AssetCo

Fire and Rescue



Annual Report & Accounts 2010

AssetCo Fire and Rescue

AssetCo is an International Fire and Rescue Services business.

We provide fully outsourced Fire and Rescue Services, including the provision of personnel, training and equipment.

AssetCo is the largest outsourcing partner to London Fire Brigade, the largest dedicated Fire and Rescue Service in the world, and we are the only UK Government approved private frontline firefighter service provider.

We are the only company to have a fully outsourced Fire and Rescue Service in the Middle East.

Financial Highlights

£10.8m

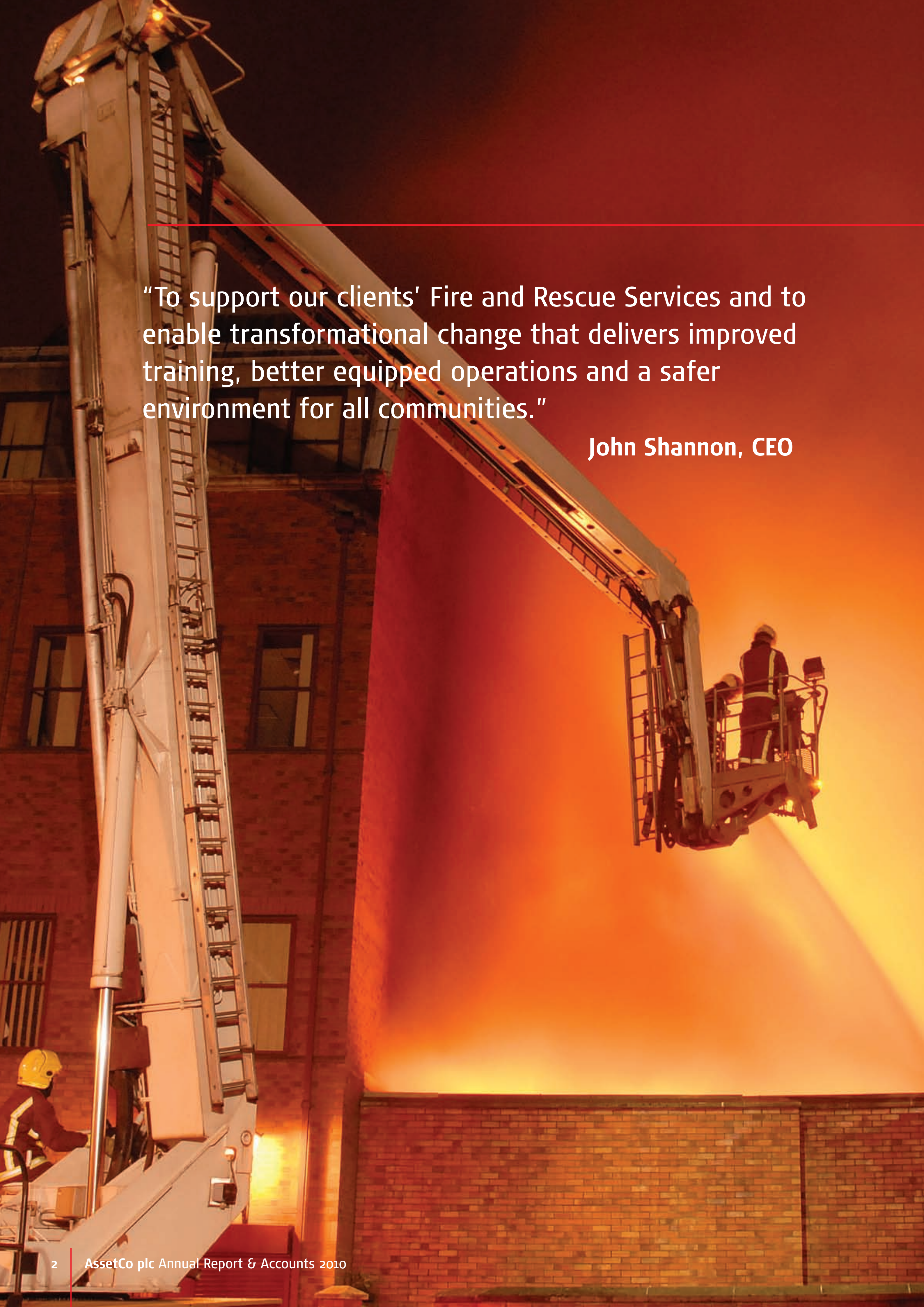
Profit before tax
£12.1m

20%

Dividend
1.5p

UAE Government contract won
£40m for 3 years+

Emergency Fire Crew contract won
£12m for 7 years



"To support our clients' Fire and Rescue Services and to enable transformational change that delivers improved training, better equipped operations and a safer environment for all communities."

John Shannon, CEO

Who We Are

AssetCo Fire and Rescue has evolved from the leasing and asset management subsidiary of British Gas into a high growth International Fire and Rescue Services business.

The business is built around a cornerstone 20-year operational asset management contract with the London Fire and Emergency Planning Authority (LFEPA) for London Fire Brigade. With 113 fire stations across the capital, and accounting for 20% of the total UK Fire and Rescue spend, London Fire Brigade is the world's largest dedicated Fire and Rescue Service.

In July 2009 AssetCo secured a 7-year contract, the first of its nature in the UK, to provide a 700 strong firefighter reserve capability to LFEPA. This replaced the resilience previously provided by the Ministry of Defence using military personnel and their Green Goddess fleet.

AssetCo is also rapidly emerging as the preferred partner of outsourced fire and rescue services within the UAE. In November 2009 AssetCo announced a 10-year joint venture agreement with the Abu Dhabi Government to develop and operate a 100-acre multi-agency training centre.

In March 2010 AssetCo secured a 3-year £40m contract to provide a fully outsourced firefighting service in the UAE, resulting in AssetCo Fire and Rescue being the only UK Company providing frontline emergency services to another state.

What We Do

AssetCo is an International Fire and Rescue Services business.

We provide fully outsourced fire and rescue services, including the provision of personnel, training and equipment. AssetCo pioneered the development of Fire and Rescue support services and have been the partner of choice of London Fire Brigade for long-term pathfinder contracts, awarded for the provision of emergency fire crews and operational management of assets and infrastructure.

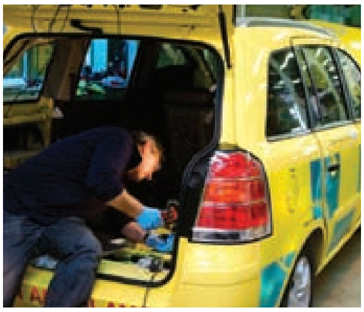
We are trusted by our clients to manage their risk in meeting government policy and industry standards for fire and rescue provision and are the only company to have secured fully outsourced fire and rescue services in the Middle East.

We advise governments and industry in the management and provision of fire and rescue services. Our team includes senior personnel with direct operational experience.

We operate in the civil defence, armed forces, aviation and oil and gas industries and have secured transformational contracts with Governments in the UK and the UAE.

AssetCo has offices in the UK, Republic of Ireland and Abu Dhabi.

What's Been Happening



July 2009

The UK's First Reserve Fire Crew Contract

Following a competitive tendering process, AssetCo was awarded a 7-year contract by London Fire and Emergency Planning Authority (LFEPA) for the provision of an Emergency Fire Crew Capability Service to the London Fire Brigade (LFB) of up to 700 staff, trained to provide a contingency firefighting service.

This contract will assist LFEPA in meeting its statutory duty to provide crew resilience should existing services require support with extreme situations such as a pandemic illness or flooding. This is the first major contract of its nature to be awarded by a UK Fire and Rescue Service, reflecting the increasing role Fire and Rescue Authorities have in securing their own business continuity arrangements without reliance upon the support of the Ministry of Defence.

Nov 2009

Multi-Agency Training Centre – Abu Dhabi Government Joint Venture

In November 2009, AssetCo Fire and Rescue was awarded a 10-year joint venture contract with the Abu Dhabi Government for the design, build, development and operation of a new purpose built multi-agency training centre.

This long-term Government partnership will establish a 10-year management contract of the 100-acre training centre. The project will cater for all aspects of national training requirements, combining the needs of all stakeholder government authorities and emergency services providers.

The project also supports the aspirations of the UAE Government to enter into Public Private Partnerships that bring new skills transfer to the region for long term benefits to the citizens of UAE.

Jan 2010

UVM into Administration

AssetCo's vehicle assembly business, UV Modular Limited (UVM), has been placed into administration. This action is in line with the statement made at the publication of the Groups' interim results on 7th December 2009, that following a strategic review conducted earlier in the year it would seek to exit from its low margin businesses and focus on the further development of growth opportunities as an International Fire and Rescue Services business.

2009

2010

Feb 2010

10th year of the PFI contract with London Fire Brigade (LFB)
AssetCo owns, maintains and manages the operational availability and life cycle of all LFB frontline fire and rescue vehicles and equipment. Our 20-year PFI contract continues to deliver client value and realise efficiencies across operational assets at each of the 113 fire stations operating in and around London.

March 2010

Outsourced Firefighting Services Contract with the UAE Government
In March 2010, AssetCo was awarded a 3-year contract to recruit, train and provide firefighting services for the Abu Dhabi Government across 5 fire stations.

This contract is the first of its kind in the region and includes the building of new fire stations and upgrading of existing facilities and equipment to meet the requirements of Government Policy on the provision of Fire and Rescue Services.

The contract extends across the UAE and incorporates a wide range of services including airport, civil, industrial and oil and gas incident response, support and management.

April 2010

5th year of PPP contract with Lincolnshire Fire and Rescue Service (LFRS)
AssetCo owns, maintains and manages the operational availability and life cycle of all LFRS frontline fire and rescue vehicles and equipment. Our 20-year PPP contract continues to deliver client value and has contributed to improved ratings against Government audit and performance assessment across the 38 fire stations operating in and around Lincolnshire.

ClientProfile

The London Fire Brigade territory covers Britain's major capital city - home to the British parliament, British and European financial centres and Royal Palaces. London's World Heritage Sites include the Palace of Westminster, the Tower of London, Westminster Abbey and the Royal Botanic Gardens at Kew.

Around 7.5 million people live in London. The population is expected to grow by nearly 10% by 2016, rising to 8.1 million. People moving into London are mostly young adults. Around 16% of the population are aged 60 years and over and around 25% are aged 19 years or younger.

The London Underground is the world's largest underground network serving three million passengers each day. London is also the home to City and Heathrow Airports and the UK's busiest rail terminals.

In 2001, AssetCo was awarded a 20-year PFI contract by the London Fire and Emergency Planning Authority (LFEPA) to provide a range of outsourced support services, including the ownership and management of operational vehicles and equipment. Specifically, AssetCo procures and delivers the fleet and equipment to the London Fire Brigade (LFB), enabling efficiencies for over 500 appliances and support vehicles, two fire boats and 50,000 items of operational equipment. AssetCo manages the operational availability of all of the frontline Fire and Rescue vehicles and operational equipment used at the 113 London fire stations.

PeopleProfile:

"Since the award of the 20-year PFI contract in 2001, AssetCo Fire and Rescue have continued to deliver operational improvements to the London Fire Brigade through their unrivalled understanding of the Fire and Rescue Service, and their ability to adapt and assist us in the challenges we have faced."

Ron Dobson – *Commissioner, London Fire and Emergency Planning Authority*

London Fire Brigade

The London Fire Brigade is the largest dedicated Fire and Rescue Service in the world with approximately 7,000 staff. LFB accounts for 20% of all UK fire spend. AssetCo's operational support is delivered across all LFB fire stations 24 hours a day, every day of the year.

Recruitment, Training and Provision of Firefighting Crews

In 2009, AssetCo was awarded a 7-year contract to provide the London Fire Brigade with up to 700 staff, trained to provide a support firefighting service. This is the first major contract of its nature to be outsourced by a UK Fire and Rescue Service, and was awarded to AssetCo following a competitive tendering process.

Our reserve firefighters were recruited and fully trained to provide contingency to London Fire Brigade in the event of extreme situations such as pandemic illness or flooding.

Our crews are available for immediate deployment with crew competency maintained through continuous professional development.



ClientProfile

PeopleProfile:

"Our experience in working with AssetCo under our 20-year PPP contract, is that they continually innovate their support services. This assists us in meeting the changing demands placed upon us by central government. The benefits of this integrated relationship are that whilst we maximise the value of the current integrated support services, we are jointly developing new initiatives that can bring additional resilience and robustness to Lincolnshire Fire and Rescue Service."

Mike Thomas MBE – *Chief Fire Officer, Lincolnshire Fire and Rescue Service*

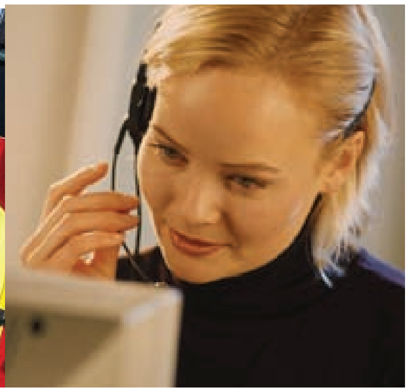
Lincolnshire Fire & Rescue

Lincolnshire Fire and Rescue Service (Lincolnshire FRS) covers 2,237 square miles and is the fourth largest County Fire and Rescue Service in the UK. Lincolnshire has a widely dispersed population of 692,800. The rural nature of the area and the changing seasonal demands and coastal attractions require complex and considered support.

In 2006 Lincolnshire Fire and Rescue Service signed a 20-year PPP support services contract with AssetCo for the supply, operational management, maintenance and replacement of their pumping appliances, response and support vehicles, and a full range of operational equipment.

Soon after the award of the contract, Lincolnshire FRS has been "improving well" to cite the Audit Commission's Comprehensive Performance Assessment 2008. Lincolnshire FRS has consistently maintained their progress over the years, paving the way for ever-improving performance standards for the Fire and Rescue Service in the UK, and living up to their mission statement of "making Lincolnshire a safer place to live, work and visit".

Specifically, AssetCo procures and delivers a fleet and equipment to Lincolnshire's 900 firefighters and fire staff across the 38 fire stations located throughout Lincolnshire. AssetCo's operational support is delivered across all Lincolnshire FRS's fire stations 24 hours a day, every day of every year.



ClientProfile

UAE Government

In 2010, AssetCo Fire and Rescue were awarded a 3-year contract to provide a fully outsourced firefighting service in the region.

Our turnkey solution provides a unique firefighting service for the UAE Government and is the first of its kind in the region. AssetCo provides recruitment and training of all personnel, specialist training, operational equipment procurement, and control and facilities management.

All aspects of the AssetCo UAE Fire and Rescue Service conforms to new International standards being implemented and increases the operating capability within the region.

The contract spans across the UAE and incorporate services that include airport, civil, industrial and oil and gas incident response, support and management. AssetCo Fire and Rescue Service UAE will continue to expand their portfolio of services and have a long term commitment to advancing the skills and capability of the local Emirati workforce.

ClientProfile

Abu Dhabi Government

In 2009, AssetCo Fire and Rescue was awarded a 10-year joint venture contract with an Abu Dhabi Government for the design, build, development and operation of a new future class multi-agency training centre.

This long-term Government partnership will establish a 10-year management contract of the 100-acre training centre which will conduct major scenario and exercise training courses for all military, civil defence and emergency services organisations in the region.

The Emirate of Abu Dhabi, the capital of the UAE, is facing unprecedented growth in both infrastructure and population. With a diverse geographical location and over 200 islands, Abu Dhabi accounts for 87% of the UAE land mass. Many new aspects of health and safety provision will be catered for in the new training environment.

The project will be a landmark scheme, hoping to cater for all aspects of national training requirements and combining the needs of all stakeholder government authorities and emergency services providers. The project also supports the aspirations of the UAE Government to enter into Public Private Partnerships that bring new skills transfer to the region for long term benefits to the citizens of UAE.



Our Team

Dr Jeff Ord CBE QFSM
Head of Fire and Rescue Service, AssetCo Fire and Rescue UAE

Since 2007, Jeff has been a lead member of the team developing AssetCo's Fire and Rescue capability and a key relationship builder in the UAE.

Roy Bishop OBE QFSM FIFIRE
Fire and Rescue Training Director, AssetCo Fire and Rescue UK

Roy joined AssetCo in 2009 as a senior Fire and Rescue specialist, enhancing our expertise in our policy, operations and training.

Brendan McCaffrey MA BSc (Hons) MIFire
Chief Fire Officer, AssetCo Fire and Rescue UAE

Brendan joined AssetCo in 2009 and has been a part of the AssetCo team with particular involvement in the development of our Fire and Rescue Service for the UAE Government.

Lou Gill QFSM DMS GIFireE
Service Delivery Director, AssetCo Fire and Rescue UK

Since joining AssetCo Lou has led the successful bids for the Fully Managed Services contract for Lincolnshire Fire and Rescue Service in 2006 and the Emergency Fire Crew contract for London Fire Brigade in 2009.

William Wilson MIFire
Deputy Chief Fire Officer, AssetCo Fire and Rescue UAE

William joined the AssetCo UAE team in 2010 specialising in aviation Fire and Rescue Services.

Previously, he was Station Manager at Glasgow Airport Fire Service and Watch Manager at Edinburgh Airport Fire Service.

Saeed Almehrezi
Assistant Chief Fire Officer (Operations), AssetCo Fire and Rescue UAE

Saeed joined AssetCo UAE and is responsible for the operational management of fire stations for AssetCo UAE. He is experienced in the establishment of firefighting teams, equipping them with the skills to handle the latest vehicles and equipment to fight a variety of fires, including aviation incidents.

Charles Barnard GIFireE
Deputy Chief Fire Officer, AssetCo Fire and Rescue UAE

Charles joined AssetCo UAE in 2010 to provide the overall day to day management of the fire service for AssetCo UAE, with specialist knowledge in aviation firefighting.

Omer Kiyga
Senior Liaison and Administrative Support Officer, AssetCo Fire and Rescue UAE

Omer is the lead administrative support officer in our base in the UAE. His main duties include administration and liaison, translation and support to the senior operational team. He is fluent in both English and Arabic, with the ability to prepare and present in both languages.

