.

Company Statement of Total Recognised Gains and Losses

for the year ended 30 September 2012

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit for the period	**3,994**	82,355
Exchange differences on translating foreign operations	**44**	—
Merger reserve transfer	**68,293**	—
Total recognised gains and losses relating to the period	**72,331**	82,355

Company Balance Sheet

As at 30 September 2012

	Notes	30 September 2012 £'000	30 September 2012 £'000	30 September 2011 £'000	30 September 2011 £'000
NET ASSETS EMPLOYED					
Fixed assets					
Investments in subsidiaries	10		**—**		—
Tangible fixed assets	11		**74**		103
Cash held in respect of a bond			**2,042**		4,226
Current assets					
Stocks – work in progress		**377**		—	
Debtors	12	**5,835**		11,841	
Cash held in respect of the Scheme of Arrangement	13	**—**		5,000	
Cash held in respect of a bond		**2,042**		—	
Cash at bank and in hand		**5,266**		1,688	
		13,520		18,529	
Current liabilities					
Creditors – Amounts falling due within one year	14	**(6,435)**		(12,695)	
Amount owed to the Scheme of Arrangement	14	**—**		(5,000)	
		(6,435)		(17,695)	
Net current assets			**7,085**		834
Total assets less current liabilities and net assets			**9,201**		5,163
REPRESENTED BY					
Called up share capital	16		**25,353**		25,353
Share premium account	16		**62,645**		62,645
Merger reserve	17		**—**		68,293
Profit and loss reserve	17		**(78,797)**		(151,128)
Shareholders' funds	18		**9,201**		5,163

The financial statements on pages 68 to 81 were approved on behalf of the Board of Directors and signed by T G Davies on 19 December 2012.

Registered number: 04966347

Company Cashflow Statement

for the year ended 30 September 2012

	Note	12 months to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Net cash outflow from operating activities	22	**(4,030)**	(7,111)
Returns on investments and servicing of finance			
Interest received		**51**	57
Interest paid		**(484)**	(860)
Net cash outflow from returns on investments and servicing of finance		**(433)**	(803)
Taxation		**—**	(1,096)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**—**	(141)
Net cash outflow for capital expenditure and financial investment		**—**	(141)
Cash deposited in respect of scheme of arrangement and a bond		**—**	(9,226)
Equity dividends paid to shareholders		**—**	(847)
Net cash outflow before financing		**(4,463)**	(19,224)
Financing			
Issue of ordinary share capital		**8,041**	20,491
Net cash inflow from financing		**8,041**	20,491
Increase in net cash in the period		**3,578**	1,267

Reconciliation of net cash/(debt)

	12 months to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Net cash/(debt) at beginning of period	**1,688**	(775)
Increase in net cash	**3,578**	1,267
Overdrafts eliminated through Creditor Scheme of Arrangement	**—**	1,196
	5,266	1,688

Notes to the Company Financial Statements

for the year ended 30 September 2012

1. LEGAL STATUS AND ACTIVITIES

AssetCo plc ("the Company") is principally involved in the provision of management and resources to the fire and rescue emergency services in international markets. It currently trades through a branch in UAE and its strategy is to develop this business.

2. BASIS OF PREPARATION

The separate financial statements of the Company are presented in accordance with the Companies Act 2006. They have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below and have been applied consistently in both periods presented.

Investments

Investments in subsidiary companies are stated at cost, less provisions for diminution in carrying value. Provisions are calculated with reference to value in use, adjusted for relevant debt.

Fixed assets

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Fixtures and fittings 3 – 5 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the profit and loss account.

Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Where the Company does not have immediate access to cash, it is separately classified in the balance sheet.

Accrued income

Material income earned from, but not yet invoiced to, customers in the financial period is included within prepayments and accrued income where receipt of such income is reasonably certain.

Deferred income

Deferred income arises when income from customers is received in advance of the period in which the company is contractually obliged to provide its service. Such income is held within accruals and deferred income and only released to the profit and loss account when the Company has met its related obligations.

Tax

Tax on ordinary activities is provided on taxable profits/(losses) using tax rates enacted or substantially enacted at the balance sheet date.

