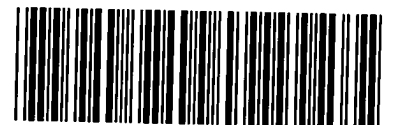


Company Registration No. 01205530 (England and Wales)

ADDISON LEE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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ADDISON LEE LIMITED

COMPANY INFORMATION

Directors	L Griffin A K Boland D G Stickland	(Appointed 1 July 2016)
Secretary	L Gage	
Company number	01205530	
Registered office	35-37 William Road London NW1 3ER	
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF	
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP	
	ING ING Groep N.V. P.O. Box 1800 Amsterdam Netherlands 1000 BV	

ADDISON LEE LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 30

ADDISON LEE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their Strategic Report for the year ended 31 August 2016.

Fair review of the business

The company is principally engaged in ground transportation activities operating private mini-cab hire, delivery and courier services.

Net current assets have increased from £47.4m as at 31 August 2015 to £60.2m as at 31 August 2016 and shareholders' funds have increased from £65m to £78.8m. This increase is due principally to the continued strong financial performance of the company which is described in more detail below.

The directors consider that the company's key financial performance indicators to be those that communicate the financial performance and strength of the company as a whole, those being turnover and gross profit.

	2016 £'000	2015 £'000	Change %
Turnover	165,103	197,088	-16.2
Gross profit	60,937	68,516	-11.1
Gross profit margin	37%	35%	

The company has faced a challenging competitive environment during the year resulting in a reduction in the number of jobs carried out. In addition, this was the first full year of the impact of the change in the way that non-account credit card bookings were accounted for with the change being made in May 2015. Both these factors are reflected in a reduction in revenue of some 16%. However, given the largely variable nature of cost of sales, the company has managed the cost base effectively and the gross profit margin has increased by 2%.

Principal risks and uncertainties

Financial Instruments risks

The company's financial instruments include financial assets and liabilities such as trade debtors and trade creditors arising directly from operations and hire purchase contracts arising from the acquisition of vehicles. The company monitors and manages the financial risks relating to the operations of the company. These risks include liquidity risk and credit risk.

Liquidity risk

The group manages its cash and borrowing in order to meet its working capital requirements, maximise interest income and minimise interest expense as effectively as possible. The company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities, and by maintaining the company's assets in marketable investments which can be easily converted into cash if required.

Credit risk

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

On behalf of the board



D G Stickland

Director

16 December 2016

ADDISON LEE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their report and financial statements for the year ended 31 August 2016.

Principal activities

The company is principally engaged in ground transportation activities operating private mini-cab hire, delivery and courier services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L Griffin

A K Boland

D G Stickland

(Appointed 1 July 2016)

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a dividend (2015: nil).

Financial instruments

Details of financial instruments are provided in the strategic report on page 1.

Research and development

The company continues to undertake research and development activities in relation to its booking, management and communications systems in order to improve and enhance both the customer experience and delivery of its services.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

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

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

Creditor payment policy

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

Events after the balance sheet date

The directors are not aware of any important events affecting the company which have occurred since the end of the year.

ADDISON LEE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Future developments

The company will continue to focus on growth in its current market through acquiring new customers, exploring opportunities to encourage existing customers to spend more and minimising the customers who churn. In addition the company will also look to evaluate opportunities in new geographic locations in parallel with improving its overall service offerings.

Auditors

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

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



D G Stickland

Director

16 December 2016

ADDISON LEE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK 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 resume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ADDISON LEE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADDISON LEE LIMITED

We have audited the financial statements of Addison Lee Limited for the year ended 31 August 2016, which comprise the Profit and Loss account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

ADDISON LEE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ADDISON LEE LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



**Nicholas Jacques (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor**

London, United Kingdom

16 December 2016

ADDISON LEE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £000	2015 £000
Turnover	3	165,103	197,088
Cost of sales		(104,166)	(128,572)
Gross profit		<u>60,937</u>	<u>68,516</u>
Distribution costs		(12,160)	(13,908)
Administrative expenses		(29,007)	(28,912)
Other operating income		-	1,063
Exceptional and other non-recurring items	4	(5,291)	(8,957)
Operating profit	5	<u>14,479</u>	<u>17,802</u>
Interest receivable and similar income	8	5,942	1,792
Interest payable and similar charges	9	(1,977)	(1,200)
Fair value losses	10	(276)	-
Profit before taxation		<u>18,168</u>	<u>18,394</u>
Taxation	11	(3,857)	(6,914)
Profit for the financial year		<u><u>14,311</u></u>	<u><u>11,480</u></u>