Tony Barnett
International Business Development Director, AssetCo Fire and Rescue

Tony has over 15 years of international and domestic business development, marketing and business restructuring experience, working in Europe, the Americas and Asia Pacific. He also has particular expertise working throughout the Middle East and Africa in both public and private organisations.









Sean Duffy FCA
Corporate Development Director, AssetCo Fire and Rescue

Sean has a 15 year track record in mergers and acquisitions throughout Ireland and the UK and is a Fellow of the Institute of Chartered Accountants in Ireland.

Prior to joining AssetCo in early 2010, he was Head of IBI Corporate Finance in Northern Ireland, the Investment Banking arm of Bank of Ireland plc. He has also held senior positions with NCB Corporate Finance and KPMG Corporate Finance in Dublin and Belfast.

Mark Clissett
Managing Director, AssetCo Fire and Rescue UK

As a key member of the AssetCo team, Mark has added value to our Contract Implementation, Project Management and Operational Management capability. In addition he has responsibility for the London Fire Brigade and Lincolnshire Fire and Rescue Service contracts. He has been responsible for managing the implementation of new business and operational exit from legacy contracts.

Gareth White BA (Hons)
Managing Director, AssetCo Fire and Rescue UAE

As a member of the AssetCo team since 2007, Gareth has managed international relations and new business development.

Allan Richardson
Group Projects and Engineering Director, AssetCo Fire and Rescue

Since 2007, Allan has worked for AssetCo, applying his expertise to key account projects, operations and contract management.

William Drysdale BA (Hons)
Client Account Director, AssetCo Fire and Rescue UK

Since Joining AssetCo in 2008, William has been managing our key contracts with London Fire Brigade and Lincolnshire Fire and Rescue Service.

William Warke BA (Hons) MA
Group Head of Human Resources, AssetCo Fire and Rescue

Since 2007 William has played a key role in the AssetCo team as Head of Human Resources including the development of our HR Strategy and the recruitment of staff for our operations in the UK and the UAE.

Matthew Boyle BSc (Hons) DipAcc ACA
Group Financial Controller, AssetCo Fire and Rescue

Matthew joined AssetCo as part of the Buy-out team in late 2005. He manages the Financial Accounting and Treasury Management functions for the Group and supports the business in Business Development, Corporate Governance, Public and Private Value for Money Studies, Cost Benefit Analysis, Financial Due Diligence and Acquisitions.

Tom Joyce
Head of Group Bid and Brand Management, AssetCo Fire and Rescue

Tom joined AssetCo in 2005 and has been key in the transformational change programme to develop the organisation's capability as a support services provider. He has held a number of senior roles within the organisation, including Account Director and Head of Marketing.

Chairman's Statement

Tim Wightman
Chairman

Profit before tax

£12.1m

(2009: £1.3m)

Dividend increase

1.5p

(2009: 1.25p)

EPS from continuing operations

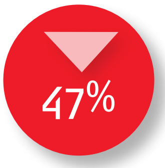
£8.9p

(2009: 1.9p)

EBITDA

£24.9m

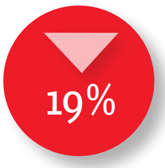
(2009: £17.6m)



Recourse debt

£18.9m

(2009: £35.7m)



Cash conversion

139%

(2009: 117%)

I am pleased to report that the Group made strong progress during the year in line with its strategy to reposition its activities as a streamlined support services business with an international presence. It has also begun to see the benefit of the investment made since 2008 in the United Arab Emirates. Despite the difficult overall economic environment the Group has shown a strong growth in the performance of its continuing activities.

The Group continued to strengthen its relationships with the London Fire Brigade (LFB), built around its 20-year PFI contract, which is now in its 10th year, and with Lincolnshire Fire and Rescue Service, in the 5th year of a 20-year PPP contract. Our strategy is to prioritise our efforts on those essential support services accountable for the highest proportion of our clients' cost base and which will make a significant addition to our support services revenue.

In July, we secured a 7-year contract, the first in the UK, to provide a 700 strong firefighter reserve capability to the London Fire and Emergency Planning Authority. This replaced the resilience previously provided by the Ministry of Defence (using military personnel and the "Green Goddess" fleet).

The UK is entering a period of unprecedented public sector fiscal pressure. The requirement for all UK Fire and Rescue Authorities to deliver efficiency savings from continued modernisation will now be much greater and more pressing. Our experience, track record and the increased breadth of our Fire and Rescue offering means that we are well positioned to deliver sustainable long-term growth in this environment.

We have established an office in Abu Dhabi serving the Middle East and North Africa region, and in early 2009, raised investment specifically to support our business development in the region. Our partnership model with LFB, which is recognised internationally as one of the world's leading Fire and Rescue Services, provides an operating template against which we can measure other services and deliver change and improvement.

In November last year, we announced a 10-year joint venture with the Abu Dhabi Government to develop and operate a 100-acre multi-agency, emergency services training centre. The establishment of this joint venture with the Abu Dhabi Government, positions us well to work with the various agencies that deliver a fire and rescue service to the UAE, to allow them to consider alternative delivery models for all their operational service requirements.

In March, we secured a 3-year contract, the first in the UAE, to provide a fully outsourced firefighting service including the provision of personnel, training, asset and facilities management. This contract has provided us with the opportunity to open up a number of new markets in the provision of frontline firefighting.

As announced previously, following completion of a strategic review, the board has decided to concentrate all the Group's resources on support services and to withdraw from the Group's other activities. Accordingly businesses within the Specialist Equipment division and the low margin Vehicle Assembly operations are being divested or have been exited.

Results

Profit before tax from continuing operations was £12.1m (2009: £1.3m). Basic earnings per share from continuing operations increased substantially to 8.9p (2009: 1.9p). Discontinued operations made a loss of £5.3m (2009: Profit £0.3m). Profit after tax and discontinued operations was £2.3m (2009: £1.7m). Cash conversion (as defined in the report by the Chief Financial Officer) was 139% (2009: 117%). Recourse debt at the year end stood at £18.9m, a reduction of £16.8m during the year.

Dividend

The directors are recommending an increased dividend of 1.5p per share (2009: 1.25p) and the board also intends to declare an interim dividend of not less than 1.0p following the disposal of "assets held for sale".

Board

Andrew Freemantle CBE joined the board as a non-executive director on 1st January 2010. Andrew retired in 2009 from the position of Chief Executive of the Royal National Lifeboat Institution, a position he held for ten years. He has extensive leadership experience in complex, multi-site organisations providing indispensable services to the public and his experience will be of great benefit to AssetCo as we continue to develop the business in the UK and Internationally.

Adrian Bradshaw will be standing down as a non-executive director at the Annual General Meeting in August. He has served on the board for over six years and made an important contribution for which we are very grateful. He leaves with our best wishes for the future.

Chairman's Statement

Staff

It has been a year of considerable change set against a difficult economic background and the board is very aware of the essential contribution of all the staff for the progress the Company has made. Our employees are motivated and committed to deliver high quality products and services to our clients. On behalf of the board, I would like to thank them all for their hard work.

Current trading

Trading at the start of the new financial year is in line with the board's expectations, and I am pleased to report that 100% of our forecast revenue for financial year 2011 is contractually committed.

Outlook

Although the continuing difficult economic situation and fiscal pressures present challenges for all businesses in the UK, our established track record allows us to provide alternative models to deliver significant savings to help Local Authorities meet the government's budget targets. The board sees the Middle East in general, Abu Dhabi and the UAE in particular, as strong areas for growth where AssetCo can add value. The Group benefits from a highly experienced management team and I am confident that we will deliver a resilient performance in the coming year.

Tim Wightman
Chairman

12 July 2010

Chief Executive Officer's Report

John Shannon
Chief Executive Officer

"We are the only UK company providing a frontline emergency service to a foreign state."

The past financial year delivered a strong endorsement from our clients in the evolution of the business from its leasing and asset management origins into a high growth International Fire and Rescue Services business. Our operating model has been re-shaped as a fully streamlined support services business to deliver the maximum return to stakeholders. We have closed our Vehicle Assembly unit, and begun the disposal process for our Specialist Equipment unit.

We delivered a £10.8m increase in profit before tax from continuing operations on the prior year, and in line with the long-term contractual nature of the business 100% of our forecast revenue for financial year 2011 is contractually committed. We have proactively reduced our recourse debt from £35.7m to £18.9m (which on a net debt basis less cash is £5.2m).

Culturally and intellectually, the business has under-gone a significant improvement in the depth and breadth of our technical and operating managerial skills base. Our team now includes senior global fire and rescue specialists who have expertise in policy, regulation, operations and training.

Strategy

UK

In the UK, we have prioritised our efforts on those essential support services accountable for high proportions of our client's cost base.

100% of our Forecast Revenue for FY11 is contractually committed

Our operating model has been reshaped as a fully streamlined support services business concentrating on Fire and Rescue domestically and Internationally

Internationally, our focus is to develop relationships with Governments who look to UK Fire and Rescue, and London Fire Brigade in particular, as operating templates to deliver change and improvement

Chief Executive Officer's Report

In July 2009, AssetCo was awarded a 7 year contract by London Fire and Emergency Planning Authority (LFEPA) for provision of an Emergency Fire Crew Capability Service (EFCC)

In November 2009, we announced a joint venture with the Abu Dhabi government for the development and operation of a new multi-agency training centre

In March 2010, we were awarded a £40m contract again in the UAE, for an initial 3 years, to provide a fully outsourced firefighting service in Abu Dhabi and the wider UAE

The UK is entering a period of unprecedented public sector fiscal pressure. The requirement for all UK Fire and Rescue Authorities to follow the lead of London and deliver efficiency savings from continued modernisation will now be much greater and more pressing. We continue to develop solutions that enable clients to have access to alternative delivery models for operational training and frontline operational services.

In July 2009, we were awarded a 7-year contract by the London Fire and Emergency Planning Authority (LFEPA) for the provision of an Emergency Fire Crew Capability Service (EFCC) to the London Fire Brigade of up to 700 staff trained to provide a contingency firefighting service. The EFCC contract enables London to meet its statutory duty to provide crew resilience if existing services require support with extreme situations such as a pandemic illness or flooding.

This was the first major contract of its nature to be awarded by a UK Fire and Rescue Service, reflecting the increasing role Fire and Rescue Authorities have in securing their own continuity arrangements without reliance upon the support of the MoD. The contract was won following a competitive tendering process and reflects our depth of understanding of the challenges facing the UK Fire and Rescue Service and our ability to compete successfully with the largest companies in the business outsourcing field.

Internationally

Internationally, our focus is to develop relationships with Governments who look to UK Fire and Rescue, and London Fire Brigade in particular, as operating templates to deliver change and improvement.

In November 2009, we announced a 10-year joint venture with the Abu Dhabi Government to develop and operate a 100-acre multi-agency, emergency services training centre. The project is an integral part of a programme to establish accredited training and senior qualifications in the fields of safety, security, defence, emergency preparedness and crisis management for personnel from the Emirates, the Gulf Co-operation Council (GCC) and Internationally.

In March 2010, we secured a 3-year contract, the first in the UAE, to provide a fully outsourced firefighting service including the provision of personnel, training, asset and facilities management. This contract has provided us with the opportunity to open up a number of new markets in the provision of frontline firefighting, including Aviation, Defence, and Oil and Gas markets. We are the only UK Company providing a frontline emergency service to a Foreign State.

Outlook

This is an exciting period in the Group's development. The evolution of our business model into the provider of a UK Fire and Rescue based frontline operational service, has us well placed for growth as an International Fire and Rescue Services business. Whilst our established track record in the UK allows us to continue to offer alternative models to deliver significant efficiency savings to those Local Authorities tasked with meeting the Chancellor's budget targets.

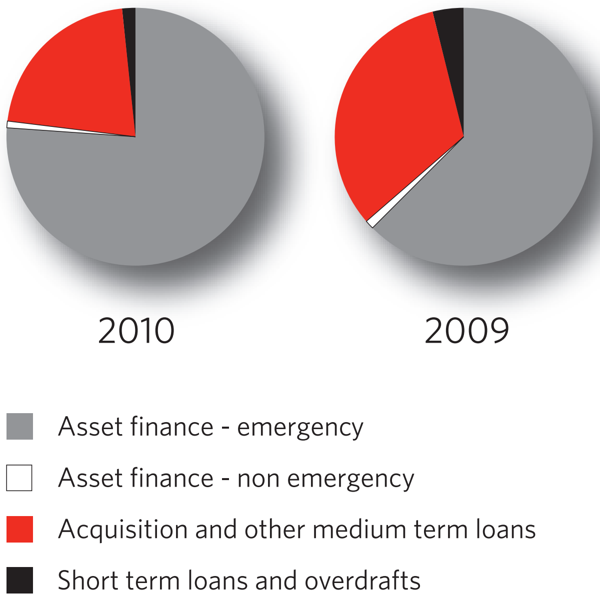
John Shannon
Chief Executive Officer

12 July 2010

Chief Financial Officer's Report

Frank Flynn
Chief Financial Officer

Breakdown of total debt



£63.3m (77%) of our total debt is non-recourse Asset backed debt which relates to our long term Fire and Rescue contracts

Business review

As part of our ongoing strategy to streamline our business we have had a year of considerable change with a number of companies within the group being sold, closed or made available for sale. The intention is that by the 31st March 2011 we will have a UK and International business managing long term contracts. The results for the year ended 31st March 2010 show a profit before tax for continuing operations of £12.1m (2009: £1.3m) although part of this increase is derived from the change in accounting for the treatment of the hedges we have on our long term contract debt, which has been treated as a prior year adjustment. The backdrop to 2010 was the turmoil in the financial markets which has seen the fundamentals of the banking structure in the UK changed radically, creating challenges for all businesses in the UK. The knock on effect of the banking crisis and the subsequent bail out by the Government has created a huge fiscal deficit that can only be addressed by a wholesale reduction in Government public expenditure. This should create a positive environment for outsourcers who can assist government with its planned reduction in public expenditure.

Prior year adjustment gains/(losses) in relation to interest rate hedging

Following a review of the swaps we have in place to fix the interest rates on the debt associated with our long term contracts, this fixing of our interest rates is no longer deemed to be "effective" as defined by IAS 39. It should be noted this does not mean the swaps are commercially ineffective as the movements are non cash items.

As the swaps are now deemed "ineffective" according to IAS 39 the non cash movements on these swaps are now accounted through the consolidated income statement and no longer accounted for through the consolidated statement of financial position. The former approach resulted in adjustments being made to reserves on an instrument where the end result will be zero and we paradoxically now have to account for this through the consolidated income statement.

However, in order to comply with this standard our 2008 and 2009 financial statements have been restated with a net after tax charge of £3.3m in 2009. The net after tax effect in 2010 is a credit of £0.9m and as the hedge reduces each year in line with the original profile of our debt there will be further credits to the consolidated income statement for the duration of the hedge.

Key Performance Indicators

The Board monitors the Group's Key Performance Indicators which are summarized below for FY09 and FY10:

£	2010	2009	Variance	Variance %
Profit before tax from continuing operations	12.1m	1.3m	10.8m	831%
EBITDA	24.9m	17.6m	7.3m	41%
Basic earnings per share from continuing operations	8.9p	1.9p	7.0p	368%
Net debt	68.5m	76m	(7.5)m	10%
Cash conversion	139%	117%	22	19%
Staff turnover	5%	5%	–	0%

Profit before tax from continuing operations

Profit before tax from continuing operations of £12.1m has increased from £1.3m. £5.9m of the increase is due to the change in accounting treatment for our fixed rate hedge and the balance is due to the continued growth of our long term contracts and securing the Emergency Fire Crew Capability Contract (EFCC) in July 2009 to provide over 700 reserve firefighters to London Fire Brigade. 2009 numbers have also been adjusted for UV Modular Limited – In Administration, which is now included in discontinued operations along with a number of other subsidiaries which were either sold or have been categorised as "assets held for sale".

EBITDA

Earnings before interest, tax, depreciation and amortisation have increased by 41% to £24.9m due to the increased revenues for the year.

Basic EPS

Basic earnings per share from continuing operations have increased to 8.9p (2009: 1.9p).

Net Debt

The debt has fallen from £76m in 2009 to £68.5m in 2010 and this is analysed in the table below:

£	2010	2009
Asset finance – emergency	62.7m	61.6m
Asset finance – non emergency	0.6m	1.2m
Acquisition and other medium term loans	17.7m	32.0m
Short term loans and overdrafts	1.2m	3.7m
Less cash	(13.7)m	(22.5)m
Net debt	68.5m	76m

£63.3m (92%) of our net debt is non-recourse asset backed debt which relates to our long term Fire and Rescue contracts. These contracts continue to grow and accordingly the levels of asset finance required reflect this growth. We are continually reviewing our debt structures to enable the business to meet the debt requirements of our core long term contracts.

During the year we have proactively worked on our "cash optimisation plans" and towards the end of the year the funds generated have been utilised to reduce our recourse debt which has fallen by £16.8m to £18.9m. We have a medium term goal to reduce this to zero.

Cash Conversion

Cash conversion, the ratio of cash generated from operating activities to operating profit before exceptional items and discontinued operations, has increased significantly from 117% in 2009 to 139% in 2010. In absolute terms this equates to cash generated from operating activities of £24.3m (2009: £12.7m). This growth is reflective of the increased working capital management focus of the Group and also the disposal and closure of subsidiaries which tied up considerable working capital investment.

Staff Turnover

This is calculated excluding redundancy programmes and at 5% is consistent with the prior year.

Historical performance for Continuing Operations

£'m	2010	2009	2008
Revenue	45.2	34.1	26.1
Gross profit	27.6	21.9	17.4
Gross profit %	61.1	64.2	66.7
Admin expenses	10.1	11.0	14.9
Restructuring costs	–	–	0.6
Operating profit	17.4	10.8	6.7
Operating profit %	38.5	31.7	25.7
Finance costs	7.0	5.7	4.4
Profit before tax	12.1	1.3	2.3
Taxation	4.5	(0.1)	1.9
Profit after tax	7.6	1.4	0.4

Chief Financial Officer's Report

Revenue

Group revenue increased by 33% to £45.2m (2009: £34.1m) due to the securing of the EFCC contract which commenced in August 2009 and also due to the IFRS treatment of new assets, which are separately identifiable from a vehicle, and are recognised in accordance with IAS 17 as a sale under a finance lease debtor arrangement. For these assets the IFRS accounting treatment is to take the future revenues from these assets, discount this revenue stream back to today's value and recognise the revenues as a finance lease debtor. The accounting treatment for the costs associated with these assets are recognised in accordance with IAS 17 "Leases" and included in costs of sales.

