Annual Report and Accounts 2016

Contents

Operational and financial headlines

The year to 30 June 2016 has seen significant further progress in the Group strategy of focus on Growth, Profitability and Sustainability. The year saw an expansion in the range of services provided by the Group by virtue of an acquisition, new contract wins and increases in the volume of business handled with existing customers. The resultant diversification into related but complementary services has consequently enabled the Group to diversify its revenues and reduce its exposure to traditional insurance sources.

Highlights

- Turnover £379.2m (2015: £248.7m)
- Adjusted* EBIT of £34.5m (2015: £22.3m)
- Adjusted* EBIT (excluding acquisitions) of £30.5m (2015: £22.3m)
- Adjusted* profit before taxation of £34.6m (2015: £22.7m)
- Adjusted* basic EPS of 9.64p (2015: 8.40p)
- Proposed Final Dividend of 5.15 pence per share for year ended 30 June 2016 making 9.65 pence for the year as a whole. (2015: 4.25 pence making 8.25 pence for the year as a whole excluding Special Dividend)
- Net operating activities cash flow of £42.1m (2015: £36.8m)
- Net operating cash flow to EBITDA ratio of 98% (2015: 116%)
- Debtor days reduced to 94 days from 100 days
- Total cash balances of £34.6m (2015: £27.6m adjusted for £41.0m cash spent on acquisition)
- Net debt of £5.2m (2015: net debt £1.3m adjusted for £41.0m spent on acquisition of FMG)

	2016	2015	% movement
Financial KPIs			
Revenue (£'000)	**379,244**	248,671	52.5
Gross profit (£'000)	**98,276**	76,588	28.3
Gross margin	**25.9%**	30.8%	(4.9)pt
Profit before taxation (£'000)	**31,305**	24,345	28.6
EBIT (£'000)	**31,261**	24,406	28.1
Adjusted* profit before taxation (£'000)	**34,627**	22,727	52.4
Adjusted* EBIT (£'000)	**34,500**	22,286	54.8
Adjusted* EBIT margin	**9.1%**	9.0%	0.1pt
Adjusted* Operating margin	**8.8%**	8.8%	0.0pt
EBITDA (£'000)	**43,013**	31,585	36.2
Operating cash flow/EBITDA	**98%**	116%	(18)pt
Statutory debtor days	**94**	100	(6)

*Adjusted measures exclude the impact of amortisation of intangibles and exceptional items ('adjustment items') described in note 4.

Business profile

Founded in 1992, and working predominantly with insurance companies, insurance brokers, prestige motor dealerships, and large national fleet owners the Group provides a range of accident management, incident management and legal services.

The name Redde is associated in Latin with the concept of restoration.

Our services

The Group offers a comprehensive package of motor claims accident management services, including vehicle replacement and repair management together with full claims-handling assistance as well as legal and other bespoke services. It is positioned to provide its key business partners with a range of services, from direct assistance to the non-fault motorist, through to partially or fully outsourced case-handling facilities.

The Group is a leading supplier to the motor insurance industry and aims to be the preferred claims outsourcing partner for UK motor insurers by providing claims solutions which reduce internal expenditure and administration. Claims made upon the at-fault motorists' insurers represent the majority of our receivables at any given point.

Our operations

The Group provides its accident management services from operational call centre sites in Peterlee, County Durham, Huddersfield and Croydon as well as solicitors' services through Principia from Northwich and NewLaw from Bristol, Cardiff and an associated office in Glasgow.

Our business partners are insurance companies, brokers and other motoring organisations such as car dealerships, motor manufacturers, leasing companies repair centres.

The Group also provides specialised large fleet accident and incident management services through the FMG group of companies with over 300,000 fleet vehicles under management.

The Group manages its own fleet of approximately 7,000 vehicles and has access to over 50,000 vehicles through selected rental partnerships.

Our locations

Redde plc employs approximately 2,000 people across its offices and operational sites including 25 branches. The Group is well-placed to ensure that replacement vehicles can be delivered to customers promptly.