Tax on ordinary activities is recognised in the profit and loss account except to the extent that it relates to items recognised directly in Shareholders' funds, in which case it is recognised in Shareholders' funds.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Share capital

Ordinary shares are classified as Shareholders' funds.

Share premium

The share premium account represents the excess over nominal value of the fair value of consideration received for ordinary shares, net of expenses of the share issue.

Factored receivables

Factoring arrangements that do not transfer all economic risks and rewards are accounted for by continuing to recognise the continuing rights over the receivable and by recognising any related obligation to the third party factor.

Dividends

Dividends are recognised as a liability in the period in which they are authorised. The interim dividend is recognised when it is paid and the final dividend is recognised when it has been approved by shareholders at the Annual General Meeting.

Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the profit and loss account.

Foreign operations translation

Balance sheets are translated into sterling at the exchange rate prevailing on the balance sheet date and gains or losses arising from the translation recognised through Shareholders' funds.

Turnover

Turnover comprises the value of revenue recognised in respect of sale of goods and the provision of service contracts.

Turnover from the sale of goods is recognised when:

- the significant risks and rewards of ownership of the goods have been transferred to the customer from the company and this is generally when the goods have been delivered to the customer and accepted:

- effective control over the goods and the management involvement associated with ownership is no longer held by the company which is generally when the goods have been despatched:

- the amount of turnover can be measured reliably:

- its is probable that the economic benefits associated with the transaction will flow to the Company: and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the provision of service contracts is only recognised when the stage of completion can be measured reliably and it is probable that economic benefit will flow to the company. Where lump sum payments are received, these turnover receipts are deferred and recognised by allocating the lump sum turnover over the life of the contract.

Turnover is recognised on performance of the Group's service obligations in respect of the Group's fire service personnel contacts. Deductions are made for any service shortfalls in the period.

When the outcome of a construction contract can be estimated reliably, contract turnover and costs are recognised by reference to the degree of completion of each contract, as measured by the proportion of total costs at the balance sheet date to the estimated total cost of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

The principal estimation technique used by the Group in attributing profit on contracts to a particular period is the preparation of forecasts on a contract by contract basis. These focus on turnover and costs to complete and enable an assessment to be made of the final out-turn of each contract. Consistent contract review procedures are in place in respect of contract forecasting.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised immediately. Contract costs are recognised as expenses in the period in which they are incurred.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is shown as due from customers on construction contracts within trade and other debtors. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is shown as due to customers on construction contracts within trade and other creditors.

The Directors have re-assessed the presentation of the profit and loss account and as a result have reclassified costs in respect of bank guarantees from administrative expenses to interest payable and similar charges. The reclassification has resulted in no net impact on results, earnings per share, or net assets.

Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant profit and loss account category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which may be included within the exceptional category include:

Non operating

- costs of fundamentally restructuring the business;
- profit and losses on sale of subsidiaries;
- profit and losses on sale of significant fixed assets;

Operating

- provisions against investments in subsidiaries;
- costs in relation to the Company's scheme of arrangement with creditors;
- provisions against amounts owed by subsidiaries.

Stocks – work in progress

Work in progress is valued at the lower of cost and net realisable value. The valuation of work in progress does not include the addition of any overhead as there is no manufacturing process, simply the management of equipment sourcing.

3. SEGMENTAL REPORTING

Segment information is presented in respect of the Company's geographical settlement. The analysis is for the year to 30 September 2012 and eighteen months to 30 September 2011. Unallocated comprises the head office. No secondary segmental information has been provided as in the view of the Directors, the Company operates in only one segment, being in the provision of fire and rescue services.

Analysis of turnover and results by geographical settlement

Year to 30 September 2012

	UAE £'000	Unallocated £'000	Total Operations £'000
Turnover			
Turnover to external customers	14,824	845	**15,669**
Inter-segment turnover	—	—	**—**
Total turnover	14,824	845	**15,669**
Result			
Profit on ordinary activities before taxation	2,739	159	**2,898**
Assets and liabilities			
Total net assets	3,826	5,375	**9,201**

Analysis of turnover and results by geographical settlement

Eighteen months to 30 September 2011

	UAE £'000	Unallocated £'000	Total Operations £'000
Turnover			
Turnover to external customers	12,796	—	**12,796**
Inter-segment turnover	—	—	**—**
Total turnover	12,796	—	**12,796**
Result			
Profit on ordinary activities before taxation	1,128	81,227	**82,355**
Assets and liabilities			
Total net assets	1,126	4,037	**5,163**

Turnover by destination is not materially different from the turnover by origin shown above.