Gross profit

Gross profit has increased by 26% to £27.6m (2009: £21.9m) due to the increased revenues during the year. The gross profit margin was 61.1% (2009: 64.2%) and the reduction in the gross profit % reflects the service rather than capital intensive nature of new revenue.

Administration expenses

Group administration expenses were £10.1m (2009: £11m), and this material reduction is the consequence of our continuous improvement projects and the synergies from our site rationalisation programme.

Finance costs

Finance costs were 23% higher than last year at £7m (2009: £5.7m), although included in finance costs is £1.1m (2009: £0.1m) of deemed preference share interest being the consequence of the full year effect of the IFRS deemed finance charge on the preference shares of which an element is classified as financial liabilities. This is a non cash adjustment and the real underlying interest charge is similar to last year. The reduction in debt occurred towards the end of the year and the benefit of lower finance costs will accrue in 2011.

Taxation

The total tax charge for the year was £4.5m, representing an effective tax rate of 37.2% (2009 zero tax). The higher tax rate this year reflects an adjustment to the tax treatment of the losses arising when TVAC - The Vehicles Application Centre Limited was placed into administration in December 2008. A similar tax treatment has been adopted in the current year for the losses arising on the placing into administration of UV Modular Limited in January 2010. We anticipate the effective tax rate will return to more normal levels in FY11.

Discontinued operations

Discontinued operations include activities relating to the UV Modular Ltd and Auto Electrical Services Ltd, (see below), and the Supply 999 and Treka businesses which are held for resale. The trading and investment losses in relation to these companies was £5.3m (2009: £0.3m).

UV Modular Limited – In Administration

UV Modular Limited, a loss making subsidiary, was placed in Administration on 15th January 2010 after a protracted process where we tried to find a buyer for the business. This process was unsuccessful and due to the ongoing drain on Group working capital resources and the losses being incurred the business was closed and has been accounted for in FY10.

Auto Electrical Services (Manchester) Ltd

Auto Electrical Services (Manchester) Ltd, a loss making subsidiary was acquired because of the potential of its "M~Flow" telemetry product which has been enthusiastically received by the Police and Fire authorities and is currently being rolled out across our London Fire fleet. There are great opportunities for this technology and during the year the technology was transferred to another AssetCo subsidiary and the AES business was sold back to management in October 2009.

Placing

In July, following the award of the London EFCC contract we raised £7.5m (after costs) to help with the upfront costs of training over 700 reserve fire fighters for the London Fire and Emergency Planning Authority.

Frank Flynn
Chief Financial Officer
12 July 2010

The Board

Tim Wightman
Chairman

Tim is currently Non-Executive Chairman of Petards Group plc, an AIM quoted company and was Non-Executive Chairman of Digica Group Holdings Limited, an IT outsourcing company backed by Bridgepoint Capital, until its sale to Computacentre plc in January 2007. Prior to this, Tim was Chief Executive Officer for businesses listed on the Munich Stock Exchange and the London Stock Exchange.

John Shannon
Chief Executive Officer

John led the reverse takeover of AssetCo Group Limited by Asfare Group plc (now AssetCo plc) in March 2007, and has led the creation of AssetCo Fire and Rescue as an International Fire and Rescue Service business. Prior to this, he led the Buy-in/Management Buy-out of AssetCo Group Limited in October 2005. He has been a board director of AssetCo Group Limited from October 2003, following the acquisition of his asset management business by AssetCo. Prior to the establishment of his own business in 1997, John had worked with Bank of Ireland Corporate and International Banking, and with KPMG. John is a Fellow of the Institute of Chartered Accountants in Ireland, a Fellow of the Institute of Logistics and Transport, and a Member of the Institute of Bankers. John holds a BSc (Hons) in Marine Biology, and a Masters of Business Administration.

Frank Flynn
Chief Financial Officer

Frank was part of the team that acquired AssetCo Group Limited (now AssetCo plc) in October 2005. In the four years leading up to the Buy-in/Management Buy-out, he was an associate partner at PricewaterhouseCoopers (PwC) with specific focus on realising shareholder value. He was responsible for activities in PwC's Omagh and Derry offices and managed human resources for Northern Ireland Assurance, a division of PwC employing over 300 people. He also managed a portfolio of audit clients.

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The Pavilions, Bridgwater Road, Bristol BS99 3FA
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Adrian Bradshaw
Non-Executive Director

Adrian is currently and has been a Director of a number of public and private companies. He previously worked for Citicorp Scrimgeour Vickers, NatWest Markets and Guidehouse Limited and in 1989 he was appointed Head of Corporate Finance at Arbuthnot Latham Bank. Prior to this, Adrian was Chief Executive of Inception Group.

Peter Manning
Non-Executive Director

Peter has extensive international experience in senior operating and customer focused roles in business process outsourcing and in service and technology industries. Between 2004-2007, he was Chief Executive of HBS Ltd, a business owned by Terra Firma Capital Partners providing business process outsourcing to the Local Government sector in the UK, which was subsequently sold to Mouchel Group plc.

Andrew Freemantle CBE
Non-Executive Director

Andrew has extensive leadership experience in complex, multi-site organizations providing mission critical services to the public both in the UK and Internationally.
Andrew has recently retired as Chief Executive of the Royal National Lifeboat Institution a position he held for ten years. The RNLI is the world's largest lifeboat service with an annual budget of over £124 million, operating with 450 lifeboats from 235 lifeboat stations with 1,250 staff and 4,700 volunteer crew.

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Report of the Directors

Introduction

The directors present their annual report and the audited financial statements of the Company, and its subsidiary undertakings included in the consolidation (together "the Group"), for the year ended 31st March 2010.

Principal activities

AssetCo is an International Fire and Rescue Services business. Our principle activities include the provision of fully outsourced fire and rescue services including personnel, training and equipment.

The Group has been re-organised as a fully streamlined Integrated Support Services business concentrating on international Fire and Rescue. The subsidiaries, associated undertakings and joint ventures affecting the profits or net assets of the Group during the year are listed in notes 28 and 29 to the financial statements.

Review of business and future developments

Further information relating to the performance of the business, strategy and an indication of likely future developments, is given in the Chairman's Statement and the reports of the Chief Executive Officer and Chief Financial Officer.

The directors use various Key Performance Indicators ("KPIs") to measure the performance of the business. The principle financial and non-financial indicators include EBITDA, earnings per share, net debt, conversion of profit before tax to cash and staff turnover. As outlined in the Report of the Chief Financial Officer, the directors are pleased with the Group's performance against both the financial and non-financial KPIs.

	2010 Actual	**2010 Target**	2009 Actual	2009 Target	Calculation
EBITDA	**£24.9m**	**£24m**	£17.6m	£17m	Operating Profit add depreciation
EPS from continuing operations	**8.9p**	**7.5p**	1.9p	6.0p	Retained continuing profit divided by number of shares
Net debt	**£68.5m**	**£68m**	£76m	£76m	Total debt minus cash at bank
Cash conversion	**139%**	**125%**	117%	100%	Cash generated from operations divided by PBT
Staff turnover	**5%**	**5%**	5%	5%	Leavers less redundancy over staff numbers

Results and dividend

The results for the year are set out in the consolidated income statement. This shows a Group profit on continuing operations after taxation of £7.6m (2009:£1.4m).

The company has paid dividends in the year of £1.14m (2009: £0.72m).

The directors recommend a final dividend of 1.5 pence per share (2009: 1.25p) which, if approved, will be paid on 25 October 2010 to eligible shareholders on the register at 24 September 2010. The directors intend to recommend an interim dividend of not less than 1.0p following the disposal of "assets held for sale".

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 23. The company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meeting of the company.

There are no specific restrictions on the size of holding nor the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

Details of the employee share scheme are set out in note 23.

The directors are not aware of any agreements between the Company and its directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Under its Articles of Association, the Company has the authority to issue 95,000,000 ordinary shares.

Directors

The directors who held office during the year were as follows:
Tim Wightman (non-executive Chairman)
Adrian Bradshaw (non-executive)
Peter Manning (non-executive)
Andrew Freemantle (non-executive – appointed 1 January 2010)
John Shannon (Chief Executive Officer)
Frank Flynn (Chief Financial Officer)

Tim Wightman, Adrian Bradshaw, Andrew Freemantle and Peter Manning each serve on the Audit Committee, Remuneration Committee and Nominations Committee. The responsibilities of these committees are outlined in the "Corporate Governance" section of the annual report.

In accordance with the Articles of Association,Andrew Freemantle was appointed a director during the year by the board, will retire and, being eligible, seek election by shareholders.

Tim Wightman retires by rotation and being eligible, offers himself for re-election at the Annual General Meeting in accordance with the Articles of Association.

Directors' shareholdings

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

	At 31 March 2010	At 31 March 2009
Executive directors		
John Shannon	**26,963,327**	26,963,327
Frank Flynn	**7,447,222**	7,175,000
Non-executive directors		
Tim Wightman (1)	**532,083**	532,083
Adrian Bradshaw (2)	**267,917**	267,917
Peter Manning	**28,846**	28,846
Andrew Freemantle	**8,480**	n/a

(1) Tim Wightman is interested in 158,333 of the ordinary shares set out against his name by reason of his wife's beneficial ownership of those shares.

(2) Adrian Bradshaw is interested in 16,667 ordinary shares set out against his name, held in Bradmount SSAS pension scheme.

Report of the Directors

There were no non-beneficial interests held by any of the directors.

On 31 July 2009 John Shannon was allotted 777,777 ordinary shares, on 11 March 2010 John Shannon sold 777,777 ordinary shares.

No changes took place in the interests of directors between 31 March 2010 and the approval of these accounts.

The market price of the ordinary shares at 31 March 2010 was 58 pence (2009: 28.5 pence) and the range during the year was 24 pence to 87 pence.

No director has or had a material interest in any contract or arrangement to which the Company, or any subsidiary, is or was a party except as set out in note 33.

Changes to Concert Party

Immediately following the re-admission of the Company's ordinary Shares to trading on AIM in March 2007, a concert party led by John Shannon and Frank Flynn (the "Original Concert Party") owned 42,427,589 ordinary shares in AssetCo, which at the time carried 63.2 per cent of the Company's voting rights. Full details of the six members of the Original Concert Party and their respective shareholdings and percentage interests were set out in the Company's Admission Document dated 6 March 2007.

Since then certain members have left the Original Concert Party and its membership is now considered to comprise only John Shannon and Frank Flynn (the "Revised Concert Party"). The Revised Concert Party currently holds 34,410,549 (2009: 34,188,327) ordinary shares in AssetCo, which carry 37.93 per cent (2009: 49 per cent) of the Company's voting rights. The current respective shareholdings and percentage interests of John Shannon and Frank Flynn are set out in the Directors' Report.

As a result of the fall in the Revised Concert Party's shareholding to below 50% of voting rights in the Company, the Revised Concert Party is no longer generally able to increase its aggregate interests in AssetCo ordinary shares, nor may the remaining members increase their individual interests, without the Revised Concert party incurring an obligation under Rule 9 of the Takeover Code to make a general offer for the company.

Directors' indemnities

There are no third party indemnity provisions in place during the year or at the date this report is approved.

Service contracts

The executive directors, John Shannon and Frank Flynn were awarded service contracts on 5 March 2007 of unlimited duration which are terminable, at any given time by either party, by giving written notice of six months.

Two of the non-executive directors, Tim Wightman and Adrian Bradshaw, were awarded service contracts on 5 March 2007 for two years and thereafter terminable on written notice of three months by either party. On 19 August 2008 Peter Manning, a non-executive director, was awarded a service contract for three years and thereafter terminable on written notice of three months by either party. Andrew Freemantle joined the Group as a non-executive director on 1 January 2010 and likewise was awarded a service contract for three years and thereafter terminable on written notice of three months by either party.

The terms and conditions of appointment of the non-executive directors are available from the Company Secretary.

Share options

The company operates a share option scheme through which the directors are able to subscribe to ordinary shares.

The directors who held office at 31 March 2010 had beneficial interests in options as set out below.

Name	Parties	Exercise price	No. of shares	Date of grant	Expiry date
Tim Wightman	Director	100p	105,000	5 December 2003	4 December 2013
Adrian Bradshaw[1]	Director	100p	105,000	5 December 2003	4 December 2013

(1) The options set out against Adrian Bradshaw were granted to Bradmount Investments Limited acting as nominee for Adrian Bradshaw and Peter Mountford in equal measure. Both Adrian Bradshaw and Peter Mountford are directors and shareholders of Bradmount Investments limited.

During the year, no share options were issued. No share options were exercised during the year and a total of 140,000 share options were forfeited during the year.

Substantial shareholdings

At 25 June 2010 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 interests of 3% or more in the issued ordinary share capital of the Company:

Name	Number of shares	Percentage of issued share capital
Marcus John Shannon	26,963,327	29.72%
Raymond Francis Flynn	7,447,222	8.21%
Gartmore Investment Limited	5,179,166	5.71%
Schroder Investment Management Limited	4,607,753	4.89%
Standard Life Investments Limited	2,809,444	3.10%

Charitable donations

During the year, the Group made donations of £nil (2009: £nil) to local charities serving the communities in which the Group operates.

Principal risks and uncertainties

The directors continuously monitor the business and markets within which the Group operates in order to deal with any significant risks or uncertainties as they arise.

Although it is not possible to mitigate all risks, all reasonable steps are taken in order to ensure that any adverse consequences associated with these risks are minimised. The directors are of the opinion that a thorough risk management process is adopted which involves a formal review of all the risks identified below.

The board has developed internal processes for identifying, evaluating and managing significant risks faced by the Group. The board continues to develop a detailed risk register which identifies key strategic, financial and operating risks affecting, or potentially effecting, the Group. Each risk is assigned to a member of the board who is responsible for monitoring that risk.

Report of the Directors

The Group has recently won some significant overseas orders in the Middle East. The Group is actively considering ways in which its anticipated increased exposure to exchange rate fluctuations can be managed.

In a similar vein, the Group has recently concluded negotiations with its providers of finance which now means that approximately 80% of its borrowings carry interest at a fixed rate.

The Groups exposure to credit risk is insignificant due to the nature of its two Public Finance Initiatives and Public Partnership contracts. Both contracts are government backed and so the risk of default by customers is considered to be remote.

Revenue is secured through long-term arrangements with government agencies. Cash flows in relation to these contracts can be forecast with a high degree of certainty. These contracts and other areas of the business continue to grow improving cash flows of the group and enhancing profitability.

Expenditure in the emergency services market is expected to grow, and following the successful completion of a number of contract wins, we are well placed to capture revenues in all sectors of the market. The establishment of an Emergency Resource team, tasked with exploring the annual budget of a typical Fire and Rescue Authority is spent, demonstrates the Group's commitment to the market.

Management monitors rolling forecasts of the Group's liquidity reserves and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at a local level in the operating companies of the Group.

Financial instruments

Information about the use of financial instruments by the Group is given in note 22 to the financial statements.

Financial risk management objectives and policies

The Group and Company use various financial instruments including loans, cash, equity investments, preference shares and various items, such as trade receivables and trade payables that arise directly from their operations. The main purpose of these financial instruments is to raise finance for the Group's and Company's operations.

The existence of these financial instruments exposes the group and company to a number of financial risks, which are described in more detail below. In order to manage the Group's and Company's exposure to those risks, in particular the Group's and Company's exposure to interest rate risk, the Group and Company enters into a number of derivative transactions including variable to fixed rate interest rate swaps.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Group's and Company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group policy throughout the year has been to ensure continuity of funding so that at least 25% of its borrowings should mature in more than five years. At the year-end, 25% of the Group's and Company's borrowings were due to mature in more than five years.

Short-term flexibility is achieved by overdraft facilities. The maturity of borrowings is set out in note 24 to the financial statements. In addition to these borrowings the company has access to undrawn committed borrowing facilities of an additional £3.7m. Access to these facilities is expected to expire within two years but negotiations are currently underway to extend access to this facility.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings and convertible preference shares. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. It is the Group's policy to keep a significant amount of its borrowings at fixed rates of interest. Prior to year end the Group has concluded negotiations with its providers of finance which now means that approximately 80% of its borrowings carry interest at a fixed rate.

The interest rate exposure of the financial assets and liabilities of the group as at 31 March 2010 is shown in the table below. The table includes trade receivables and payables as these do not attract interest and are therefore subject to fair value interest rate risk.

		Interest rate		
	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial assets				
Cash	–	13,697	–	13,697
Trade receivables	–	–	1,535	1,535
Total	**–**	**13,697**	**1,535**	**15,232**

		Interest rate		
	Fixed £'000	Floating £'000	Zero £'000	Total £'000
Financial liabilities				
Overdrafts	–	1,210	–	1,210
Bank loans	–	17,719		17,719
Finance leases	63,250	–		63,250
Preference shares	8,200	–	1,535	8,200
Total	**71,450**	**18,929**	**1,535**	**90,379**

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables.

Going concern

Management routinely plan future activities including forecasting future cash flows. Management have reviewed their plans with the directors and have collectively formed a judgement that the Group has adequate resources to continue as a going concern for twelve months from the date of signing the financial statements.

Report of the Directors

In arriving at this judgement the directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the group.

The Group also benefits from the surety of two major long term contracts with secure revenue streams. This, aligned with a significant public sector client base gives comfort over future revenue streams and thus the going concern status of the Group. The directors have also considered the current global economic downturn together with the unprecedented markets for debt and equity financing at this time. The directors have considered all significant trading exposures and do not consider the Group to be significantly exposed to its trading partners, either clients or suppliers at this time.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 31 July 2011 have been subjected to various sensitivity analyses and shown that the Group is forecast to have more than sufficient headroom during that period.