Operational sites

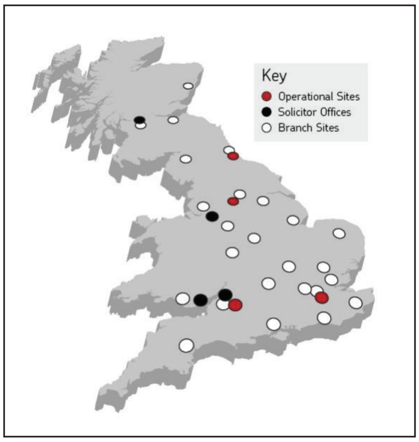
Bath (Head office)
Croydon
Huddersfield
Peterlee

Solicitor Offices

Bristol
Cardiff
Glasgow
Northwich

Branch sites

Aberdeen
Ashford
Birmingham
Brentwood
Bridgend
Brighton
Bristol
Carlisle
Doncaster
Edinburgh
Exeter
Glasgow
Haydock
Leeds
Leicester
Lincoln
London/Acton
London/Croydon
Milton Keynes
Newcastle
Norwich
Oxford
Southampton
Stansted
Stoke



Chairman's statement

The year to 30 June 2016 has seen significant further progress in the Group strategy of focus on Growth, Profitability and Sustainability. The year saw an expansion in the range of services provided by the Group by virtue of an acquisition, new contract wins and increases in the volume of business handled with existing customers. The resultant diversification into related but complementary services has consequently enabled the Group to reduce its reliance on, and exposure to, traditional insurance market sources of revenue.

Consequently, I am pleased to be able to report to shareholders that the Group achieved an adjusted profit before taxation of £34.6m compared to £22.7m last year, an increase of 52.4%.

Results

Revenues were £379.2m (2015: £248.7m), an increase of £130.5m (52.5%). Revenues include an amount of £61.2m in respect of the FMG group of companies ("FMG") which was acquired on 27 October 2015. Excluding FMG, like for like ("LFL") sales growth was 27.9% driven by a 14.3% growth in credit hires and a 71.7% increase in the total number of repairs undertaken.

The adjusted earnings before interest and taxation ("EBIT") for the year was £34.5m, an increase of 54.8% over the £22.3m achieved last year and included £4.0m in respect of FMG. Adjusted operating margin was unchanged at 8.8% (2015: 8.8%). Excluding FMG, adjusted operating margins improved to 9.2% reflecting the increased sales mentioned above as well as changes in the mix of business handled, improvements in our supply chain and the close control of costs.

There was a net adjusted interest credit of £0.1m (2015: £0.4m) reflecting lower average cash balances following the payment of £41.0m for FMG in October 2015 and the costs of committed but unutilised bank facilities available to the Group.

Adjusted profit before tax for the year was therefore £34.6m (2015: £22.7m), an increase of 52.4%.

A charge of £1.6m in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG), was incurred in the year. In addition there was a pre-tax exceptional net charge of £1.8m (2015: credit of £1.6m) in the period reflecting:

- a £0.7m cost (2015: £0.4m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes;
- a charge of £0.3m (2015: £nil) in respect of reorganisation costs and integration costs on acquisitions;
- a charge of £0.1m (2015: £nil) in respect of the unwind of discount charges on certain provisions;
- acquisition costs of £0.7m (2015: £0.4m on aborted acquisitions) charged as an expense as required by IFRS3.

An exceptional credit of £2.9m was also recorded last year in respect of settlements received in respect of the Group's claims for damages against insurers relating to Autofocus.

After the amortisation of intangible assets and the charge (2015: credit) for exceptional items above, statutory profit before tax was £31.3m (2015: £24.3m) an increase of 28.6%.

There was a net tax charge of £6.0m which is mostly in respect of the reversal of deferred tax assets relating to the use of tax losses and allowances from prior years and represents an effective tax rate of 19.1%. In 2015 there was a net credit of £1.0m principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances. The statutory profit after tax is unchanged from last year at £25.3m.

Earnings per share ("EPS")

Statutory basic EPS is 8.66p (2015: 8.97p). Statutory diluted EPS is 8.26p (2015: 8.46p).

The adjusted EPS is 9.64p (2015: 8.40p). The adjusted diluted EPS is 9.20p (2015: 7.92p).

The adjusted figures exclude the impact of amortisation of intangibles and exceptional items ('adjustment items') described in Note 4.

Dividends

The Board is pleased to propose a final dividend of 5.15 pence per share, which if approved at the Annual General Meeting to be held on Wednesday 26 October 2016 will be paid on Thursday 3 November 2016 to those shareholders on the register at the close of business on Friday 07 October 2016. The shares will become ex-dividend on Thursday 06 October 2016.