4. OPERATING PROFIT/(LOSS)

The analysis of the components of operating profit/(loss) is shown below, after charging the following:

	Year to 30 September 2012		18 months to 30 September 2011	
	£'000	£'000	£'000	£'000
Depreciation of property, plant and equipment		**26**		38
Exceptional items		**—**		23,672
Fees payable to the company's auditor for the audit of the annual accounts	**90**		100	
Fees payable to the company's auditor and its associates for other services:				
– the audit of the company's subsidiaries, pursuant to legislation	**24**		—	
– other services relating to taxation	**26**		332	
– all other services	**13**		123	
		153		555
Lease rentals on Company properties		**64**		113

5. EXCEPTIONAL ITEMS

There were £nil exceptional charges during the year to 30 September 2012.

During the 18 month period ending 30 September 2011 the Company incurred a significant amount of exceptional costs and charges. These are summarised below:

Exceptional items – administrative expenses

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Provision for impairment of subsidiaries	—	7,500
Provision against amounts owed by subsidiaries	—	12,499
Gain from Share Options	—	(680)
Fair Value of liabilities associated with guarantees	—	4,353
	—	23,672

Non operating exceptional items

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Costs associated with the restructuring of the AssetCo Group	—	1,706
(Profit)/loss from disposal of subsidiaries	—	(6,414)
Gain from the write-off of liabilities subject to the Scheme	—	(1,922)
Gain from the write-off of liabilities due to subsidiaries subject to the Scheme	—	(99,998)
Gain in respect of Creditor Scheme of Arrangement	—	(101,920)
	—	(106,628)

Gain from share options

All share options immediately lapsed and ceased to be exercisable upon the presentation of the winding up petition against the Company in March 2011. Accumulated charges were therefore reversed to the profit and loss account in 2011.

Provisions against amounts due from subsidiaries

In 2011, value in use calculations were concluded for all subsidiaries and adjusted for relative debt. Where these calculations demonstrated that it is unlikely that surplus funds will be available to repay inter company debts, provisions have been made to write down amounts due from subsidiaries to the estimated recoverable amount.

Gain in Respect of Creditor Scheme of Arrangement

In August 2011 the Company announced a Creditor Scheme of Arrangement whereby all known and unknown liabilities at 28 December 2011 would be settled for a maximum cost of £5,000,000 and effectively the Company was ring fenced from its UK subsidiaries.

Under the Scheme the Company had obligations in respect of certain guarantees provided previously and the fair value of these obligations, amounting to £4,353,000, was recognised.

As noted above, under the Scheme of Arrangement all liabilities were settled for a maximum amount of £5,000,000 and this sum was expensed in the period. The liabilities settled amounted to £6,922,000 in respect of third parties and £99,998,000 in respect of subsidiaries and those amounts were credited to the profit and loss account in the period.

Additional Liabilities – Creditor Scheme of Arrangement

Claims made under the Scheme exceeded liabilities accounted for and the excess of £1,215,000 was expensed in the period to 30 September 2011.

6. EMPLOYEES AND DIRECTORS

The average number of persons employed by the Company (including executive Directors) was:

	Year to 30 September 2012 Number	18 months to 30 September 2011 Number
Production	**164**	88
Sales	**1**	2
Administration	**4**	7
	169	97

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
The costs incurred in respect of these employees were:		
Wages and salaries	**7,786**	8,794
Share based payments	**—**	(680)
Social security costs	**857**	456
	8,643	8,570

The above includes redundancy payments of £nil (2011: £30,000).