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

ADDISON LEE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £000	2015 £000
Profit for the year	14,311	11,480
Other comprehensive income	-	-
Total comprehensive income for the year	<u>14,311</u>	<u>11,480</u>

ADDISON LEE LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Goodwill	12		6,037		8,488
Other intangible assets	12		11,304		6,081
			<u>17,341</u>		<u>14,569</u>
Tangible assets	13		2,233		2,499
Investments	14		100		1,179
			<u>19,674</u>		<u>18,247</u>
Current assets					
Debtors	16	110,070		66,249	
Cash at bank and in hand		15,241		30,666	
		<u>125,311</u>		<u>96,915</u>	
Creditors: amounts falling due within one year	17	(64,535)		(49,445)	
Net current assets			<u>60,776</u>		<u>47,470</u>
Total assets less current liabilities			<u>80,450</u>		<u>65,717</u>
Provisions for liabilities	18		(1,087)		(665)
Net assets			<u>79,363</u>		<u>65,052</u>
Capital and reserves					
Called up share capital	21		200		200
Share premium account	22		103		103
Profit and loss reserves			79,060		64,749
Total equity			<u>79,363</u>		<u>65,052</u>

The financial statements were approved by the board of directors and authorised for issue on 16 December 2016 and are signed on its behalf by:



D G Stickland
Director

Company Registration No. 01205530

ADDISON LEE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2016

	Share capital	Share premium account	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 September 2014	200	103	53,269	53,572
Year ended 31 August 2015:				
Profit and total comprehensive income for the year	-	-	11,480	11,480
Balance at 31 August 2015	200	103	64,749	65,052
Year ended 31 August 2016:				
Profit and total comprehensive income for the year	-	-	14,311	14,311
Balance at 31 August 2016	200	103	79,060	79,363

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

Addison Lee Limited is a company limited by shares incorporated in England and Wales. The registered office is 35-37 William Road, London, NW1 3ER.

1.1 Accounting convention

The financial statements of Addison Lee Limited were approved for issue by the Board of Directors on 16 December 2016.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

These financial statements for the year ended 31 August 2016 are the first financial statements of Addison Lee Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Addison Lee Holdings Limited. These consolidated financial statements are available from its registered office, at 35-37 William Road, London, NW1 3ER.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.3 Turnover

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

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

Account customers

Revenue from bookings made by account customers, including account and credit card bookings, represents amounts billed for the provision of private vehicle hire services to these customers. The company acts as a principal as it retains exposure to all significant benefits and risks associated with account and credit card bookings in accordance with the principal versus agent criteria as defined in FRS 102 Section 23 'Revenue'. This revenue is recognised when the service has been provided. Revenue in respect of bookings received when the service is provided subsequent to the balance sheet date is correspondingly deferred on the balance sheet within deferred income.

Non-account customers

Revenue from bookings made by non-account customers, including credit card and cash bookings, represents amounts billed to drivers in respect of a booking fee in return for allocating the customer. The company acts as an agent as the driver retains exposure to all significant benefits and risks associated with account and credit card bookings in accordance with the principal versus agent criteria as defined in FRS 102 Section 23. This revenue is allocated when the customer has been allocated to the driver. At the start of 2015, the group was the principal for non-account credit card bookings. However, in May 2015, in order to make non-account services consistent between cash and credit card, the driver became the principal.

Other revenue streams

Revenue from the rental of vehicles to drivers and associated advertising services and other ancillary and related services is recognised on a time apportioned basis.

Revenue from delivery, courier and other ancillary and related services is recognised when the service has been provided.