Events after the balance sheet date

Details of significant events since the balance sheet date can be found in Note 32 to the financial statements.

Business combinations and disposals

Details of the Group's disposals can be found in Note 28 to these financial statements.

Property, plant and equipment

The directors are of the opinion that there is no material difference between the book value and the current open market value of the Group's interests in land or buildings.

Insurance Cover

The Group maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Group. The adequacy of cover is reviewed on a regular basis.

Creditor payment policy and practice

It is the Group's policy to settle the terms of payments with suppliers when agreeing the terms of the transactions, to ensure that suppliers are aware of these terms and to abide by them. Trade payables at the year end amount to 38 days (2009: 43 days) of average supplies for the year.

Employment of disabled persons

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of employees who have become disabled whilst in the Group's employment.

Employee involvement

The Group has continued in its practice of keeping employees informed of the performance and objectives of the Group through personal briefings, regular meetings and e-mail.

The financial and economic factors affecting the Group's performance are also communicated by senior management through informal team briefings.

Directors and senior management regularly discuss with employees, matters of current interest and concern to the business.

The Group has implemented a Save as You Earn ("SAYE") schemes for its employees in an effort to further encourage share ownership and employee participation as widely as possible across the Group.

Equal opportunities

The Group is committed to equal opportunities from recruitment and selection through to training, development, performance monitoring and retirement.

It is the policy of the Group to promote an environment free from discrimination, harassment and victimisation. All decisions relating to employment practises will be objective, free from bias and based solely upon work criteria and individual merit.

Existence of branches outside the United Kingdom

There were branches of the Group located outside the United Kingdom in Abu Dhabi during the year and at year end.

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. The directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("EU"). The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice").

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that 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 Acts 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors

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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The annual general meeting will be held on 18 August 2010 at the offices of Arden Partners plc at 125 Old Broad Street, London, EC2N 1AR. The meeting will convene at 11:00 am.

Auditor

Grant Thornton UK LLP, have expressed their willingness to continue in office.

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

By order of the Board

Michael Lavender
Company Secretary

12 July 2010

Company Registration Number: 04966347

Corporate Governance Report

Introduction

The Company is committed to high standards of corporate governance and the board is aware that it is accountable to the Company's shareholders on such matters.

As an AIM listed company, AssetCo plc is not required to comply with all of the Combined Code. However, the Company has chosen to disclose the following information on corporate governance.

The Board

The Board consists of two executive and four non-executive directors. The executive directors provide a direct line of control between the Company and its operating businesses. The non-executive directors provide a balance to the Board and bring a wide breadth of experience.

The Board meets on a monthly basis and has a formal schedule of matters reserved for its consideration. These matters include the approval of the financial and commercial strategy, dividend policy, annual and interim results, review of major investments, internal controls and performance as well as reporting to shareholders. The schedule is reviewed on an annual basis.

All directors have access to the advice and services of the Company Secretary and may also seek independent professional advice and training, at the expense of the Company, if required to carry out their duties.

The Board carries out rigorous reviews of its own performance and that of its committees. Formal individual performance reviews are also conducted. In addition, the close-working nature of the Board is such that an under-performance would be immediately apparent. The Chairman explicitly encourages any Board member with concerns over the performance of an individual director to identify those to himself at any time.

Committees

The Board has established an audit committee (Adrian Bradshaw, Chairman), remuneration committee (Peter Manning, Chairman) and nominations committee (Tim Wightman, Chairman).

The terms of reference of each of the committees are available from the Company Secretary.

Audit committee

The audit committee, which convenes every six months, has primary responsibility for monitoring the quality of internal controls and for ensuring that the financial performance of the Group is properly measured and reported on, as well as reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to protecting the interests of the shareholders.

The committee also reviews the independence and objectivity of non-audit services supplied by external auditors to the Group, seeking to balance objectivety and value for money taking into account relevant ethical guidance.

Remuneration committee

The remuneration committee will determine the terms and conditions of service of the executive directors, including their remuneration and grant of options.

The policy of the committee is to implement packages that are closely aligned to market standards and best practice.

Should an executive director wish to take up an external appointment, approval must be sought from the Chairman and Chief Executive Officer of the Group.

Corporate Governance Report

The non-executive directors are paid a fee for their services and do not qualify for performance bonuses.

Remuneration of the directors

The remuneration of the executive directors and fees paid to the non-executive directors during 2010 and 2009 are as follows:

	Salary 2010 £'000	Benefits in kind 2010 £'000	Total emoluments 2010 £'000	Salary 2009 £'000	Benefits in kind 2009 £'000	Total emoluments 2009 £'000
John Shannon	300	–	300	250	–	250
Frank Flynn	250	–	250	125	–	125
Total	550	–	550	375	–	375

Non-executive directors' remuneration

	2010 £'000	2009 £'000
Tim Wightman	55	55
Adrian Bradshaw	35	35
Peter Manning	35	18
Andrew Freemantle	18	-
Total	143	108

Nominations committee

The nominations committee makes recommendations to the board for the appointment or replacement of directors. It is also responsible for succession planning within the Group. The functions of the nomination committee were discharged by the main board throughout the year and it did not meet separately.

Board Changes

The Group was pleased to welcome Andrew Freemantle to the board of directors during the year and would like to thank Adrian Bradshaw for his service as a non-executive director. Adrian is standing down with effect of the date of the Annual General Meeting. Adrian has served on the board for over six years and made an important contribution for which we are very grateful.

Internal control

The Board is responsible for maintaining a sound system of internal controls to safeguard the investment of shareholders and the assets of the Group.

The directors monitor the operations of the internal controls. The objective of the system is to safeguard the assets of the Group, to ensure adequate accounting records are maintained and to ensure that the financial information used with the business, and for publication, is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance, against material misstatement of loss.

Internal control procedures implemented by the Board include:

- A clearly defined organisation structure with formal lines of authority, accountability and responsibility;
- Review of monthly financial reports and monitoring of performance;
- Prior approval of all significant expenditure including all major investment decisions; and
- Regular assessment of major business, investment and financing risks.

The board has reviewed the operation and effectiveness of the Groups' system of internal control for the financial year and the period up to the date of approval of the financial statements.

During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

Internal audit function

The audit committee remains of the view that given the size and the nature of the operations of the Group that the establishment of an internal audit function is not warranted. The audit committee continues to review this decision.

Attendance at meetings

The number of Board and Committee meetings attended by each of the directors during the year:

Name	Main Board Meetings	Audit Committee	Remuneration Committee
Executive directors			
John Shannon	17 (18)	–	–
Frank Flynn	18 (18)	–	–
Non-executive directors			
Tim Wightman	18 (18)	2 (2)	2 (2)
Adrian Bradshaw	18 (18)	2 (2)	2 (2)
Peter Manning	18 (18)	2 (2)	2 (2)
Andrew Freemantle	3 (3)	–	–

The figures in parentheses indicate the number of meetings that each director was eligible to attend during the year.

Relations with shareholders

The Board has always sought to maintain good relations with the Company's shareholders and believe that shareholders receive timely information on the performance of the Group.

The directors acknowledge that it is important for both private and institutional shareholders to have the opportunity to raise concerns or discuss matters. All of the directors attend the Company's Annual General Meeting and are available to answer questions at the meeting or privately. The directors are in regular contact with institutional shareholders and feedback is also received from the Company's brokers and nominated advisor.

Michael Lavender
Company Secretary

12 July 2010

Report of the Independent Auditor to the Members of AssetCo plc

We have audited the group financial statements of AssetCo plc for the year ended 31 March 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 22 , the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS 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 Report of the Directors for the financial year 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

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:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of AssetCo plc for the year ended 31 March 2010.

Robert Napper
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Slough

12 July 2010

Consolidated Income Statement

	Notes	Year ended 31.03.2010 £'000	31.03.2009 £'000
Continuing operations			
Revenue	6	**45,231**	34,050
Cost of sales	12	**(17,671)**	(12,175)
Gross profit		**27,560**	21,875
Administrative expenses	12	**(10,139)**	(11,036)
Operating profit	7	**17,421**	10,839
Finance income	9	**416**	706
Finance costs	9	**(7,043)**	(5,739)
Gain/(loss) on fair value of financial instrument		**1,304**	(4,555)
Profit before taxation		**12,098**	1,251
Taxation	10	**(4,166)**	(1,134)
Deferred tax movement on gain/(loss) of financial instrument	10	**(365)**	1,275
Profit for the year from continuing operations		**7,567**	1,392
Discontinued operations			
(Loss)/profit for the year from discontinued operations	28	**(5,296)**	283
Profit for the year		**2,271**	1,675

	Notes	31.03.2010	31.03.2009
Earnings per share (pence)			
From continuing operations			
Basic	11	**8.9p**	1.9p
Diluted	11	**8.9p**	1.9p
From continuing and discontinued operations			
Basic	11	**2.7p**	2.3p
Diluted	11	**2.7p**	2.3p

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income

	Notes	31.3.2010 £'000	31.3.2009 Restated £'000
Profit for the year		**2,271**	1,675
Other comprehensive income			
Exchange differences on translating of foreign operations		**246**	(660)
Income tax relating to components of other comprehensive income		**(69)**	185
		177	(475)
Total comprehensive income		**2,448**	1,200

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

	Notes	31.3.2010 £'000	31.3.2009 Restated £'000	31.3.2008 Restated £'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	**74,714**	76,877	76,727
Goodwill	16	**47,905**	57,081	54,060
Other intangible assets	16	**7,939**	5,666	1,576
Investment in associates	28	**414**	414	414
Deferred tax asset	26	**4,377**	5,162	3,043
Retirement benefit surplus	17	**429**	429	429
		135,778	145,629	136,249
Current assets				
Inventories	18	**201**	6,607	5,910
Trade and other receivables	19	**28,014**	24,062	21,514
Cash	20	**13,697**	22,498	12,896
		41,912	53,167	40,320
Assets held for sale	21	**16,956**	–	3,370
Total assets		**194,646**	198,796	179,939
EQUITY				
Issued share capital	23	**22,678**	18,345	17,958
Equity component of compound financial instruments	23	**7,917**	7,917	–
Share premium account	23	**29,288**	26,115	25,197
Reverse acquisition reserve		**(11,701)**	(11,701)	(11,701)
Translation reserve		**(58)**	(304)	356
Other reserve	23	**680**	580	384
Retained earnings		**12,014**	10,883	9,929
Total equity		**60,818**	51,835	42,123

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

	Notes	**31.3.2010 £'000**	31.3.2009 Restated £'000	01.4.2008 Restated £'000
LIABILITIES				
Non-current liabilities				
Borrowings	24	**67,267**	81,676	69,970
Liability component of compound financial instruments	23	**8,200**	7,045	–
Deferred tax liabilities	26	**9,959**	7,391	5,961
		85,426	96,112	75,931
Current liabilities				
Trade and other payables	27	**20,118**	26,881	27,872
Current income tax liabilities		**858**	–	330
Borrowings	24	**14,912**	16,843	26,825
Provisions		**–**	–	1,549
Derivative financial instruments	22	**5,821**	7,125	2,190
		41,709	50,849	58,766
Liabilities associated with assets classified as held for sale	21	**6,693**	–	3,119
Total liabilities		**133,828**	146,961	137,816
Total equity and liabilities		**194,646**	198,796	179,939

Approval

These financial statements were approved by the Board of directors and authorised for issue on 12 July 2010 and are signed on their behalf by:

R.F.Flynn
Director

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

	Ordinary and preference share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Hedging reserve £'000	Translation reserve £'000	Other Reserve £'000	Retained earnings £'000	Total Equity £'000
At 1 April 2008 as previously stated	17,958	25,197	(11,701)	1,577	356	384	11,506	45,277
Prior year adjustment in respect of derivative financial instruments	–	–	–	(3,154)	–	–	–	(3,154)
Prior year adjustment in respect of derivative financial instruments	–	–	–	1,577	–	–	(1,577)	–
At 1 April 2008 as restated	17,958	25,197	(11,701)	–	356	384	9,929	42,123
Exchange differences on translation of overseas operations	–	–	–	–	(660)	–	–	(660)
Profit for the year	–	–	–	–	–	–	1,675	1,675
Total recognised income and expense for the period	–	–	–	–	(660)	–	1,675	1,015
Dividends paid in the year	–	–	–	–	–	–	(721)	(721)
Movement relating to share-based payments	–	–	–	–	–	196	–	196
Net proceeds from issue of shares	8,304	918	–	–	–	–	–	9,222
At 31 March 2009	**26,262**	**26,115**	**(11,701)**	**–**	**(304)**	**580**	**10,883**	**51,835**
Exchange differences on translation of overseas operations	–	–	–	–	246	–	–	246
Profit for the year	–	–	–	–	–	–	2,271	2,271
Total recognised income and expense for the period	–	–	–	–	246	–	2,271	2,517
Dividends paid in the year	–	–	–	–	–	–	(1,140)	(1,140)
Movement relating to share-based payments	–	–	–	–	–	100	–	100
Net proceeds from issue of shares	4,333	3,173	–	–	–	–	–	7,506
At 31 March 2010	**30,595**	**29,288**	**(11,701)**	**–**	**(58)**	**680**	**12,014**	**60,818**

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

	Notes	Year ended 31.3.10 £'000	31.3.09 Restated £'000
Cash flows from operating activities			
Cash generated from operations	30	**24,294**	12,732
Taxation		**(320)**	(44)
Contribution to defined benefit pension schemes		**(228)**	(292)
Net cash flow from operating activities		**23,746**	12,396
Cash flows from investing activities			
Finance income		**416**	717
Acquisition of subsidiaries, net of cash acquired	31	**(1)**	(60)
Purchase of intangible assets	16	**(2,713)**	(3,563)
Cash element of deferred consideration settlement		**-**	(1,800)
Purchases of property, plant and equipment	15	**(8,073)**	(10,906)
Proceeds from sale of property, plant and equipment		**12**	6,229
Cash flow from investing activities		**(10,359)**	(9,383)
Cash flows from financing activities			
Issue of shares (net of costs)		**7,506**	14,780
Dividends paid		**(1,140)**	(721)
Finance costs	9	**(5,888)**	(6,687)
Repayments of borrowings		**(11,063)**	(5,100)
Increase in borrowings		**-**	10,942
Finance lease additions		**11,807**	15,062
Finance lease repayments		**(11,371)**	(13,453)
Net cash from financing		**(10,149)**	14,823
Net cash and cash equivalents from continuing operations		**3,238**	17,836
Cashflow from discontinued operations		**(9,556)**	575
Net change in cash and cash equivalents		**(6,318)**	18,411
Cash, cash equivalents and bank overdrafts at beginning of period		**18,805**	394
Cash, cash equivalents and bank overdrafts at end of period	20	**12,487**	18,805

The accompanying notes form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Legal status and activities

AssetCo plc and its subsidiaries (together "the Group") are principally involved with the provision of management services to the emergency services market. Other Group companies are engaged in automotive engineering, the provision of asset management services and the supply of specialist equipment to the emergency services market.

AssetCo plc is a public limited liability company incorporated and domiciled in England and Wales. The address of its registered office is 800 Field End Road, South Ruislip, Middlesex HA4 0QH. The Group operates from eight sites throughout the United Kingdom and one in the Republic of Ireland.

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

Due to the adoption of reverse acquisition accounting, references to "the Company" in the consolidated financial statements are to AssetCo Group Limited. Further information on reverse acquisition accounting is given in note 2.2.

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

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 consolidated 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 and International Financial Reporting Interpretation Committee (IFRIC) interpretations as they apply to the financial statements of the Group for the year ended 31 March 2010 and applied in accordance with the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements are prepared using the historical cost convention as modified for the revaluation of certain derivative instruments. The accounting policies which follow set out the policies which apply in preparing the consolidated financial statements for the year ended 31 March 2010. The accounting policies applied are consistent with those followed in the preparation of the 31 March 2009 consolidated financial statements except where noted below.

Going concern

Management routinely plan future activities including forecasting future cash flows. Management have reviewed their plans with the directors and have collectively formed a judgement that the Group has adequate resources to continue as a going concern for at least twelve months from the date of signing of the consolidated financial statements. In arriving at this judgement the directors have reviewed the cash flow projections of the Group for the foreseeable future in light of the trading and financing uncertainties in the current economic climate and have considered existing commitments together with the financial resources available to the Group. The Group also benefits from the surety of two major long term contracts which guarantee revenue streams for the next 14 years. This, aligned with a significant public sector client base gives comfort over future income streams and thus the going concern status of the Group. The directors have also considered the current global economic downturn together with the unprecedented markets for debt and equity financing at this time. The directors have considered all significant trading exposures and do not consider the group to be significantly exposed to its trading partners, either clients or suppliers at this time.

The detailed profit and loss and cash flow budgets prepared by management for the period up to 31 July 2011 have been subjected to various sensitivity analyses and show that the Group is forecast to have more than sufficient headroom in that period.

Exemptions

IFRS 3: "Business Combinations", has not been applied to acquisitions of subsidiaries or interests in joint ventures that occurred before 1 April 2006 as these were business combinations effected before the date of transition to IFRSs.

The Group has elected to recognise all cumulative actuarial gains and losses in relation to employee benefit schemes at the date of transition which fall outside of the 10% corridor approach.

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

New standards, interpretations and amendments having an impact on the Consolidated Financial Statements

IFRS 8: "Operating segments" (effective from 1 January 2009) requires an entity to adopt a "management approach" to segment reporting such that segmental information is in the form which management uses internally for assessing segment performance and deciding how to allocate resources to operating segments. This information may be different from that used to prepare the income statement and statement of financial position. The adoption of this standard has not affected the identified operating segments for the Group. However the accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

IAS 1: "Presentation of Financial Statements" (Revised 2007) is mandatory for accounting periods commencing on or after 1 January 2009. The Income Statement and Statement of Recognised Income and Expense have been replaced by a "Statement of Comprehensive Income". IAS 1 permits the components of the income statement to continue to be presented in a separate income statement, and the Group has taken this option. Additionally, IAS 1 now requires the presentation of the statement of changes in equity within a separate primary statement.

IAS 1 requires two comparative periods are presented for the statement of financial position when the Group:

1. applies an accounting policy retrospectively,
2. makes a retrospective restatement of items in its financial statements, or
3. reclassifies items in the financial statements.