7. NET INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Interest payable on bank borrowings	**(484)**	(860)
Bank interest receivable	**51**	57
	(433)	(803)

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Current Taxation		
UK Corporation Tax at 25% (2011: 27.33%) – Current Period	**—**	—
– Prior Period	**(1,096)**	—
Total Current Tax	**(1,096)**	—
Tax on profit/(loss) on ordinary activities	**(1,096)**	—

The difference between the profit on ordinary activities at an effective corporation tax rate of 25% (2011: 27.33%) ruling in the UK and the actual current tax shown above is explained below:

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit on ordinary activities before taxation	**2,898**	82,355
Tax on profit on ordinary activities at a standard rate of 25% (2011: 27.33%)	**725**	22,510
Expenses not deductible for tax purposes	**45**	998
Overseas net income not taxable	**(685)**	—
Losses utilised	**(85)**	—
Losses from write-off of amounts due from subsidiaries	**—**	3,714
Capital gain on disposal lower than accounting profit	**—**	(1,753)
Remuneration credit on share based payments	**—**	(186)
Provision against investments	**—**	2,050
Gain from write-off of liabilities due to subsidiaries subject to the Scheme of Arrangement	**—**	(27,333)
Adjustment in respect of prior year	**1,096**	—
Tax credit for the period	**1,096**	—

Given the material restatements set out in the 2011 Annual Report & Accounts the Company has resubmitted tax computations for prior periods. The Directors confirm that £1,096,000 of tax overpaid in recent financial years has been received from HMRC post 30 September 2012.

9. DIVIDENDS

A final dividend for 2012 has not been proposed (2011: £nil).

10. INVESTMENTS IN SUBSIDIARIES

	2012 £'000	2011 £'000
Company		
Shares in Group companies	—	—

	2012 £'000	2011 £'000
Cost		
At beginning of period	**100,052**	94,720
Additions	**—**	7,500
Disposals	**(92,552)**	(2,168)
At end of period	**7,500**	100,052
Provision for impairment		
At beginning of period	**(100,052)**	(94,720)
Impairment charge	**—**	(7,500)
Disposals	**92,552**	2,168
At end of period	**(7,500)**	(100,052)
Carrying value	**—**	—

All subsidiary companies as at 30 September 2012 were wholly owned. During the period a number of dormant or intermediate holding companies have entered insolvency procedures and consequently the Company no longer holds an economic interest in or control of them. The Company also disposed of its interest in Continental Shelf 547 Limited and Continental Shelf 548 Limited which comprised of AssetCo London Limited, AssetCo Engineering Limited, AssetCo Lincoln Limited, AssetCo Solutions Limited and Mflow Limited. (2011: the Company disposed of its interest in AS Fire & Rescue Equipment Limited and Todd Research Limited as well as subsidiary companies held by AssetCo Fire and Rescue Limited).

There were no additions during the period (2011: £7,500,000 acquisition of preference shares in AssetCo Abu Dhabi Limited in exchange for ordinary shares – See note 16).

A full list of subsidiary undertakings is filed with the Annual Return at Companies House.

11. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £'000	Total £'000
Cost		
At 30 September 2011	141	**141**
Additions	—	**—**
At 30 September 2012	141	**141**
Accumulated depreciation		
At 30 September 2011	38	**38**
Charge for the period	26	**26**
Foreign exchange	3	**3**
At 30 September 2012	67	**67**
Net book value		
At 30 September 2012	**74**	**74**
At 30 September 2011	103	103

12. DEBTORS

	2012 £'000	2011 £'000
Trade debtors	**1,966**	2,433
Amounts recoverable on contracts	**612**	—
Other debtors	**655**	222
Proceeds due from share placing	**—**	8,041
Taxation and social security	**35**	139
Corporation tax	**1,096**	—
Prepayments and accrued income	**1,471**	1,006
	5,835	11,841

13. SCHEME OF ARRANGEMENT

The total liability in respect of the Scheme of Arrangement is limited to £5,000,000 and as at 30 September 2011 the Company was holding £5,000,000 of cash to fund the Scheme of Arrangement. This amount was transferred to the Scheme supervisor in October 2011. More detail in respect of the scheme of arrangement can be found in the notes to the consolidated financial statements.

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Trade creditors	**938**	1,303
Other creditors	**283**	305
Amounts owed in respect of factored receivables	**721**	2,395
Taxation and social security	**3**	—
Accruals and deferred income	**4,490**	8,692
	6,435	12,695
Amounts owed to Scheme of Arrangement (Note 13)	**—**	5,000
	6,435	17,695

15. DEFERRED TAX

There is no provision for deferred taxation in the parent company.