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

1.4 Intangible fixed assets - goodwill

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

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Capitalisation of development costs

Internal labour costs associated with research and development on software projects have been capitalised in accordance with the requirements of Section 18 Intangible assets other than goodwill. Labour costs are allocated to projects according to actual time worked. The cost of external developers and other ancillary costs have also been capitalised.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	20% straight line
Software development Costs	33% straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% - 33% straight line
Fixtures, fittings and equipment	33% - 50% straight line
Motor vehicles	33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Financial instruments

A financial asset or financial liability is recognised when an entity measures it at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

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

1.9 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Provision is made for dilapidations where the lease requires the reinstatement of the premises to its original state.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Exceptional and other non-recurring items

The directors consider transactions to be disclosed as exceptional items if individually or, if of a similar type, in aggregate, are one off and non-recurring in nature.

1.14 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Addison Lee Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of Addison Lee Holdings Limited.

1.15 Interest payable

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

1.16 Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

There are no significant critical judgements that the directors have made in applying the company's accounting policies that have any significant effect on the amounts recognised in the financial statements.

- The classification of items as exceptional and other non-recurring items requires significant judgement to determine whether items are part of normal operating activities. Further details are set out in note 4.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £000	2015 £000
Turnover		
Account customers	145,830	154,010
Non-account customers	18,519	39,249
Other revenue streams	754	3,829
	<u>165,103</u>	<u>197,088</u>

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the England and Wales from continuing activities.

4 Exceptional and other non-recurring items

		2016 £000	2015 £000
Strategic review	(a)	-	4,252
Restructuring	(b)	2,759	3,648
Aborted acquisition costs	(c)	480	1,057
Legal and professional fees	(d)	130	-
Other non-recurring items	(e)	1,922	-
		<u>5,291</u>	<u>8,957</u>

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

(b) Restructuring costs comprise costs of onerous leases, redundancies, professional fees, one off set up costs associated with setting up new management structures and business operations

(c) Costs associated with aborted acquisitions

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

(e) Costs associated with an onerous lease provision for vacant property arising from a property re-organisation, a one-off provision to recover old uncollectible debts, and payments of discretionary retention bonuses.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

5 Operating profit

	2016 £000	2015 £000
Operating profit for the year is stated after charging/(crediting):		
Intra-group management fee	3,752	1,063
Exchange losses	-	37
Fees payable to the company's auditor for the audit of the company's financial statements	190	113
Depreciation of owned tangible fixed assets	1,076	3,215
Profit on disposal of tangible fixed assets	(16)	(8)
Amortisation of intangible assets	7,474	2,728
Operating lease charges	1,119	719

6 Employees

The average monthly number of persons, including directors, employed by the company during the year was:

	2016 Number	2015 Number
Administration	202	232
Distribution	472	502
	<u>674</u>	<u>734</u>

Their aggregate remuneration comprised:

	2016 £000	2015 £000
Wages and salaries	22,693	23,608
Social security costs	2,305	2,274
Pension costs	245	309
	<u>25,243</u>	<u>26,191</u>

7 Directors' remuneration

	2016 £000	2015 £000
Remuneration for qualifying services	<u>875</u>	<u>694</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>464</u>	<u>498</u>
--------------------------------------	------------	------------

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Interest receivable and similar income

	2016 £000	2015 £000
Interest income		
Interest on bank deposits	112	50
Interest receivable from group companies	2,823	1,742
	<u>2,935</u>	<u>1,792</u>
Total interest revenue	2,935	1,792
Other income from investments		
Dividends from subsidiary undertakings	2,500	-
Dividends from associates	60	-
Exchange differences	447	-
	<u>5,942</u>	<u>1,792</u>
Total income	5,942	1,792

Interest of 5% per annum is charged on intercompany loans.