An interim dividend of 4.50 pence per share was paid on 24 March 2016 and including this the total dividend for the year is 9.65 pence compared to a total of 8.25 pence for the interim and final dividends last year, an increase of 17.0%.

The comparison above excludes the Special Dividend of 1.00 pence per share paid on 30 July 2015 in respect of the year ended 30 June 2015 principally reflecting collections made in 2015 in respect of the settlement of past claims against insurers and others in relation to Autofocus.

Outlook

The new financial year has started well with performance in this short period since the year end being ahead of our expectations and the corresponding short period since the year end being last year. Volumes are increasing through a combination of new business wins and existing customer growth. These developments, together with the combination of our recent strategic acquisition, organic growth and further planned improvements in operational and administrative efficiency, continues to give the Board encouragement for the future.

Our people

Our people have been instrumental in winning and integrating new business during the period whilst at the same time maintaining the high standards of customer service for which the Group is increasingly known. Once again we thank our employees for their support, hard work and dedication during the year and say to them “well done”.

Annual General Meeting

The Group’s Annual General Meeting will be held on Wednesday 26 October 2016. The Notice of the Meeting accompanies this Annual Report and Accounts.

Avril Palmer-Baunack
Chairman
31 August 2016

Group Strategic Report
Market and business model

Business review
The Group continues its focus on the pursuit of sustainable, profitable, cash generative business and the acquisition of businesses that meet these criteria and will provide cross fertilisation of business opportunities in new markets within the sectors in which the Group operates.

The year saw the Group expand into new but complementary markets with the acquisition of FMG at the end of October 2015, which has added related but diversified revenue. As a consequence the Group has been able to reduce its reliance on, and exposure to, traditional insurance market sources of revenue. The potential to grow and develop more vehicle incident and accident management services to both business and insurance customers supports the Group's position as a leader in vehicle mobility, rapid roadside recovery, repair, legal and other support services.

This broader reach also enables the Group to expand its proposals to existing as well as new customers, so the opportunity exists for further organic growth in addition to the expansion of services to existing partners. During the year the Group's services were expanded and additional contracts were awarded to the Group to include managing fault repairs on insurers' behalf.

The vast majority of the Group's non-fault accident management operations are now subject to bilateral protocol arrangements with insurers regarding claims settlements and payment. This has contributed to the reduction in debtor days seen over recent periods. Agreeing protocol arrangements with insurers is an effective way to help them reduce their combined operating ratio which is a key performance measure for them. As a direct consequence of this successful business model the Group took the decision to withdraw from the Association of British Insurers General Terms of Agreement ('ABI GTA') with effect from 15 August 2015 and the volume of business now conducted under bilateral protocol arrangements has since increased.

The Group has continued to increase focus on providing a complete customer journey and during the year the Group's delivery of outstanding customer service was recognised at the prestigious North East Contact Centre Awards 2015 where, against strong competition and a formidable shortlist including Axa Insurance, Virgin Money and Virgin Media, it won the "Customer Experience Champion Award". In addition FMG won the Fleet News "Fleet Supplier of the Year Award" in recognition of FMG's "excellent customer retention, commitment to innovation and proactive approach to incident prevention" and also the Claims Media "Claims Management Company – Team of the Year" award.

The Group continues to be a leading partner of choice within our industry with additional contracts being awarded both during the year and since the year end. This is due in large part to the improvements achieved in both operational efficiency and the customer journey experienced whilst using the Group's services as well as the Group's use of telematics and web-based portals accessible by our partners and our customers.

The strategy of Growth, Profit and Sustainability has been a key focus as we continue to develop the Group. The Group is particularly focussed on sustainability and how to adapt and develop its services by thinking ahead on how the market will shape, and planning to meet its partners' future requirements without losing sight of the growing near-term demand for its services. At the same time the Group is continuing to build its traditional market penetration and presence within its existing distribution channels as well as diversifying its revenue streams to include new but allied areas.

The Group operates wholly within the UK and its revenues and costs are solely in sterling. The process and consequences of "Brexit" is not expected to pose any additional risks to the business beyond those normal risks which have been disclosed in the past and are summarised on pages 10-12.

Vehicle fleet
The Group continues to operate highly effective fleet services through a hybrid solution of ownership, contract hire and, during peak periods, cross-hiring from daily rental companies. This combination gives the Group flexibility to dispose of excess fleet in the lower volume summer months or in the event of a downturn and to maximise fleet, without incurring ownership costs, in short peak periods.