IFRS 7: "Financial instruments: disclosures" (Amendment), (effective from 1 January 2009) requires all financial instruments that are measured at fair value in the balance sheet to be classified into a three-level fair value hierarchy. The amendments are designed to assist understanding of the determination of fair value measurements and are provided in note 25.

New standards, interpretations and amendments to published standards – effective after 31 March 2010
IFRS 3: "Business combinations" (revised 2008) (effective from 1 July 2009) requires that all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply this from 1 April 2010.

IFRS 5: "Non-current assets held-for-sale and discontinued operations" (Amendment), and consequential amendment to IFRS 1, clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply this prospectively to all partial disposals of subsidiaries from 1 April 2010.

IFRS 9: "Financial instruments" (effective 1 January 2013) introduces new requirements for the classification and measurement of financial assets, simplifying the mixed measurement model currently applied under IAS 39 by defining two primary measurement categories for financial assets; amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Group are reviewing the potential impact of this standard on future financial statements, but do not expect that it will have a significant impact on the current treatment of the Group's financial assets.

IFRIC 14 (Amendment), Prepayments of a minimum funding requirement (effective 1 January 2011) applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment is not expected to impact the amounts recognised under defined benefit schemes.

IFRIC 19: "Extinguishing financial liabilities with equity instruments" (effective 1 July 2010) requires that where an entity renegotiates the terms of a financial liability and issues equity instruments to extinguish all or part of the financial liability, then the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the financial liability extinguished and the initial measurement amount of the equity instrument issued is included in profit and loss. As the Group does not currently issue equity instruments to extinguish financial liabilities, this is not expected to have any material impact on the Group's Consolidated Financial Statements.

2.2 Basis of consolidation
The Group financial statements consolidate the financial statements of AssetCo plc and the entities it controls (its subsidiaries) drawn up to 31 March each year.

a) Reverse acquisition accounting
Under IFRS 3 "Business Combinations", the acquisition of 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 Group 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.

Profit and loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of acquisition, as applicable.

b) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies 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. Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately from parent shareholders equity within equity in the consolidated balance sheet.

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 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.

c) Business Combinations

Business combinations are accounted for using the purchase method. 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, irrespective of the extent of any minority interest. 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 immediately 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.

d) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition profit or loss of its associates is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Joint ventures

The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

f) Recognition of assets and liabilities as part of a business combination

In accordance with IFRS 3: "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the group are not reliably measurable. Where the individual fair value of the complimentary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

g) Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for its recognition as a completed sale within one year from the date of classification.

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, returns, rebates and discounts 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 Group enters into sales involving a range of the Group's products and services (multiple components) for example the provision of training, equipment and after sales maintenance. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received for these transactions is allocated to the separately identifiable component by taking into account the relative fair values of each component.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, and costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. The activity – specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case and are described below.

a) Rendering of services

Revenue is only recognised in respect of service contracts when the stage of completion can be measured reliably, both costs incurred and cost to complete can be measured reliably and it is probable that economic benefits will flow to the Group.

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 continuing 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) 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.

d) 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.

e) Construction contracts
Revenue comprises the value of construction executed during the year and contracted development sales. The results for the year include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

(i) Fixed price contracts – Revenue is recognised based upon an internal assessment of the value of works carried out. This assessment is arrived at after due consideration of the performance against the programme of works, measurement of the works, detailed evaluation of the costs incurred and comparison to external certification of the work performed. The amount of profit to be recognised is calculated based on the proportion that costs to date bear to the total estimated costs to complete. Revenue and profit are not recognised in the income statement until the outcome of the contract is reasonably certain. Adjustments arise from claims by customers or third parties in respect of work carried out and claims and variations on customers or third parties for variations on the original contract. Provision for claims against the Group is made as soon as it is believed that a liability will arise, but claims and variations made by the Group are not recognised in the income statement until the outcome is virtually certain. Provision will be made against any potential loss as soon as it is identified.

(ii) Cost plus contracts – Revenue is recognised based upon costs incurred to date plus any agreed fee. Where contracts include a target price consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price is recognised once the outcome is virtually certain. Profit is recognised on a constant margin throughout the life of the contract. Provision will be made against any potential loss as soon as it is identified.

Amounts recoverable on contracts are stated at cost plus attributable profit less any foreseeable losses and payments on account and are included in receivables and payables respectively.

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 Company's functional and presentation currency.

There has been no change in the Company's functional or presentation currency during the year 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 and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non monetary items measured at historical cost are translated using the exchange rate at the date of translation.

c) Foreign operations translation

The Group consolidation is prepared in sterling. Income statements of foreign operations are translated into sterling at the weighted average exchange rates for the period and balance sheets are translated into sterling at the exchange rate ruling on the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

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

In accordance with IFRS 8: "Operating segments" (effective from 1 January 2009), the Group adopts a "management approach" to segment reporting such that segmental information is in the form which management uses internally for assessing segment performance and deciding internally how to allocate resources to operating segments. Consistent with presentation in the management accounts, the Group separately discloses the results of its Intergrated Support Services, Vehicle Assembly, Specialist Equipment and its non-core businesses.

Each of these operating segments is managed separately as each one requires different resources, marketing approaches, working capital and expertise. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements, except that expenses relating to share-based payments are not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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 part is derecognised.

All other repairs and maintenance is charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred specifically for the construction of an item of property, plant and equipment are capitalised over the period of completion of the relevant asset. Borrowing costs of £100,000 have been capitalised in the year. The capitalisation rate used in 5.795%.

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 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 – 25 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 15 to the financial statements.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains" or "other losses" in the income statement.

2.8 Intangible assets

a) 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.

b) 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 over their estimated useful lives of three to five years.

c) 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, other individual assets or cash-generating units that include goodwill, other intangible assets 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.

d) Bid costs for PFI/PPP contracts
Bid costs relating to PFI/PPP projects are not carried in the balance sheet as recoverable until the Group has been appointed preferred bidder or has received an indemnity in respect of the investment or costs, and regards recoverability of the costs as virtually certain.

Provided that these costs meet the definition of contract costs, then they can be deferred and recognised in later periods along with an appropriate proportion of revenue.

Property plant and equipment
Where the contracts give rise to the creation of an item of property, plant and equipment, which the Group leases out under operating lease arrangements pre-contract costs are capitalised as part of the initial cost of property plant and equipment.

Finance lease arrangements
Where pre-contract costs are incurred in the negotiation of a finance lease arrangement these initial costs are included in the recoverable amount of the finance lease debtor such that the interest rate implicit in the lease reflects the costs incurred up front.

Long-term construction contracts
Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

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.

2.10 Financial instruments and hedge accounting

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. 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.

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.

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.

Derivatives
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 market values 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 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 Group Limited and represents the extent to which the reserves of AssetCo Group 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.

Notes to the Consolidated Financial Statements

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

2.12 Leases
Leases in which a significant proportion of the risk and rewards of ownership are retained by the lessor and classified as operating leases.

Finance leases for which the group is a lessee
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 leased asset acquired under finance leases is depreciated over its useful economic life.

Operating leases where the group is a lessee
Lease payments for operating leases 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.

Finance leases where the group is the lessor
When assets are leased out under a finance lease, the present value of the lease payments is recognised as revenue and the receivable shown as a finance asset. The difference between the gross receivable and the present value of the receivable is recognised on a constant periodic rate as finance income.

Operating leases where the group is the 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. Rental income is recognised on a straight line basis over the lease term.

In applying this accounting policy during the year management considered the sale of Thermal Imaging Cameras and training equipment to be assets sold under a finance lease arrangement as the customer will retain these assets for substantially all of their useful economic lives. The impact that this judgement had on the financial statements was to increase revenues by £15.8m with a profit impact of £12.9m.

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

Group companies operate two defined benefit pension schemes.

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. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. 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.

Actuarial gains and losses are recognised as an expense and charged or credited to the income statement over the employees' expected average remaining working lives. The resulting surplus or deficit is presented with other net assets on the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

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 other finance costs.

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 reserve".

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.

2.16 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.

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

Risk management is carried out under policies approved by the Board of directors. The Board provides written principles for overall risk management.

3.1 Financial risk factors

a) Credit risk

The Group's exposure to credit risk is detailed in Notes 19 and 20.

The Group has a policy for dealing with customers only with an appropriate credit history.

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 does not have any significant foreign currency exposure, as the majority of revenue, purchases and capital expenditure are denominated in sterling.

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 seeks to limit its exposure to fluctuating interest rates by keeping a significant proportion of the Group's borrowings at fixed interest rates through the use of hedge instruments.

Financial assets

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

Financial liabilities

The Group's cash flow interest rate risk arises from long-term borrowings issued at variable rates to finance its Private Finance Initiative and Public Private Partnership contracts. In order to reduce funding risk and maintain interest cover, the Group manages the risk by using floating-to-fixed interest rate swaps. Under the swaps, the Group agrees to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts, calculated by reference to the agreed notional principal amount. These interest rate swaps have the effect of converting borrowings from floating rates to fixed rates for a specified period of time.

The Group's obligations under finance leases carry interest at a fixed rate.

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 and the Group's operations are not directly affected by changes in commodity prices.

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

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.

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.

Consistent with others in the industry, the Group monitors capital in relation to overall financing. Further information can be found in Note 36 to the financial statements.

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.

Revenue

Significant contracts entered into during the period contain separable identifiable revenue streams. Separation is considered appropriate when the Group could enter separate agreements with the customer and satisfy each of these contract requirements independently of one another or the customer could have engaged with a third party to provide an element of the contract and this would not impair the Group's ability to satisfy the remaining elements of the contract.

Whilst determining the separation of such contracts is area of management judgment attributing a fair value to each separable element of such contracts, where the contract does not explicitly separate sales price for each component, is a key accounting estimate when arriving at the result reported in the Group's income statement.

Construction contract revenue

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Further information on the Group's accounting policy for construction contracts is provided in note 2.3.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates.

Value in use is determined through the analysis of discounted cash flow forecasts based on financial forecasts approved by management which takes account of both past performance and expected future market developments. Management has used a pre-tax discount rate of 14%, equivalent to the weighted average cost of capital of the Group. This has been determined as reflecting current market assessments of the time value of money and risks specific to the industry and Group. At the balance sheet date, the carrying value of goodwill was £47.9m.

Property, plant and equipment

Useful economic lives of property, plant and equipment have been established based on historical experience and an assessment of the nature of the assets involved. At the balance sheet date, the carrying value of property, plant and equipment was £74.7m.

IAS 16: "Property, plant and equipment" requires internal costs that are directly attributable to brining an asset to the location and condition necessary for it to be capable of operating in the manner intended by management to be capitalised. The group applies standard costing to the property, plant and equipment capitalised and therefore the time spent by engineers and movements in commodity prices might result in immaterial variances in cost. Management consider the application of a standard cost by its nature to be an accounting estimate.

Pensions

The directors have employed the services of an actuary in assessing pension liabilities. However, the directors recognise that final liabilities and asset returns may differ from actuarial estimates. At the balance sheet date, the carrying value of the retirement benefit surplus was £429,000.

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.

Recognition of a sale under lease arrangements

Where management consider, in substance, the sale of assets has taken place under a leasing arrangement the application requires management to determine whether it is the lessor or the lessee who substantially enjoys the risks and rewards of ownership under the lease arrangement. In cases where management concludes that the risks and rewards of ownership have been substantially transferred to the lessee the asset is treated as if it were a finance lease. Where management concludes that the Group has substantially retained the risks and rewards of ownership the sale is treated as if it were an operating lease.

Residual values

Given the nature of the Group's business, the main asset in the balance sheet is the vehicle fleet. The value at the end of the rental life will depend on the market for those vehicles at the time of disposal. Judgement is therefore required in the estimation of disposal value of certain fleet vehicles in the balance sheet.

Notes to the Consolidated Financial Statements

Post-employment benefits
Application of IAS 19: "Employee Benefits", requires the exercise of judgement in relation to setting the assumptions used by the actuaries in assessing the financial position of each scheme. The Group determines the assumptions to be adopted in discussion with its actuaries, and believes these assumptions to be in line with UK generally accepted practice, but the application of different assumptions could have a significant effect on the amounts reflected in the Income Statement and Balance Sheet in respect of post-employment benefits. The sensitivity of principal scheme liabilities to changes in the assumptions used by actuaries is set out in Note 17.

Taxation
Significant judgment 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 judgment is required in order to assess the exposures in these areas and set the appropriate level of provision.

Capitalised bid costs
Directly attributable bid costs in relation to separately identifiable revenue generating projects are capitalised to the extent they can be reliably measured. The nature of the business' long term contracts dictates one off revenue generating projects come to fruition on an annual basis which creates the opportunity for such costs to be capitalised.

Significant judgement is required when classifying costs as bid costs and in determining how the costs are capitalised when applying the Group's accounting policies.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The carrying value of deferred the tax asset relating to losses carried forward is £3.9m.

Provisions
The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions will be discussed here in further detail so as not to seriously prejudice the Group's position in the related disputes.

The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience and the future expectations of deficits.

5. Segmental Reporting

For management purposes, the Group is organised into one main business segment as follows:

Fire and Rescue Services – provision of management services to the fire and rescue market:

Year ended 31 March 2010	Fire and Rescue £'000	Held for sale £'000	Discontinued operations £'000	Consolidation adjustments £'000	Total £'000
Segment revenue	45,231	16,165	12,166	–	73,562
Segment operating profit/(loss)	17,521	892	(5,799)	(100)	12,514
Net segment finance costs	6,627	489	–	–	7,116
Segment profit/(loss) before tax	10,894	403	(5,699)	(1,204)	6,802
Depreciation and amortisation	6,743	245	53	–	7,041
Segment assets	176,219	18,427	–	–	194,646
Cost of acquired property, plant and equipment	8,073	–	–	–	8,073
Segment liabilities	120,535	14,597	–	(1,304)	133,828

The consolidation adjustments affecting the segment profit before tax relate to the charge for share-based payments (£100,000).

The depreciation and amortisation charges for each segment have been reported within the segment profit before tax.

Year ended 31 March 2009	Fire and Rescue Restated £'000	Held for sale Restated £'000	Discontinued operations Restated £'000	Consolidation adjustments Restated £'000	Total Restated £'000
Segment revenue	34,050	18,330	31,393	–	83,773
Segment operating profit/(loss)	10,982	4,941	(3,542)	(140)	12,241
Net segment finance costs	5,036	1,116	–	–	6,152
Segment profit/(loss) before tax	5,946	3,825	(3,542)	(4,695)	1,534
Depreciation and amortisation	3,784	245	53	–	6,546
Segment assets	153,259	30,654	14,883	–	198,796
Cost of acquired property, plant and equipment	10,462	444	–	–	10,906
Segment liabilities	111,401	19,324	11,681	4,555	146,961

Notes to the Consolidated Financial Statements

Geographical analysis
The Group manages its business segments in the UK, which is the home country of the parent Company.

The revenue analysis below is based on the location of the service provided or sale made.

	2010 £'000	2009 Restated £'000
Revenue - continuing operations		
UK	**45,231**	34,050

The major customers which make up the above revenue stream are London Fire and Emergency Planning Authority and Lincolnshire Fire and Rescue Service.

The majority of current assets are located in the UK where most of the capital expenditure is also incurred.

	2010 £'000	2009 Restated £'000
Non current assets		
UK	**135,964**	144,359
Europe	**556**	680
	136,520	145,039

	2010 £'000	2009 Restated £'000
Capital expenditure		
UK	**8,073**	10,902
Europe	**–**	4
	8,073	10,906

6. Revenue
An analysis of the Group's revenue is as follows:

	2010 £'000	2009 Restated £'000
Continuing operations		
Managed services	**36,132**	30,811
Support services	**5,795**	–
Leasing and contract hire	**2,539**	2,604
Sale of goods	**765**	635
Revenue	**45,231**	34,050
Discontinued operations		
Leasing and contract hire	**313**	–
Sale of goods	**28,018**	49,723
	73,562	83,773

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7. Profit for the year

The profit for the year has been arrived at after charging/(crediting):

	2010 £'000	2009 Restated £'000
Net foreign exchange gains	–	(1)
Research and developments costs	–	1
Government grants towards employment costs	(6)	(205)
Depreciation of property, plant and equipment	7,041	6,546
Staff costs (Note 13)	6,533	8,205
Impairment loss recognised on trade receivables	(2)	11

8. Auditor's remuneration

	2010 £'000	2009 Restated £'000
Other non audit fees	73	73
Fees payable to the Company's auditor for the audit of the Group's financial statements	127	147
	200	220

Fees payable to the Company's auditor and their associates for other services to the Group:

	2010 £'000	2009 Restated £'000
Corporate finance services	–	80

9. Finance income and finance costs

	2010 £'000	2009 Restated £'000
Finance income		
Interest income on short-term bank deposits	416	706
Finance costs		
Interest on bank borrowings and finance leases	5,888	5,547
Increase in valuation of shares classified as financial liabilities	1,155	192
	7,043	5,739

Included within administrative expenses is a gain of £2,000 (2009: loss £11,000) in respect of the impairment of trade receivables.

Notes to the Consolidated Financial Statements

10. Taxation

	2010 £'000	2009 Restated £'000
Current tax		
Domestic tax		
Current tax on income for the period	838	–
Foreign tax		
Current tax on income for the period	20	(65)
Current tax charge/(credit)	858	(65)
Deferred tax		
Deferred tax expense relating to the origination and reversal of temporary differences	3,308	1,199
Deferred tax expense relating to financial instruments	365	(1,275)
Deferred tax charge/(credit)	3,673	(76)
Taxation	4,531	(141)

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

Tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2010 £'000	2009 Restated £'000
Profit before tax (continuing operations)	12,098	1,251
(Loss)/profit for the year from discontinued operations	(5,296)	283
Profit for the year before taxation	6,802	1,534
	1,905	430
Tax calculated at domestic tax rates applicable to profits	(163)	(16)
Effect of:		
Income not subject to tax		
Expenses not deductible for tax purposes	1,879	547
Losses carried forwards	(85)	–
Utilisation of previously unrecognised tax losses	(112)	83
Amortisation of intangible assets	(71)	149
Rate difference on tax charge	(7)	69
Capital gain on disposal more than accounting profit	36	–
Adjustment in respect of prior periods – deferred tax	1,149	(1,403)
Total tax charge for the period	4,531	(141)

11. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 £'000	2009 Restated £'000
Profit attributable to equity holders of the Company	**2,271**	1,675
Loss/(profit) from discontinued operations	**5,296**	(283)
Profit from continuing operations used to determine basic earnings per share	**7,567**	1,392
Weighted average number of ordinary shares	**84,992,740**	72,528,482
Basic earnings per share (pence per share)	**8.9**	1.9

From continuing and discontinued operations	2010 £'000	2009 Restated £'000
Profit attributable to equity holders of the Company	**2,271**	1,675
Weighted average number of ordinary shares in issue	**84,992,740**	72,528,482
Basic earnings per share (pence per share)	**2.7**	2.3

b) Diluted

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 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.