9 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable to group undertakings	1,974	1,187
Other interest	3	13
	<u>1,977</u>	<u>1,200</u>

10 Fair value losses

	2016 £000	2015 £000
Amounts written off investments held at fair value	(276)	-

11 Taxation

	2016 £000	2015 £000
Current tax		
UK corporation tax on profits for the current period	2,940	4,238
Adjustments in respect of prior periods	779	2,838
	<u>3,719</u>	<u>7,076</u>
Total current tax	3,719	7,076

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 Taxation	(Continued)	
Deferred tax		
Origination and reversal of timing differences	138	(162)
	<u>138</u>	<u>(162)</u>
 Total tax charge	 3,857	 6,914
	<u>3,857</u>	<u>6,914</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£000	£000
Profit before taxation	18,168	18,394
	<u>18,168</u>	<u>18,394</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.58%)	3,634	3,785
Non deductible expenses	(448)	845
Adjustments in respect of prior years	779	2,838
Group relief claimed for nil consideration	(687)	(1,185)
Effect of change in corporation tax rate on deferred taxes	(6)	-
Controlled foreign company	566	631
Other tax adjustments	19	-
	<u>3,857</u>	<u>6,914</u>
Tax expense for the year	3,857	6,914

The Finance Act 2014 included legislation to reduce the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015. The Finance Act (No.2) 2015 introduced a further reduction to 19% from 1 April 2017 and 18% from 1 April 2020. As these reductions were enacted at the balance sheet date the closing deferred tax balances have been calculated at the appropriate rate.

The Finance Act 2016, enacted on 15 September 2016 replaces the 18% rate with a 17% rate to be applied from 1 April 2020, the impact of this reduction has not been reflected in the financial statements as the rate was not substantively enacted at the balance sheet date.

The company expects deferred tax assets of £39k to reverse in 2017.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Intangible fixed assets

	Goodwill £000	Software £000	Patents £000	Total £000
Cost				
At 1 September 2015	18,301	14,225	1,001	33,527
Additions	-	8,502	92	8,594
Additions acquired from related entities	2,016	-	-	2,016
Transfers	-	571	-	571
At 31 August 2016	20,317	23,298	1,093	44,708
Amortisation and impairment				
At 1 September 2015	9,813	8,986	159	18,958
Amortisation acquired from related entities	935	-	-	935
Amortisation charged for the year	3,532	3,733	209	7,474
At 31 August 2016	14,280	12,719	368	27,367
Carrying amount				
At 31 August 2016	6,037	10,579	725	17,341
At 31 August 2015	8,488	5,239	842	14,569

Additions include the purchase of patents and trademark.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

13 Tangible fixed assets

	Land and buildings Leasehold	Assets under construction	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2015	311	571	8,232	202	9,316
Additions	-	500	875	20	1,395
Disposals	-	-	-	(78)	(78)
Transfers	-	(571)	-	-	(571)
At 31 August 2016	311	500	9,107	144	10,062
Depreciation and impairment					
At 1 September 2015	287	-	6,400	130	6,817
Depreciation charged in the year	2	-	1,050	24	1,076
Eliminated in respect of disposals	-	-	-	(64)	(64)
At 31 August 2016	289	-	7,450	90	7,829
Carrying amount					
At 31 August 2016	22	500	1,657	54	2,233
At 31 August 2015	24	571	1,832	72	2,499

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Fixed asset investments

Movements in fixed asset investments

	Shares in group undertakings and participating interests £000	Loans to group undertakings and participating interests £000	Unlisted investments £000	Total £000
Cost or valuation				
At 1 September 2015	350	553	736	1,639
Reclassification	(250)	(553)	-	(803)
At 31 August 2016	100	-	736	836
Impairment				
At 1 September 2015	-	-	460	460
Impairment losses	-	-	276	276
At 31 August 2016	-	-	736	736
Carrying amount				
At 31 August 2016	100	-	-	100
At 31 August 2015	350	553	276	1,179

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

15 Subsidiaries

Details of the company's subsidiaries at 31 August 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held		
			Direct	Indirect	
Professional IT (Logistics) Limited	England and Wales	Software development	Ordinary	100.00	
Addison Lee Insurance Limited	Guernsey	Parallel insurance captive	Ordinary	100.00	
Addison Lee Trustee Limited	Guernsey	Holding company	Ordinary	100.00	
Ecoigo Limited (formerly Anderson Young Limited)	England and Wales	Dormant	Ordinary	100.00	
Blueback Limited	England and Wales	Private mini-cab hire	Ordinary	100.00	
Homeflag Limited	England and Wales	Dormant	Ordinary	100.00	
London Executive Limited (formerly Tizard Holdings)	England and Wales	Dormant	Ordinary	100.00	
W1 Cars Limited	England and Wales	Private mini-cab hire	Ordinary	100.00	
The Addison Lee Purpose Trust	Guernsey	Purpose Trust	Ordinary		100.00