Deferred tax assets not recognised in the parent company are as follows:

	2012 £'000	2011 £'000
Tax losses	**994**	170

The 2011 Annual Report and financial statements referred to prior year accounting adjustments in several group companies, including AssetCo Plc. Revised tax returns reflecting these adjustments, and covering all relevant companies and periods, have now been submitted to HMRC. The unrecognised deferred tax asset above reflects the losses as set out in the revised computations for the Company as adjusted by management for the effects of the current year's results.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences relate to losses, the availability of the losses to offset against future profitability is also considered. The directors consider that given the circumstances explained above there is no basis on which to recognise deferred tax assets at 30 September 2011 or 30 September 2012.

16. SHARE CAPITAL

(a) Issued and fully paid:

	Number of Ordinary Shares					Number of Deferred Shares				Ordinary Share Capital	Deferred Share Capital	Share Premium
	25p	1p	0.01p	10p	Total	24p	0.99p	495p	Total	£'000	£'000	£'000
At 1 April 2011	90,712,740	—	—	—	90,712,740	—	—	—	—	22,678	—	29,288
March 2011 Placing and Capital Reorganisation												
Capital Re-organisation	(90,712,740)	90,712,740	—	—	—	90,712,740	—	—	90,712,740	(21,771)	21,771	—
Issue of Ordinary Shares of 1p each	—	160,000,000	—	—	160,000,000	—	—	—	—	1,600	—	13,498
September 2011 Placing and Capital Reorganisation												
Capital Re-organisation	—	(250,712,740)	250,712,740	—	—	—	250,712,740	—	250,712,740	(2,482)	2,482	—
Share Consolidation	—	—	(250,712,740)	250,713	(250,462,027)	—	(250,712,740)	501,425	(250,211,315)	—	—	—
Share Exchange	—	—	—	3,750,000	3,750,000	—	—	—	—	375	—	7,125
Issue of Ordinary Shares of 10p each	—	—	—	7,000,000	7,000,000	—	—	—	—	700	—	12,734
At 30 September 2011	—	—	—	11,000,713	11,000,713	90,712,740	—	501,425	91,214,165	1,100	24,253	62,645
At 30 September 2012	—	—	—	11,000,713	11,000,713	90,712,740	—	501,425	91,214,165	1,100	24,253	62,645

In July 2009 the Company issued 17,333,334 Ordinary Shares of 25p for an issue price of 45p each.

In March 2011 the Company implemented a capital re-organisation whereby each Ordinary Share of 25p was sub-divided into 1 Ordinary Share with a nominal value of 1p and 1 Deferred Share with a nominal value of 24p. Immediately following this capital re-organisation 160,000,000 Ordinary Shares of 1p were issued for an issue price of 10p each.

In September 2011 the Company implemented a further capital re-organisation whereby each Ordinary Share of 1p was sub-divided into 1 Ordinary Share with a nominal value of 0.01p and each Deferred Share of 24p was sub-divided into 1 Deferred Share with a nominal value of 0.99p. Immediately following the implementation of this a share consolidation was implemented whereby a 1000 Ordinary Shares with a nominal value of 0.01p each were consolidated into 1 Ordinary Share with a nominal value of 10p and 500 Deferred Shares with a nominal value of 0.99p each were consolidated into 1 Deferred Share with a nominal value of 495p.

No Ordinary Shares or Deferred Shares were issued in the year ended 30 September 2012.

The rights attaching to Deferred Shares are set out in the Company's Articles of Association and are minimal. They do not carry any voting rights or dividend rights.

Following the September 2011 capital re-organisation 3,750,000 Ordinary Shares with a nominal value of 10p each were issued in consideration for the purchase of £15m Preference Shares in AssetCo (Abu Dhabi) Limited and 7,000,000 Ordinary Shares with a nominal value of 10p each were issued for an issue price of 200p. In addition 3,500,000 of warrants were issued, on the basis of 1 warrant for every 2 ordinary share subscribed for, and these are exercisable up until 31 December 2013 at a price of 200p each.

The fair value of the consideration for the purchase of the Preference Shares is considered to be £7.5m.