From continuing operations	2010 £'000	2009 Restated £'000
Profit attributable to equity holders of the Company	**2,271**	1,675
Loss/(profit) from discontinued operations	**5,296**	(283)
Profit from continuing operations used to determine diluted earnings per share	**7,567**	1,392
Weighted average number of ordinary shares	**84,992,740**	72,528,482
Adjustments for:		
– share options and warrants deemed to be issued	**–**	1,585,965
Weighted average number of ordinary shares used for diluted earnings per share	**84,992,740**	74,114,447
Diluted earnings per share (pence per share)	**8.9**	1.9

From continuing and discontinued operations	2010 £'000	2009 Restated £'000
Profit attributable to equity holders of the Company	**2,271**	1,675
Weighted average number of ordinary shares	**84,992,740**	72,528,482
Adjustments for:		
– share options and warrants deemed to be issued	**–**	1,585,965
Weighted average number of ordinary shares used for diluted earnings per share	**84,992,740**	74,114,447

Notes to the Consolidated Financial Statements

Diluted earnings per share (pence per share)	**2.7**	2.3

12. Expenses by nature

	2010 **£'000**	2009 Restated £'000
Other direct costs	**8,270**	6,844
Employee benefit expense (Note 13)	**6,533**	8,205
Depreciation (Note 15)	**7,041**	6,546
Other indirect costs	**8,847**	1,685
Changes in inventories of finished goods and work in progress	**(13)**	(69)
Total cost of sales and administrative expenses	**30,678**	23,211

13. Employee benefit expense

	2010 **£'000**	2009 Restated £'000
Wages and salaries	**5,659**	7,027
Social security costs	**546**	741
Pension costs – defined benefit plans (Note 17)	**228**	292
Other pension contributions	**–**	5
Share-based payments (Note 23)	**100**	140
	6,533	8,205

The average monthly number of employees (excluding non-executive directors) was:

	2010 **Number**	2009 Number
Directors	**2**	4
Production and operations	**110**	132
Sales, marketing and distribution	**1**	1
Administration	**28**	62
	141	199

The decrease in the average monthly number of employees during the year ended 31 March 2010 is due to the effect of the change in focus of the Group towards the Fire and Rescue sector.

14. Dividends

A final dividend of 1.5p (2009: 1.25p per share) has been recommended.

15. Property, plant and equipment

Group	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 2008	1,200	2,681	1,432	35,071	83,981	124,365
Additions	–	18	140	286	10,462	10,906
Disposals	–	(23)	(28)	(11,655)	(1,259)	(12,965)
On acquisition	–	-	–	18	–	18
Transferred to Intangible Assets	–	-	–	–	(1,810)	(1,810)
Exchange differences	–	99	81	44	–	224
At 31 March 2009	1,200	2,775	1,625	23,764	91,374	120,738
Additions	-	-	–	503	7,570	8,073
Disposals	-	-	–	–	(3,052)	(3,052)
On acquisition	–	-	–	43	–	43
Transfers to assets held for resale	(1,200)	(531)	(1,053)	(16,726)	–	(19,510)
At 31 March 2010	**–**	**2,244**	**572**	**7,584**	**95,892**	**106,292**
Depreciation						
At 1 April 2008	31	595	1,096	26,094	19,822	47,638
Disposals	–	(14)	(25)	(7,712)	(2,647)	(10,398)
Charge for the year	8	192	132	2,430	3,784	6,546
Exchange differences	-	13	45	17	–	75
At 31 March 2009	39	786	1,248	20,829	20,959	43,861
Disposals	–	–	–		(2,598)	(2,598)
Charge for the year	–	156	68	482	6,335	7,041
Transfers to assets held for resale	(39)	(180)	(861)	(15,646)	–	(16,726)
At 31 March 2010	**–**	**762**	**455**	**5,665**	**24,696**	**31,578**
Net book amount						
At 31 March 2010	**–**	**1,482**	**117**	**1,919**	**71,196**	**74,714**
At 31 March 2009	1,161	1,989	377	2,935	70,415	76,877

The net book value of assets held under finance leases amounts to £70.7 m (2009: £70.4m).

Assets held under long-term arrangements

Assets held 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.

Depreciation

Depreciation expense of £6.382m (2009: £5.4m) has been charged in cost of sales and £0.7m (2009: £1.1m) in administrative expenses.

In 2009, as a result of management review revisions were made to the residual values and useful economic lives of certain assets. These revisions resulted in residual values ranging from £10,000 to £25,000 and corresponding lives of 24 years.

This had resulted in a £1.5m reduction in the equivalent depreciation charge for the year ended 31 March 2009. The impact on future profitability remains similar over the course of the life of the assets.

Security

Leasehold land and buildings with a carrying amount of £1.154m (2009: £1.161m) have been pledged to secure borrowings of the Group (see Note 24) 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 24) are secured by the lessors' title to the leased assets, which have a carrying amount of £ 2.047m (2009: £3.881m).

Assets under long-term arrangements include £ 70.7m (2009: £70.4m) in respect of assets secured by the lessor.

16. Intangible assets

Group	Goodwill £'000	Bid costs £'000	Software development costs £'000	Total £'000
Cost				
At 1 April 2008	54,060	1,089	515	55,664
Acquisitions	80	–	–	80
Additions	2,941	1,801	702	5,444
Reclassified from tangible fixed assets	–	1,810	-	1,810
At 31 March 2009	57,081	4,700	1,217	62,998
Additions	956	2,687	26	3,669
Reclassified to assets held for sale	(10,132)	–	–	(10,132)
At 31 March 2010	**47,905**	**7,387**	**1,243**	**56,535**
Amortisation				
At 1 April 2008	–	–	28	28
Charge for the year	–	171	52	223
At 31 March 2009	–	171	80	251
Charge for the year	–	331	109	440
At 31 March 2010	**–**	**502**	**189**	**691**
Net book amount				
At 31 March 2010	**47,905**	**6,885**	**1,054**	**55,844**
At 31 March 2009	57,081	4,529	1,137	62,747

Goodwill

The main changes in the carrying amounts of goodwill result from the reclassification of goodwill associated with divisions previously known as Vehicle Assembly and Specialist Equipment to assets held for resale.

For the purposes of annual impairment testing goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") the synergies of the are expected to benefit from the synergies of the business combination in which the goodwill arises. The carrying amount of goodwill has been allocated as follows:

	2010 £'000	2009 Restated £'000
Fire and Rescue Services	**47,905**	44,207
Specialist Equipment	**-**	9,159
Vehicle Assembly	**-**	3,715
	47,905	57,081

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The discount rate used at 31 March 2010 was 13%. The growth rates are based on internal growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market, however management expects constant margins which have been based on past experience.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next ten years and extrapolates cash flows for the following ten years based on an estimated growth rate of 2.0%. This rate does not exceed the average long-term growth rate for the relevant markets based on Current Retail Price Index.

Fire and Rescue Services

No impairment of goodwill has been recognised in respect of Emergency Services as the two contracts to which the goodwill relates, those with the London Fire and Emergency Planning Authority and the Lincolnshire Fire and Rescue Service, continue to grow in terms of revenue and profitability through the provision of additional services and improved cost control. These two contracts have remaining lives of 11 years and 16 years respectively. The Fire and Rescue division is particularly sensitive to the discount rate and an increase to 14% would result in £4.7m impairment against goodwill. Similarly, a reduction of the forecast growth rate of 1% would result in £4.8m impairment against goodwill.

Specialist equipment and vehicle assembly

No impairment of goodwill has been recognised within the Vehicle and Emergency Equipment CGU. This goodwill has now been reclassified as an asset held for sale. The directors consider no impairment of assets exists due to the receipt of written outline purchase offers in excess of net assets.

Computer software

In accordance with IAS 38, "Intangible Assets" computer software has been classified as an intangible asset.

Intangible assets recognised in respect of computer software costs are not internally generated and are considered to have finite lives of three years, the period over which the asset is amortised. The amortisation charge is included within administrative expenses in the income statement.

Bid costs

Bid costs are internally generated and are capitalised once preferred bidder status has been secured. They are considered to have finite lives which equate to the length of the contract they have secured.

17. Retirement benefit obligations

The AssetCo Pension Scheme

The AssetCo Pension Scheme (formerly The Brook Henderson Pension Scheme) commenced on 11 October 2003 as a defined benefit pension scheme based in the United Kingdom. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The last full actuarial valuation was carried out as at 31 March 2010 and showed a surplus of £725,000 (2009: £749,000).

Todd Research Limited Retirement Benefits Scheme

The Todd Research Limited Retirement Benefits Scheme was originally established for the benefit of certain employees based in the United Kingdom. The defined benefit scheme is now closed to new members. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

The information set out overleaf is in respect of both The AssetCo Pension Scheme and the Todd Research Limited Retirement Benefit Scheme.

Balance sheet surplus for:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Retirement benefits – surplus	**429**	429	429

Income statement credit for:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Retirement benefits	**–**	–	(100)

The amounts recognised in the balance sheet are determined as follows:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Fair value of plan assets	**7,111**	5,171	6,424
Present value of funded obligations	**(6,386)**	(4,422)	(4,376)
Present value of over-funded obligations	**725**	749	2,048
Unrecognised actuarial gains	**(296)**	(320)	(1,619)
Asset in the balance sheet	**429**	429	429

The unrecognised actuarial gains are to be deferred over the estimated working lives of the members of The AssetCo Pension Scheme and the Todd Research Limited retirement benefit scheme.

The movement in the fair value of scheme assets during the year is as follows:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Beginning of year	**5,171**	6,424	6,010
Expected return on plan assets	**282**	415	349
Actuarial gains/(losses)	**1,547**	(1,586)	(464)
Employer contributions	**272**	264	537
Employee contributions	**35**	43	61
Benefits paid	**(196)**	(389)	(69)
End of year	**7,111**	5,171	6,424

The movement in the fair value of the defined benefit obligation during the year is as follows:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Beginning of year	**(4,422)**	(4,376)	(5,723)
Current service cost	**(212)**	(284)	(598)
Interest cost	**(298)**	(274)	(305)
Contributions by members	**(25)**	(43)	(61)
Actuarial gains/(losses)	**62**	(100)	(161)
Benefits paid	**196**	389	69
Additional contribution by employer	**–**	–	42
Change of assumptions	**(1,687)**	454	2,361
Curtailment	**–**	(188)	–
End of year	**(6,386)**	(4,422)	(4,376)

The amounts recognised in the income statement are as follows:

	Group 2010 £'000	Group Restated 2009 £'000	Group Restated 2008 £'000
Current service cost	**212**	324	598
Interest cost	**298**	274	305
Expected return on plan assets	**(282)**	(415)	(349)
Net actuarial gains recognised during the year	**–**	(79)	(100)
Curtailment	**–**	188	–
Total	**228**	292	454

Of the total, £228,000 (2009: £292,000) has been included in staff costs within administrative expenses.

The actual return on plan assets was a gain of £1,829,000 (2009 loss: £1,171,000).

The estimated contributions expected to be paid to the two schemes during the current financial year is approximately £500,000.

The principal actuarial assumptions used were as follows:

	2010 %	2009 %	2008 %
Discount rate	**5.6**	6.7	6.3
Expected return on plan assets	**6.7**	6.5	6.5
Future salary increases	**2.0**	2.25	2.25
Future pension increases	**2.8 – 3.25**	2.1 – 2.75	2.1 – 2.75
Inflation	**3.25**	2.25	2.75

A range of assumptions is quoted for the year ended 31 March 2010 as the actuarial valuations for the two schemes were undertaken by two different actuaries.

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy of a pensioner retiring at age 60 on the balance sheet date, is estimated using the following industry-standard mortality tables:

	2010	2009	2008
Male	**PMA92**	PMA92	PMA92
Female	**PFA92**	PFA92	PFA92

The average life expectancy in years of a pensioner retiring at age 60 twenty years after the balance sheet date, is estimated using the following industry-standard mortality tables:

	2010	2009	2008
Male	**PMA92**	PMA92	PMA92
Female	**PFA92**	PFA92	PFA92

The analysis of the assets of the two schemes and the expected rate of return at the balance sheet date was as follows:

	Expected return			**Fair value of assets**		
	2010 %	2009 %	2008 %	**2010 £'000**	2009 £'000	2008 £'000
Equities	**7.4**	7.5	7.5	**4,615**	3,032	3,318
Government bonds	**4.4**	4.5	4.5	**14**	–	1,584
Corporate bonds	**5.6**	6.3	6.3	**2,440**	2,098	1,522
Cash and cash equivalents	**0.5**	–	–	**42**	41	–
Total	**6.7**	6.5	6.5	**7,111**	5,171	6,424

The overall expected rate of return is determined based on past experience and expectations regarding future market conditions.

Amounts in the current and previous years are as follows:

	2006	2007	2008	2009	2010
Defined benefit obligation	520	5,723	4,376	4,422	**6,386**
Plan assets	431	6,010	6,424	5,171	**7,111**
Surplus/(liability)	(62)	287	429	429	**725**
Experience adjustments	(104)	272	(161)	(100)	**62**

18. Inventories

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Raw materials and consumables	**201**	2,138	1,941
Finished goods and goods for resale	**–**	4,469	3,969
	201	6,607	5,910

The net movement in the inventory provision resulted in a £12,000 credit (2009: £60,000 credit) being recognised in cost of sales. Inventories with a carrying amount of £0.2m (2009: £6.607m) have been pledged as security for some of the Group's bank loans.

19. Trade and other receivables

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Trade receivables	**1,544**	8,588	14,664
Less: impairment of receivables	**(9)**	(11)	(273)
Trade receivables – after impairment	**1,535**	8,577	14,391
Other receivables	**154**	1,669	970
Finance lease debtor (note 35)	**17,199**	4,991	–
Prepayments and accrued income	**9,126**	8,825	6,013
Corporation tax recoverable	**–**	–	140
	28,014	24,062	21,514

The Group has impaired fully all receivables that are considered to be doubtful based on the difference between the carrying amount and the present value of estimated future cash flows determined by reference to past experience, the ageing of the debt and the financial standing of the customer. Prior to conducting business with a new customer, appropriate credit checks are undertaken with a reputable international credit reference agency.

The movement in the provision for impairment of trade receivables is as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
At the beginning of the year	**11**	273	477
Impairment losses recognized	**9**	11	51
Amounts written off as uncollectible	**(11)**	(265)	(195)
Amounts recovered during the year	**–**	(8)	(60)
At the end of the year	**9**	11	273

The ageing of overdue trade receivables is as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
60 – 90 days	**47**	173	21
90 – 120 days	**9**	273	252
Total	**56**	446	273

There is no impairment in respect of other receivables.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Cash and cash equivalents	**13,697**	4,533	4,219
Short-term deposits	**–**	17,965	8,677
	13,697	22,498	12,896

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Cash and cash equivalents	**13,697**	22,498	12,896
Bank overdrafts	**(1,210)**	(3,693)	(12,502)
	12,487	18,805	394

At 31 March 2010, the cash at bank and short-term deposits were held with five different international banks (2009: ten). Financial assets are placed with banks at floating rates over periods ranging from overnight to three months depending upon forecast cash flow movements and earn interest at prevailing rates in the money market.

Included within the cash balance are sums amounting to £11.1m which were transmitted from clients prior to the year end. These amounts were received shortly after the year end.

21. Assets held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	Group 2010 £'000
Goodwill	9,196
Property, plant and equipment	2,784
Trade and other receivables	2,916
Inventories	2,060
Total assets classified as held for sale	**16,956**
Finance lease liabilities	75
Borrowings	3,950
Trade and other payables	2,668
Total liabilities associated with assets classified as held for sale	6,693
Net assets of disposal group	**10,263**

The directors are satisfied the above net asset value will be realised upon sale.

The net cash flows attributable to assets held for sale and discontinued operations are as follows:

	2010 £'000	2009 Restated £'000
Net cash flow	(9,556)	575

Earnings per share in relation to discontinued operations are as follows:

	2010	2009 Restated
Basic	(6.2)p	0.4p
Diluted	(6.2)p	0.4p

22. Derivative financial instruments

Interest rate swaps

At 31 March 2010, three cash flow hedge arrangements were in place covering loans of £39.8m (2009: £44.5m) at a fixed rate of 5.795% payable monthly, £7.9m (2009: £7.9m) at a fixed rate of 4.63% monthly and £3.8m (2009: £3.7m) at a fixed rate of 3.43% monthly.

The fair value of the hedge arrangements at 31 March 2010 represents a liability of £5.821m (2009: liability of £7.125m).

These amounts are based on market values of equivalent instruments at the balance sheet date. An analysis of the financial instruments, their fair values at reporting date and the nature of risks being hedged is set out below.

Title	Description	Nature of risk being hedged	Period termination dates	Swap fair value post settlement 31.03.09 £'000	Settlement paid £'000	Fair value movement in the year £'000	Swap fair value post settlement 31.03.10 £'000
HBOS Swap	Cash Flow Hedge	Interest Rate Risk	31 March 2021	(6,143)	540	371	(5,232)
Co-Op Swap	Cash Flow Hedge	Interest Rate Risk	9 April 2026	(775)	240	30	(505)
Barclays Swap	Cash Flow Hedge	Interest Rate Risk	14 October 2010	(207)	132	(9)	(84)
Total				**(7,125)**	**912**	**392**	**(5,821)**

Details of the prior year adjustment in respect of the Group's hedge arrangements can be found in note 39 to the financial statements.