16 Debtors

	2016 £000	2015 £000
Amounts falling due within one year:		
Trade debtors	22,156	20,631
Amounts due from subsidiary undertakings	159	121
Amounts due from fellow group undertakings	81,434	37,414
Other debtors	3,810	5,008
Prepayments and accrued income	1,363	1,788
	<u>108,922</u>	<u>64,962</u>
Amounts falling due after one year:		
Deferred tax asset	1,148	1,287
	<u>110,070</u>	<u>66,249</u>
Total debtors	<u>110,070</u>	<u>66,249</u>

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

17 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	5,530	5,851
Amounts due to group undertakings	48,805	31,958
Corporation tax	787	2,315
Other taxation and social security	3,901	4,755
Other creditors	1,836	1,914
Accruals and deferred income	3,676	2,652
	<u>64,535</u>	<u>49,445</u>

18 Provisions for liabilities

	2016 £000	2015 £000
Provisions	1,087	665
	<u>1,087</u>	<u>665</u>

	Dilapidation Provisions £000	Onerous Lease £000	Total £000
At 1 Sept 2015	665	-	665
Profit and loss account	-	422	422
	<u>665</u>	<u>422</u>	<u>1,087</u>
As 31 August 2016	<u>665</u>	<u>422</u>	<u>1,087</u>

Provisions include onerous lease and dilapidation provisions.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £000	Assets 2015 £000
Balances:		
Capital allowances	1,048	1,249
Pension	2	-
Lease provisions	76	-
Holiday pay accrual	8	38
Dilapidation provision	14	-
	<u>1,148</u>	<u>1,287</u>

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

		(Continued)	
19	Deferred taxation		2016
			£000
	Movements in the year:		
	Asset at 1 September 2015		1,287
	Credit to profit or loss		(139)
			<u>1,148</u>
	Asset at 31 August 2016		<u>1,148</u>
20	Retirement benefit schemes		
		2016	2015
		£000	£000
	Defined contribution schemes		
	Contributions payable by the company for the year	245	183
		<u>245</u>	<u>183</u>
21	Share capital		
		2016	2015
		£000	£000
	Ordinary share capital		
	Allotted, called up and fully paid		
	200,000 ordinary shares of £1 each	200	200
		<u>200</u>	<u>200</u>
22	Share premium account		
		2016	2015
		£000	£000
	At beginning and end of year	103	103
		<u>103</u>	<u>103</u>
23	Capital commitments		
		2016	2015
		£000	£000
	As 31 August 2016 the company had capital commitments as follows:		
	Contracted capital expenditure for but not provided in the financial statements	2,589	-
		<u>2,589</u>	<u>-</u>

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

24 Operating lease commitments

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2016 £000	2015 £000
Within one year	671	671
Between two and five years	709	671
In over five years	372	1,081
	<u>1,752</u>	<u>2,423</u>

25 Controlling party

From the 19 April 2013 the controlling entity is Addison Lee Group Limited. Its consolidated annual report is available from their registered office. Prior to this date there was no ultimate controlling party.

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

26 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 September 2014 £000	31 August 2015 £000
Equity as reported under previous UK GAAP	54,278	65,908
Adjustments arising from transition to FRS 102:		
1. Holiday pay accrual	1 (217)	(405)
2. Dilapidation provision	2 (665)	(665)
3. Deferred tax	3 176	214
Equity reported under FRS 102	<u>53,572</u>	<u>65,052</u>

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

26 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of profit for the financial period

	Notes	2015 £000
Profit as reported under previous UK GAAP		11,630
Adjustments arising from transition to FRS 102:		
1. Holiday pay accrual	1	(188)
2. Dilapidation provision	2	-
3. Deferred tax	3	38
Profit reported under FRS 102		11,480