Following the Company's adoption of new Articles of Association in September 2011, and in accordance with the Companies Act 2006, the share capital has no authorised limit (2011: no authorised limit). All issued shares are fully paid.

(b) Share-based payments

The charge/(credit) for the period in respect of share-based payments, comprising share options and warrants, is £nil (2011: credit £680,000).

(c) Share options

Share options were granted to Directors and to selected employees. The Group are under no legal or constructive obligation to repurchase or settle the options in cash and all share options immediately lapsed and ceased to be exercisable upon the presentation of the winding up petition against the Company in March 2011.

	30 September 2012		30 September 2011	
	Average exercise price per share £	Options	Average exercise price per share £	Options
Opening	—	—	1.70	1,212,603
Lapsed	—	—	1.70	(1,212,603)
	—	—	—	—

17. RESERVES

	Merger reserve £'000	Profit and loss reserve £'000
At 1 October 2011	**68,293**	(151,128)
Profit for the financial period	—	3,994
Foreign exchange	—	44
Merger reserve	**(68,293)**	68,293
At 30 September 2012	—	(78,797)

The merger reserve has been transferred to retained earnings following the restructuring of the group's operations in the year.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Profit/(loss) for the period as previously reported	**3,994**	(16,365)
Foreign exchange	**44**	—
Prior period adjustment	**—**	98,720
Profit for the period	**4,038**	82,355
New share capital susbcribed	**—**	36,032
Share based payments	—	(680)
Divdends paid	**—**	(1,360)
Opening shareholders' funds	**5,163**	(111,184)
Closing shareholders' funds	**9,201**	5,163

Transaction costs of £nil (2011: £1,468,000) have been deducted from equity.

19. CONTINGENT LIABILITIES

During the period to 30 September 2011 the Group entered into a Performance Bond relating to a UAE based contract that would determine a potential liability of 10% of the total contract value upon failure to fulfill all the terms of the contract. This liability would equate to a maximum of approximately £4m. The Bond will remain in place in full until 90 days after the customer has confirmed that all contractual terms have been met and it is expected that the confirmation will occur on or around April 2013. At completion of the 90 day period the potential liability under this Bond will reduce to 5% of the contract value and then reduce to 0% in accordance with expiration of the associated warranty periods relating to contractual obligations that range between 12 and 36 months in length.

The Group has also provided an "Advanced Payment Guarantee" of approximately £8m in connection to a UAE based contract. The guarantee provides for the repayment in part or full of payments received from the customer in advance of contractual service delivery. The guarantee shall remain in place for the duration of the contract which is expected to conclude on or around April 2013. If the services required under the contract remain outstanding beyond the contractual service period then the guarantee could be extended until the services are delivered in full.

20. RELATED PARTY TRANSACTIONS

Transactions between the company and its wholly owned subsidiaries, which are related parties, are not disclosed in this note as the Company has taken advantage of the exemption in FRS8. The company has no transactions or balances with its non-wholly owned subsidiaries.

Consultancy services were provided by Cadoc Limited, a company associated with Tudor Davies, to AssetCo plc during the year at a cost £319,000 (2011: £633,000) whilst at the balance sheet date an accrual of £93,000 was held (2011: £nil).

Other related party transactions are disclosed in note 32 to the consolidated financial statements.

21. OPERATING LEASE COMMITMENTS

The Company leases an asset under a non-cancellable operating lease agreement. The lease expires in December 2012.

Operating lease payments due in the twelve months following the balance sheet date are:

	2012 Property £'000	2011 Property £'000	2012 Other £'000	2011 Other £'000
On leases which expire:				
Within one year	**16**	—	**—**	—
Between one and five years	**—**	75	**—**	—
More than five years	**—**	—	**—**	—
	16	75	**—**	—

22. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year to 30 September 2012 £'000	18 months to 30 September 2011 £'000
Operating profit	**3,331**	202
Depreciation	**26**	38
Increase in stock	**(377)**	—
Increase in debtors	**(903)**	(3,800)
Decrease in creditors	**(6,296)**	(2,872)
Other non-cash charges/(income)	**189**	(679)
Net cash outflow from operating activities	**(4,030)**	(7,111)