Title	Description	Nature of risk being hedged	Period termination dates	Swap fair value post settlement 31.03.08 Restated £'000	Settlement paid £'000	Fair value movement in the year Restated £'000	Swap fair value post settlement 31.03.09 Restated £'000
HBOS Swap	Cash Flow Hedge	Interest Rate Risk	31 March 2021	(2,001)	2,083	(6,225)	(6,143)
Co-Op Swap	Cash Flow Hedge	Interest Rate Risk	9 April 2026	(189)	318	(904)	(775)
Barclays Swap	Cash Flow Hedge	Interest Rate Risk	14 October 2010	–	24	(231)	(207)
Total				**(2,190)**	**2,425**	**(7,360)**	**(7,125)**

23. Share capital

	Number of Shares	Share capital Restated £'000	Share premium Restated £'000	Total Restated £'000
At 1 April 2008	71,832,554	17,958	25,197	43,155
Issue of ordinary shares	1,546,852	387	918	1,305
At 1 April 2009	73,379,406	18,345	26,115	44,460
Issue of ordinary shares	17,333,333	4,333	3,173	7,506
At 31 March 2010	**90,712,739**	**22,678**	**29,288**	**51,966**

The total authorised number of ordinary shares is 95,000,000 (2009: 95,000,000) with a nominal value of 25 pence per share (2009: 25 pence per share). All issued shares are fully paid.

Equity component of compound financial instruments

In January 2009, 15 million £1 preference shares were issued at nominal value. At inception £7,045,000 of these shares were classified as a financial liability with the remaining £7,917,000 being classified as equity.

These preference shares are repayable at par value in five years from the date of issue although there are warrants associated with the shares which can be converted into AssetCo plc shares at 61.2p. AssetCo can repay the preference shares, under certain conditions on the second anniversary and two thirds of the warrants vest on this date. After this date 100% of the warrants are available to JO Hambro.

Share-based payments

The charge for the year in respect of share-based payments, comprising share options and warrants, is £100,000 (2009: £196,000).

a) Share options

Share options are granted to directors and to selected employees. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 March 2010 Average exercise price	31 March 2010 Options	31 March 2009 Average exercise price	31 March 2009 Options
	£ per share		£ per share	
At 1 April	1.76	1,352,603	1.77	1,819,327
Granted	–	–	–	–
Exercised	–	–	–	–
Forfeited	2.29	(140,000)	1.82	(466,724)
Lapsed	–	–	–	–
At 31 March	1.70	1,212,603	1.76	1,352,603

Out of the 1,212,603 outstanding options (2009: 1,352,603), none (2009: 290,000) were exercisable.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price £ per share	Shares 31.3.10	Shares 31.3.09
4 December 2013	1.00	210,000	210,000
29 March 2017	1.45	663,103	698,103
30 July 2017	2.30	105,000	120,000
30 July 2007	3.00	140,000	160,000
22 November 2017	2.30	50,000	100,000
22 November 2017	3.00	20,000	40,000
28 November 2017	2.04	24,500	24,500
		1,212,603	1,352,603

The fair value of options at grant date were determined using the Black-Scholes method.

Notes to the Consolidated Financial Statements

24. Borrowings

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Non-current			
Bank borrowings	**12,578**	27,693	18,961
Finance lease liabilities	**54,689**	53,983	50,002
Other loans	**-**	-	1,007
	67,267	81,676	69,970

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Current			
Bank overdrafts	**1,210**	3,693	12,502
Bank borrowings	**5,141**	4,319	5,989
Finance lease liabilities	**8,561**	8,831	8,084
Other loans	**-**	-	250
	14,912	16,843	26,825
Total borrowings	**82,179**	98,519	96,795

Total borrowings include secured liabilities of £82,179m (2009: £98,519m). The Group's bank loans and overdrafts are secured by a debenture over the assets of the Group.

The decrease in total borrowings is due to the reduction in non recourse finance due to significant repayments made in the year.

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

The repayment dates of the Group's borrowings are as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Less than one year	**14,912**	16,843	26,825
One to two years	**13,782**	21,353	9,169
Two to five years	**32,645**	33,999	32,944
After five years	**20,840**	26,324	27,857
	82,179	98,519	97,795

Bank borrowings

Bank borrowings mature until November 2016.

Details of the Group's bank borrowings at 31 March 2010 are summarised as follows:

Date	Initial loan	Term	Rate
November 2007	£16m	9 years	1.75% over 1 month Libor
January 2008	£1.5m	5 years	1.6% over 3 month Libor
July 2008	£4.5m	20 months	2.5% over 3 month Libor
September 2008	£4.1m	5 years	2.75% over 1 month Libor
September 2008	£0.96m	7 years	2.5% over 1 month Libor
March 2009	£4m	4 years	2% over base

At 31 March 2010, the Group had six principal loans with four different financial institutions. In May 2010, the loan obtained in July 2008 was repaid in full.

The fair value of the non-current borrowings is as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Bank borrowings	**12,578**	27,693	18,961
Finance lease liabilities	**54,689**	53,983	50,002
Other loans	**–**	–	1,007
	67,267	81,676	69,970

The fair value of current borrowings does not materially differ from their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 6.5% (2009: 6.5%).

The carrying amounts of short-term borrowings approximate their fair value.

The facilities expiring within one year are annual facilities subject to review at various dates during 2010. The other facilities have been arranged to help finance the ongoing build programme for the London Fire and Emergency Planning Authority and the Lincolnshire Fire and Rescue Service.

Finance lease liabilities

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

Minimum lease payments under finance lease liabilities are as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
No later than 1 year	**10,956**	12,182	11,287
Later than 1 year and no later than 5 years	**45,325**	42,149	37,016
Later than 5 years	**24,677**	26,056	25,834
	80,958	80,387	74,137
Future finance charges on finance leases	**(17,708)**	(17,573)	(16,051)
Present value of minimum lease payments	**63,250**	62,814	58,086

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

The present value of finance lease liabilities is as follows:

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
No later than 1 year	**8,561**	9,542	8,084
Later than 1 year and no later than 5 years	**35,410**	33,188	28,344
Later than 5 years	**19,279**	20,084	21,658
	63,250	62,814	58,086

The average lease term is 11 years. For the year ended 31 March 2010, the average effective borrowing rate on leases was 6.75% (2009: 6.75%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25. Financial assets and liabilities

The following tables illustrate the categorisation and carrying value of financial assets and liabilities as at 31 March 2010:

Finance assets	**Loans and receivables £'000**	**Non financial assets £'000**	**Assets not within the scope of IAS 39 £'000**	**Total £'000**
Investments in associates and joint ventures	–	–	414	414
Trade and other receivables	1,689	9,126	17,199	28,014
Cash and cash equivalents	13,697	–	–	13,697
	15,386	**9,126**	**17,613**	**42,125**

Financial liabilities	Fair value through profit or loss £'000	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Trade and other payables	–	1,816	18,302	20,118
Bank overdraft	–	1,210	–	1,210
Borrowings – current portion	–	5,141	–	5,141
Current tax payable	–	–	858	858
Finance lease liability – current	–	–	8,561	8,561
Borrowings – non current	–	12,578	–	12,578
Finance lease liability – non current	–	–	54,689	54,689
Liability component of compound financial instruments	–	8,200	–	8,200
Derivatives – non current	5,821	–	–	5,821
	5,821	**28,945**	**82,410**	**117,176**

Fair value hierarchy

The financial liabilities measured at fair value in the Statement of Financial Position are grouped in the fair value hierarchy as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Derivatives	**–**	**5,821**	**–**	**5,821**

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).

Contractual discounted cash flows in respect of financial liabilities are as follows:

2010	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Trade and other payables	20,118	–	–	–	20,118
Borrowings and finance lease liabilities	14,912	13,782	32,645	20,840	82,179
Current tax payable	858	–	–	–	858
Equity component of compound financial instruments	–	–	15,000	–	15,000
Derivatives	–	84	–	5,737	5,821
	35,888	**13,866**	**47,645**	**26,577**	**123,976**

2009	Less than one year Restated £'000	One to two years Restated £'000	Two to five years Restated £'000	More than five years Restated £'000	Total Restated £'000
Trade and other payables	26,881	–	–	–	26,881
Borrowings and finance lease liabilities	18,344	26,353	27,499	26,323	98,519
Equity component of compound financial instruments	–	–	15,000	–	15,000
Derivatives	–	208	–	6,917	7,125
	45,225	**26,561**	**42,499**	**33,240**	**147,525**

2008	Less than one year Restated £'000	One to two years Restated £'000	Two to five years Restated £'000	More than five years Restated £'000	Total Restated £'000
Trade and other payables	27,872	–	–	–	27,982
Borrowings and finance lease liabilities	26,825	9,169	32,944	27,857	96,795
Derivatives	–	–	–	2,190	2,190
	54,697	**9,169**	**32,944**	**30,047**	**126,857**

Derivatives outlined above relate to future interest rate swaps secured on asset finance and borrowings.

26. Deferred Tax

Deferred tax liabilities

Group	Accelerated tax depreciation £'000	Other £'000	Tax losses £'000	Total £'000
At 1 April 2008 (restated)	5,475	613	(127)	5,961
Charged/(credited) to the income statement	2,084	(377)	(846)	861
Arising on acquisition	–	569	–	569
At 31 March 2009 (restated)	7,559	805	(973)	7,391
Charged/(credited) to the income statement	1,735	9	695	2,439
Arising on acquisition	–	129	–	129
Deferred tax liability at 31 March 2010	**9,294**	**943**	**(278)**	**9,959**

Deferred tax assets

Group	Accelerated tax depreciation £'000	Other short-term timing differences £'000	Tax losses £'000	Total £'000
At 1 April 2008 (restated)	(952)	(1,256)	(835)	(3,043)
Charged/(credited) to the income statement	558	(270)	50	338
Arising on acquisition	1	(83)	(1,100)	(1,182)
Arising on derivative financial instruments	–	(1,275)	–	(1,275)
At 31 March 2009 (restated)	(393)	(2,884)	(1,885)	(5,162)
Charged/(credited) to the income statement	(186)	9	1,046	869
Arising on acquisition	(3)	(446)	–	(449)
Arising on derivative financial instruments	–	365	–	365
Deferred tax asset at 31 March 2010	**(582)**	**(2,956)**	**(839)**	**(4,377)**

27. Trade and other payables

	Group 2010 £'000	Group 2009 Restated £'000	Group 2008 Restated £'000
Trade payables	**1,816**	8,550	12,792
Social security and other taxes	**2,132**	4,236	2,892
Other creditors	**4**	451	2,508
Accruals and deferred income	**13,666**	10,086	4,507
Deferred consideration	**2,500**	3,558	5,173
	20,118	26,881	27,872

28. Investments

Details of Group companies can be found in Note 29 to the financial statements.

Discontinued operations

Discontinued operations include activities relating to the UV Modular business which went into administration in January 2010, the Auto Electrical Services business which was sold in September 2009 and the Supply 999 and Treka businesses which are held for resale. Details of performance in the year are outlined below:

	2010 £'000	2009 Restated £'000
Revenue	**28,331**	49,723
Expenses	**(33,627)**	(49,440)
Net (loss)/profit after tax	**(5,296)**	283

The effect of discontinued operations on segment results is disclosed in Note 5 to the financial statements. The taxation effect of discontinued operations has been a credit of £680,000 (2009: charge of £79,000).

The carrying amount of the net assets of AES Limited on the date of disposal (30 September 2009) were as follows:

	£'000
Non current assets	46
Cash and cash equivalents	27
Trade and other receivables	875
Inventories	279
Total assets	1,227
Trade and other payables	1,095
Total liabilities	1,095
Net assets	**132**

The carrying amount of the net assets of UV Modular Limited (15 January 2010) on the date at which the Group lost control were as follows:

	£'000
Non current assets	131
Cash and cash equivalents	135
Trade and other receivables	2,494
Inventories	4,305
Total assets	7,065
Trade and other payables	9,580
Total liabilities	9,580
Net liabilities	**(2,515)**

The net cash flows attributable to assets held for sale and discontinued operations are as follows:

	2010 £'000	2009 Restated £'000
Net cash (outflow)/inflow	(9,556)	575

Earnings per share in relation to discontinued operations are as follows:

	2010	2009 Restated
Basic	(6.2)p	0.4p
Diluted	(6.2)p	0.4p

Investment in associate

On 26 November 2007, the Group acquired 25% of the issued share capital of Miquest Limited, a company which provides integrated solutions for asset management, for consideration of £414,000. Miquest Limited was incorporated in England and Wales.

Group	Investment in Associate £'000
At 31 March 2008, 2009 and 2010	**414**

Investment in associates includes goodwill of £472,000.

The Group's share of the results of its associate, which is unlisted, and its share of the assets, including goodwill, and liabilities, is as follows:

Group	Assets £'000	Liabilities £'000	Revenue £'000	Loss £'000	Interest %
Miquest Limited	**89**	**219**	**461**	**(178)**	**25**

No result has been recognised in the consolidated financial statements on the grounds of materiality.

Interests in joint ventures

The Group has a 50% interest a joint venture, ADATT Limited, which undertakes vehicle conversions. The following amounts represent the assets and liabilities, and sales and results of the joint venture. Due to their immateriality to the financial statements, no amounts are included in the balance sheet and income statement.

	Group 2010 £'000	Group 2009 Restated £'000
Assets		
Current assets	**830**	830
Liabilities		
Current liabilities	**(827)**	(827)
Net assets	**3**	3
Income	**1,300**	2,634
Expenses	**(1,300)**	(2,636)
Profit/(loss) before tax	**–**	(2)

There are no contingent liabilities relating to the Group's interests in the joint ventures, and no contingent liabilities of the ventures themselves.

Notes to the Consolidated Financial Statements

29. Group undertakings

The accounting parent company, AssetCo Fire and Rescue Limited, has a controlling interest through shares, directly or indirectly, in the following group undertakings:

Subsidiary	Country of incorporation	Percentage of shares held Group	Company	Shares held	Nature of business
Integrated Support Services					
AssetCo Emergency Limited	England & Wales	100%	100%	Ordinary	Holding company
AssetCo Engineering Limited	England & Wales	100%	–	Ordinary	Management of emergency equipment
AssetCo Lincoln Limited	N. Ireland	100%	–	Ordinary	Emergency managed services
AssetCo London Limited	England & Wales	100%	–	Ordinary	Emergency managed services
AssetCo Managed Services (ROI) Limited	Republic of Ireland	100%	100%	Ordinary	Business support services
MFlow Limited	England & Wales	100%	–	Ordinary	Electrical and communications systems
AssetCo Bermuda Limited	Bermuda	100%	100%	Ordinary	Consultancy and business development
AssetCo Resource Limited	England & Wales	100%	100%	Ordinary	Human resources consultancy
RIG Systems Limited	England & Wales	100%	–	Ordinary	Specialist training provider
Nene Whitewater Centre	England & Wales	100%	–	Ordinary	Specialist training provider
Simentra Limited	N. Ireland	100%	100%	Ordinary	Security consultancy
Specialist equipment					
AS Fire and Rescue Equipment Limited	England & Wales	100%	–	Ordinary	Manufacture and distribution of safety equipment
AS Security BV	The Netherlands	100%	–	Ordinary	Sales
AssetCo Emergency Equipment Limited	England & Wales	87%	87%	Ordinary	Holding company
Graphic Traffic Limited	N. Ireland	100%	–	Ordinary	Provider of livery
AssetCo Specialist Equipment Limited	England & Wales	100%	–	Ordinary	Holding company
Leftfield Group Limited	England & Wales	100%	–	Ordinary	Holding company
Todd Research Limited	England & Wales	100%	–	Ordinary	Manufacture and distribution of security equipment
Supply 999 Limited	England & Wales	100%	100%	Ordinary	Distribution of safety and cutting equipment
Vehicle assembly					
Treka Bus Limited (formerly Blue Amber Red Limited)	England & Wales	100%	–	Ordinary	Manufacture of vehicles
Papworth Specialist Vehicles Limited	England & Wales	100%	–	Ordinary	Assembly of emergency vehicles
AssetCo Specialist Vehicles Limited	England & Wales	100%	–	Ordinary	Holding company
Non emergency					
AssetCo Municipal Limited	England & Wales	100%	100%	Ordinary	Fleet and management services
Dormant companies					
Asfare No.1 Limited	England & Wales	100%	–	Ordinary	Dormant
AssetCo Contracts Limited	N. Ireland	100%	–	Ordinary	Dormant
AssetCo Servicecare Limited	N. Ireland	100%	–	Ordinary	Dormant
AssetCo Solutions Limited	N. Ireland	100%	–	Ordinary	Dormant
Fire Guns Limited	England & Wales	100%	–	Ordinary	Dormant
Sacol Group 1990 Limited	England & Wales	100%	–	Ordinary	Dormant
AS America Inc	USA	100%	–	Common	Dormant
AssetCo SVO Limited	England & Wales	100%	–	Ordinary	Dormant
AssetCo Managed Services Limited	England & Wales	100%	100%	Ordinary	Dormant

Details of the Group's investments in associates and interests in joint ventures are given in note 28 to these financial statements.

The percentage of shares held equates to voting rights for all of the subsidiaries listed above.

30. Reconciliation of profit before tax to net cash generated from operations

	2010 £'000	2009 Restated £'000
Profit for the year before taxation	**12,098**	1,251
Adjustments for:		
– Depreciation	**7,041**	6,546
– Amortisation	**440**	223
– Profit on disposal of property, plant and equipment	**-**	(292)
– Share-based payments	**100**	140
– Fair value gains on financial instruments recognized in profit and loss	**(1,304)**	4,555
– Movement in restructuring provision	**-**	(1,549)
– Finance income	**(416)**	(717)
– Finance costs	**7,043**	6,869
– Exchange differences	**246**	-
Changes in working capital (excluding the effects of acquisitions)		
– Inventories	**(224)**	(697)
– Trade and other receivables	**(6,814)**	(2,625)
– Trade and other payables	**6,084**	(972)
Cash generated from operations	**24,294**	12,732

31. Business combinations

On 31 March 2010, the Group completed the acquisition of 100% of the share capital of Graphic Traffic Limited for consideration of £1,000 creating goodwill on acquisition of £956,000. This business has been purchased with a view to resale hence the goodwill is included within assets held for sale.