Reconciliation of balance sheet

	At 1 September 2014			At 31 August 2015			
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes	£000	£000	£000	£000	£000	£000
Fixed assets							
Goodwill		8,663	-	8,663	8,488	-	8,488
Other intangibles	2	244	5,239	5,483	842	5,239	6,081
Tangible assets	3	3,509	(5,239)	(1,730)	7,738	(5,239)	2,499
Investments		1,279	-	1,279	1,179	-	1,179
		13,695	-	13,695	18,247	-	18,247
Current assets							
Debtors - deferred tax		-	176	176	(214)	214	-
Debtors - other		55,845	-	55,845	66,249	-	66,249
Bank and cash		12,639	-	12,639	30,666	-	30,666
		68,484	176	68,660	96,701	214	96,915
Creditors due within one year							
Loans and overdrafts		(1,888)	-	(1,888)	-	-	-
Finance leases		(13)	-	(13)	-	-	-
Taxation		(6,534)	-	(6,534)	(7,070)	-	(7,070)
Other creditors	1, 2	(20,386)	(217)	(20,603)	(41,970)	(405)	(42,375)
		(28,821)	(217)	(29,038)	(49,040)	(405)	(49,445)
Net current assets		39,663	(41)	39,622	47,661	(191)	47,470
Total assets less current liabilities		53,358	(41)	53,317	65,908	(191)	65,717

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

26 Reconciliations on adoption of FRS 102

(Continued)

	Notes	At 1 September 2014			At 31 August 2015		
		Previous UK GAAP £000	Effect of transition £000	FRS 102 £000	Previous UK GAAP £000	Effect of transition £000	FRS 102 £000
Creditors due after one year							
Finance leases		(27)	-	(27)	-	-	-
Provisions for liabilities							
Deferred tax		947	-	947	-	-	-
Other provisions	2	-	(665)	(665)	-	(665)	(665)
		947	(665)	282	-	(665)	(665)
Net assets		54,278	(706)	53,572	65,908	(856)	65,052
Capital and reserves							
Share capital		200	-	200	200	-	200
Share premium		103	-	103	103	-	103
Profit and loss	1, 2	53,975	(706)	53,269	65,605	(856)	64,749
Total equity		54,278	(706)	53,572	65,908	(856)	65,052

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

26 Reconciliations on adoption of FRS 102 (Continued)

	At 1 September 2014			At 31 August 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes £000	£000	£000	£000	£000	£000
Reconciliation of profit for the financial period						
				Year ended 31 August 2015		
				Previous UK GAAP	Effect of transition	FRS 102
	Notes			£000	£000	£000
Turnover				197,087	-	197,087
Cost of sales				(128,572)	-	(128,572)
Gross profit				68,515	-	68,515
Distribution costs				(13,908)	-	(13,908)
Administrative expenses	2			(28,723)	(188)	(28,911)
Other operating income				1,063	-	1,063
Exceptional items				(8,957)	-	(8,957)
Operating profit				17,990	(188)	17,802
Interest receivable and similar income				1,792	-	1,792
Interest payable and similar charges				(1,200)	-	(1,200)
Profit before taxation				18,582	(188)	18,394
Taxation				(6,952)	38	(6,914)
Profit for the financial period				11,630	(150)	11,480

Notes to reconciliations on adoption of FRS 102

1. Holiday Pay Accrual

Under previous UK GAAP, the group did not accrue for holiday pay. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £0.2m and £0.18m for the company on 1 September 2014 and 31 August 2015 respectively.

2. Dilapidation Provision

Provision is made for dilapidations where the lease requires the reinstatement of the premises to its original state. The level of provision is based upon damages report and is reviewed annually. The impact is to increase the dilapidation provision by £0.67m and £nil for the company on 1 September 2014 and 31 August 2015 respectively.

ADDISON LEE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

26 Reconciliations on adoption of FRS 102

(Continued)

3. Software Development Costs

Internal labour costs associated with research and development on software projects have been capitalised in accordance with the requirements of Section 18 Intangible assets other than goodwill. Labour costs are allocated to projects according to actual time worked. The cost of external developers and other ancillary costs have also been capitalised. Reclassification of £5.2m from tangible assets to intangible assets has been made in accordance with FRS 102.