	Carrying amount before combination £'000	Fair value adjustments £'000	Fair value £'000
Property, plant and equipment	43	-	43
Inventories	14	-	14
Trade and other receivables	507	-	507
Trade and other payables	(1,519)	-	(1,519)
Net liabilities	(955)	-	(955)
Goodwill			956
Total consideration			1

No profit or loss has been recognised in the Group income statement for the year in relation to Graphic Traffic.

32. Events after the balance sheet date

On 9 June 2010, the Board recommended a final dividend for the year to 31 March 2010 of 1.5p per share (2009: 1.25p per share). This dividend has not been included as a liability at 31 March 2010.

33. 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 year, 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 2010 £'000	Benefits in kind 2010 £'000	Total emoluments 2010 £'000	Salary 2009 £'000	Benefits in kind 2009 £'000	Total emoluments 2009 £'000
John Shannon	300	–	300	250	–	250
Frank Flynn	250	–	250	125	–	125
Total	550	–	550	375	–	375

Non-executive directors' remuneration	2010 £'000	2009 £'000
Tim Wightman	55	55
Adrian Bradshaw	35	35
Peter Manning	35	18
Andrew Freemantle	18	–
Total	143	108

Key management compensation (excluding non-executive directors)

Group	2010 £'000	2009 Restated £'000
Salaries and other short-term employee benefits	550	375

Directors' share options

Name	Parties	Exercise price	No. of shares	Date of grant	Expiry date
Tim Wightman	Director	100p	105,000	5 December 2003	4 December 2013
Adrian Bradshaw [1]	Director	100p	105,000	5 December 2003	4 December 2013

(1) The options set out against Adrian Bradshaw were granted to Bradmount Investments Limited acting as nominee for Adrian Bradshaw and Peter Mountford in equal measure. Both Adrian Bradshaw and Peter Mountford are directors and shareholders of Bradmount Investments limited.

Amounts due to related parties

Group	2010 £'000	2009 Restated £'000
Directors' loan accounts	150	130

In May 2009, Jaras Property Developments Limited, a company from which the Group rents a property was purchased by John Shannon, the value of these rentals amounted to £166,666 in the year. At 31 March 2010, the Group had an asset balance with this company totalling £1.5m (2009: £nil).

The vendor of Graphic Traffic Limited (see note 31) was John Shannon. Prior to acquisition, the Group made purchases of £235,013 (2009: £231,302) from this company.

34. Commitments

Capital commitments

There were no capital commitments at 31 March 2010 or 31 March 2009.

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:

	2010 £'000	2009 Restated £'000
Within one year	–	141
After five years	746	1,457
	746	1,598

35. Operating/finance lease receivables

The Group's future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2010 £'000	2009 Restated £'000
Within one year	24,400	24,400
Within two to five years	97,600	97,600
After five years	158,000	182,400
	280,000	304,400

The Group's net investment in operating lease receivables is as follows:

	2010 £'000 Gross investment in finance lease receivables	2010 £'000 Future Finance Income	2010 £'000 Present value of minimum lease payments receivable	2009 Restated £'000 Gross investment in finance lease receivables	2009 Restated £'000 Future Finance Income	2009 Restated £'000 Present value of minimum lease payments receivable
Less than one year	**863**	**(394)**	**469**	163	(81)	82
Later than one year and not later than five years	**5,912**	**(2,753)**	**3,159**	2,491	(858)	1,633
Later than five years	**28,423**	**(14,852)**	**13,571**	7,327	(4,051)	3,276
	35,198	**(17,999)**	**17,199**	9,981	(4,990)	4,991

36. Capital management policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of the equity less cash and cash equivalents as presented on the face of the balance sheet.

The movement in the capital to overall financial ratio is shown below.

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2010 £'000	2009 Restated £'000	2008 Restated £'000
Equity	**60,818**	51,835	42,123
Less: cash and cash equivalents	**(13,697)**	(22,498)	(12,896)
Capital	**47,121**	29,337	29,227

	2010 £'000	2009 Restated £'000	2008 Restated £'000
Equity	**60,818**	51,835	42,123
Borrowings	**82,179**	98,519	96,795
Overall financing	**142,997**	150,354	138,918
Capital to overall financing	**33%**	20%	21%

37. Parent company

The financial statements of the legal parent company, AssetCo plc, can be found in a separate section of the Annual Report.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in the parent company financial statements. The profit for the year of the Company for the year was £3.914m (2009: loss £0.084m).

38. Contingent Liabilities

During the year the Group entered into a performance bond relating to a recent contractual win which dictates a potential liability of 5% of the contract value upon failure to fulfill the terms of the contract. This liability would equate to approximately £4m.

The Group has provided an "Advanced Payment Guarantee" of approximately £4m in connection with one of the contracts that was awarded during the year.

Certain contracts awarded during the year can be terminated with three months' notice.

39. Prior year adjustments

There are two prior period adjustments.

The first is in relation to an overstatement of a derivative financial instrument debit balance. This resulted in an over statement of net assets of £3.154m and a gain of £1.577m being recognised in the consolidated statement of income and expense. This has been restated as a loss and the restated amount reflects this movement.

The second adjustment was to adjust the designation of the hedge arrangement as an ineffective hedge. This resulted in gains and losses on the movement in fair value of the financial instrument being transferred from the statement of changes in equity to the income statement.

The related impact on the consolidated income statement is set out below:

	2010 £'000	2009 £'000
Finance income		
(Credit)/charge in relation to movement in derivative financial instrument	**(1,304)**	4,555

The impact on retained earnings and the hedge reserve can be seen in the consolidated statement of changes in equity.

In compliance with IAS 39 our 2009 and 2008 balance sheets have been restated for the movement on our derivative financial instruments which, whilst commercially effective, have been deemed ineffective from inception from a financial reporting perspective. The current year credit and prior year charge to the consolidated income statement are non cash items.

40. Ultimate controlling party

The Company is listed on the Alternative Investment Market of the London Stock Exchange. The Company is not under the control of any one individual. Significant holdings in the shares of the Company are disclosed in the Report of the Directors.

Report of the Independent Auditor on the Company Financial Statements

Independent auditor's report to the members of AssetCo plc

We have audited the parent company financial statements of AssetCo plc for the year ended 31 March 2010 which comprise the parent company balance sheet 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).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 22 , the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010;
- 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the parent company financial statements of AssetCo plc for the year ended 31 March 2010.

Robert Napper
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Slough

12 July 2010

Company Balance Sheet

	Notes	31.3.10 £'000	31.3.09 £'000
Fixed assets			
Investment in subsidiaries	5	**98,720**	98,720
Current assets			
Debtors	6	**27,795**	8,920
Cash at bank and in hand		**21**	7,500
		27,816	16,420
Creditors: amounts falling due within one year	7	**(2,494)**	(1,478)
Net current assets		**25,322**	14,942
Total assets less current liabilities		**124,042**	113,662
Net assets		**124,042**	113,662
Capital and reserves			
Called-up share capital	8	**22,678**	18,345
Share premium account	8	**29,288**	26,115
Merger reserve	9	**68,293**	68,293
Share-based payment reserve	10	**680**	580
Profit and loss account	11	**3,103**	329
Shareholders' funds	13	**124,042**	113,662

These financial statements were approved by the Board of directors and authorised for issue on 12 July 2010 and are signed on their behalf by:

R.F.Flynn
Director
Company Registration number: 04966347

Notes to the Company Financial Statements

1. Legal status and activities

AssetCo plc ("the Company") is principally a holding company for other companies within the Group.

The separate financial statements of the Company ("parent company financial statements") are presented as required by the Companies Act 2006.

For greater clarity, the parent company financial statements have been presented in round thousands (£'000).

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The parent company financial statements have been prepared in accordance with United Kingdom accounting standards under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

Note 23 ("Share capital") of the consolidated financial statements of AssetCo plc forms part of these financial statements.

2.2 Investments

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for permanent diminution in value.

2.3 Share-based payments

The Company has applied the requirements of FRS 20, "Share-based Payments". The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

2.4 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.5 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

3. Auditor's remuneration

	2010 £'000	2009 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	**73**	73

4. Particulars of employees

	2010 £'000	2009 £'000
Number of directors	**5**	5

The executive directors received all of their remuneration, as disclosed in the Report of the Directors of the consolidated financial statements, from AssetCo Group Limited. However, it is not practicable to allocate such costs between their services as executives of AssetCo Group Limited and their services as directors of AssetCo plc and other Group companies. The remuneration of the non-executive directors, which is wholly attributable to the Company, is disclosed in the Report of the Directors of the consolidated financial statements.

5. Investments

	Shares in group undertakings £'000
Cost	
At 1 April 2009 and 31 March 2010	98,720

Disposal

During the year, the Company disposed of its interest in Auto Electrical Services (Manchester) Limited. In the opinion of the directors, the value of this investment has been retained through the Group's continuing ownership of M~Flow Limited. An adjustment to investments has therefore not been made.

Impairment

The carrying value of investments is reviewed annually by the directors for potential impairment. The carrying value of the investments is, in the opinion of the directors, fairly stated at 31 March 2010. Sensitivity analyses have been carried out in relation to future income streams and cash flows using a discount rate of 13% which have allowed the directors to conclude there is no potential impairment.

Subsidiary undertakings

The Company has a controlling interest directly through shares in the following undertakings:

Subsidiary	Country of incorporation	Percentage of shares held	Shares held	Nature of business
AS Fire and Rescue Equipment Limited	England & Wales	100%	Ordinary	Manufacture and distribution of safety equipment
AssetCo Fire and Rescue (formerly ÅssetCo Group Limited)	N. Ireland	100%	Ordinary	Holding company
Todd Research Limited	England & Wales	100%	Ordinary	Manufacture and distribution of security equipment
M~Flow Limited	England & Wales	100%	Ordinary	Electrical and communication systems

None of the above investments are listed on a recognised Stock Exchange.

6. Debtors

	Company 2010 £'000	Company 2009 £'000
Amounts owed by group undertakings	**27,795**	8,872
Prepayments and accrued income	**–**	48
	27,795	8,920

7. Creditors: amounts falling due within one year

	Company 2010 £'000	Company 2009 £'000
Other taxation and social security	**1,538**	1,471
Accruals and deferred income	**160**	7
Bank loans and overdrafts	**796**	–
	2,494	1,478

8. Share capital

	Number of Shares	Share capital £'000	Share Premium £'000	Total £'000
At 1 April 2009	73,379,406	18,345	26,115	44,460
Proceeds from ordinary shares issued	17,333,333	4,333	3,173	7,506
At 31 March 2010	**90,712,739**	**22,678**	**29,288**	**51,966**

The total authorised number of ordinary shares is 95,000,000 (2009: 95,000,000) with a nominal value of 25 pence per share (2009: 25 pence per share). All issued shares are fully paid.

Notes to the Company Financial statements

9. Merger reserve

	Total £'000
At 1 April 2009 and 31 March 2010	**68,293**

10. Share-based payment reserve

	Total £'000
At 1 April 2009	580
Share-based payments	100
At 31 March 2010	**680**

11. Profit and loss account

	Total £'000
At 1 April 2009	329
Profit for the financial year	3,914
Dividends paid in year	(1,140)
At 31 March 2010	**3,103**

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in the parent company financial statements. The profit for the year of the Company was £2.214m (2009: loss £0.084m).

12. Share-based payments

Details of the share options granted over the Company's shares by Group companies to employees, and that remain outstanding at the balance sheet date, are set out in Note 23 to the AssetCo plc consolidated financial statements. The amounts recognised as an expense in relation to equity-settled share-based payment transactions during the year was £100,000 (2009: £140,000).

13. Reconciliation of movement in shareholders' funds

	2010 £'000	2009 £'000
At 1 April	**113,662**	113,023
Profit/(loss) for the financial year	**3,914**	(84)
New share capital subscribed	**7,506**	1,303
Share-based payments	**100**	140
Dividends paid	**(1,140)**	(720)
At 31 March	**124,042**	113,662

14. Related party transactions

Related parties comprise the Company's shareholders, subsidiaries and key management personnel.

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

Amounts due from related parties

	2010 £'000	2009 £'000
Company		
Group undertakings	**27,795**	8,872

15. Post-balance sheet events

On 25 June 2010, the board recommended a final dividend for the year to 31 March 2010 of 1.5p per share (2009 1.25p per share). This dividend has not been included as a liability at 31 March 2010.

Notice of Annual General Meeting

This year's Annual General Meeting will be held at the offices of Arden Partners plc at 125 Old Broad Street, London, EC2N 1AR at 11.00 a.m. on 18 August 2010. You will be asked to consider and pass the resolutions below. Resolutions 9, 10 and 11 will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

Resolution 1:
THAT the report of the directors and the audited accounts for the year ended 31 March 2010 laid before the meeting, be received.

Resolution 2:
THAT the report on directors' remuneration as set out in the annual report for the year ended 31 March 2010 laid before the meeting, be received.

Resolution 3:
THAT Timothy Redmayne Wightman, a director retiring by rotation pursuant to Article 66, be re-elected a director of the Company.

Resolution 4:
THAT Andrew Wayne Freemantle, who was appointed as a director of the Company by the board since the date of the last annual general meeting of the Company, be elected a director of the Company.

Resolution 5:
THAT Grant Thornton UK LLP be re-appointed auditors of the Company to hold office until the conclusion of the next general meeting at which the accounts are to be laid before the Company and their remuneration be determined by the directors.

Resolution 6:
THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") in substitution for all existing authorities:

(i) to exercise all powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together the "Relevant Securities") up to an aggregate nominal amount of £7,559,395; and

(ii) to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to an additional aggregate nominal amount of £7,559,395 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever;

provided that the authorities in 6(i) and 6(ii) shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

Resolution 7:
THAT a final dividend for the year ended 31 March 2010 of 1.5 pence per share, on the ordinary shares of 25 pence each of the Company, be declared payable on 25 October 2010 to shareholders registered at the close of business on 24 September 2010.

Resolution 8:
THAT the rules of the AssetCo Performance Share Plan 2010 (the "Plan"), referred to in the Chairman of the Board's letter to shareholders dated 19 July 2010 and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, and a limit to share usage under the Plan of no more than 2.5m shares up to the 2011 AGM, be approved and the Directors be authorised to:

(a) make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan; and

(b) establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

Special Resolutions

Resolution 9:
THAT the directors be and are empowered, in accordance with section 570 of the Act, to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority conferred by resolution 6 or by way of a sale of treasury shares as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and

(ii) the allotment (otherwise than pursuant to paragraph 8(i) above) of equity securities up to an aggregate nominal amount of £2,267,818.50.

and shall expire upon the expiry of the general authority conferred by resolution 6 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Resolution 10:
THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares in the capital of the Company, provided that:

(i) the number of ordinary shares hereby authorised to be purchased shall not exceed 10% of the Company's issued ordinary share capital at the date of this resolution;

Notice of Annual General Meeting

(ii) the minimum price, exclusive of any expenses, which may be paid for any ordinary share shall not be less than its nominal value;

(iii) the maximum price, exclusive of any expenses, which may be paid for any such ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the date on which such share is contracted to be purchased;

(iv) this authority shall expire at the end of the next annual general meeting of the Company; and

(v) the Company may make a contract for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contracts as if such authority had not expired.

Resolution 11:
THAT:

(i) the existing articles of association of the Company are amended by deleting all of the provisions of the Company's memorandum of association which by virtue of section 28 of the Act, are treated as provisions of the Company's existing articles of association; and

(ii) the new articles of association produced to the meeting and initialled by the Chairman of the meeting for identification purposes be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

19 July 2010

By order of the Board

Michael Lavender
Company Secretary

Registered Office:
800 Field End Road
South Ruislip
Middlesex
HA4 0QH

Registered in England and Wales No. 04966347

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Please do not appoint the Chairman as proxy if it is your intention that your proxy is to speak at the Annual General Meeting; the Chairman will not speak in his capacity as proxy at the Annual General Meeting. If you

do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services on 0870 889 3198.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at The Pavillions, Bridgewater Rd, Bristol BS99 6ZY and in any event no later than 11.00 a.m. on 16 August 2010. Proxy appointments may also be sent by fax to 0870 703 6116.

3. The return of a completed proxy form will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so. To change your proxy instructions, you may return a new proxy appointment using the methods set out above. Where two or more valid separate appointments of proxy are received in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 11.00 a.m. on 16 August 2010 (if the AGM is adjourned, 2 working days before the time fixed for the adjourned AGM) and shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 16 July 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 90,712,740 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 16 July 2010 are 90,712,740.

8. We apologise but the appointment of proxies or the giving of any instruction by the CREST system will not be accepted for the purposes of this Annual General Meeting.

9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (HYPERLINK "http://www.icsa.org.uk" www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.

Financial Calendar

AGM 18 August 2010
Dividend Record Date 24 September 2010
Dividend Payment Date 25 October 2010
FY 11 Interim Results December 2010

With thanks to the London Fire Brigade for use of the photographs.

Company Information

Company registration number	04966347
Registered office	800 Field End Road South Ruislip Middlesex HA4 0QH
Directors	Tim Wightman (Chairman) John Shannon Frank Flynn Adrian Bradshaw Peter Manning Andrew Freemantle (appointed 1 January 2010)
Secretary	Michael Lavender
Bankers	Bank of Scotland (Ireland) Limited Donegall Square North Belfast BT1 5GB
Solicitors	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Churchill House Chalvey Road East Slough Berkshire SL1 2LS
Nominated adviser, financial adviser and corporate Broker	125 Old Broad Street Arden Parnters plc London EC2N 1AR EC2N 1AR
Financial public relations	Pelham Public Relations 5th Floor Holborn Gate London EC4R 9AB
Registrar	Computershare Investor Services PLC PO Box 1075 The Pavilions Bridgwater Road Bristol BS99 3FA
Website	www.assetco.com

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