Our efforts to balance the mix of our operational fleet to meet changes in the mix of demand and a core LFL 15.6% increase in total hire days was again assisted by attractive funding and procurement programmes. The average number of vehicles held during the year was increased by 12.6% from 6,043 to 6,805. The average age of the fleet has at the same time been maintained at between 9 and 12 months across a broad spread of manufacturers and models. Fleet utilisation was therefore maintained above our 80% target with supply and operational efficiencies enabling this to be increased to 82.9% compared to 81.9% for last year.

Our operational fleet comprised 7,238 vehicles at 30 June 2016 compared to 6,041 at 30 June 2015.

Legal services

NewLaw has continued to build its range of services and pursue the additional opportunities available to it as the Group expands its reach into the marketplace. During the period to date NewLaw has been successful in pursuing applications to set up further Alternative Business Structures ('ABSs') with additional partners. The most recent of these is in partnership with The Royal College of Nursing which commenced on 1 April 2016. This is in addition to the ABS arrangements entered into with the British Medical Association shortly before the last year end. NewLaw continues to pursue other opportunities for partnerships with insurers, trade associations and other related brands via ABSs. Following the acquisition of FMG, one of NewLaw's ABSs, namely FMG Legal LLP, has become 100% controlled by the Group.

Principia Law, our other legal services business, has continued to build its business making an increased contribution to the Group as well as attracting new corporate clients whilst also continuing to provide the Group with expertise in relation to credit hire recoveries, particularly those cases requiring more specialist attention. On 30 June 2016 the Group acquired the minority 25% shareholding in Principia for a cash consideration of £275,000.

Acquisition

On 27 October 2015 in support of its strategy of widening its range of services, the Group completed the acquisition of FMG, a leading fleet accident management group. The results for the year include turnover of £61.2m and an EBIT of £4.0m for the period since acquisition.

FMG is widely recognised as the leading provider of fleet incident management and specialist recovery services to the fleet leasing, fleet insurance and direct fleet sectors and has over 300,000 vehicles under management whilst at the same time providing roadside recovery services under long term contracts to the Highways Agency for broken down vehicles and accidents on a range of motorways and A roads in the northern part of England and Scotland. Similar services are also provided to police and other "blue light" authorities primarily in those areas.

In the period since acquisition FMG has delivered results above our initial expectations and has successfully secured new business whilst also achieving an outstanding customer retention rate.

FMG was acquired for a consideration of £22.5m and the settlement of loan notes of £23.5m at completion. The consideration for the acquisition of all the shares and other vendor interests in FMG was accordingly £46.0m and comprised a number of elements, the effect of which was the payment at completion of approximately £41.0m in cash and the issue of 3,048,220 new Redde shares with a total value of £5.0m.

FMG holders of new Redde shares have waived any entitlement to any dividends with a record date during the 12 months following completion. The new Redde shares are subject to a 24 month lock in (subject to the customary exemptions) followed by an orderly market arrangement.

Key performance indicators

Key performance indicators can be found on page 2.

Information about the use of financial instruments by the Group is given in note 24 to the financial statements.

By order of the Board

Martin Ward
Chief Executive Officer
31 August 2016

Group Strategic Report continued

Financial Review

Performance and adjusted results

Certain items have been reported and disclosed as exceptional on the face of the Income Statement and these items are commented on separately, as appropriate, further in this Financial Review. The Income Statement captions excluding these exceptional items and the amortisation of intangible assets more properly reflect the comparable operating performance of the business and for ease of reference are referred to as 'adjusted'.

For the year, the Group recorded an adjusted EBIT of £34.5m (2015: £22.3m) together with an adjusted profit before tax of £34.6m (2015: £22.7m) and a statutory profit before tax of £31.3m (2015: £24.3m).

Revenue

Revenues were £379.2m (2015: £248.7m), an increase of £130.5m (52.5%). Revenues include an amount of £61.2m in respect of FMG which was acquired on 27 October 2015. LFL sales growth was therefore 27.9% representing a 14.3% growth in credit hires and a 154.1% increase in the total number of repairs undertaken.

The 154.1% increase in the volume of repair business arose mainly as a result of contract wins including a 28.9% increase in the number of credit repairs. Excluding FMG the increase in the total number of repairs was 71.7%.

Gross profit, adjusted operating profit and adjusted EBIT

Gross profit was £21.7m higher than last year and overall a gross margin of 25.9% was achieved compared to 30.8% last year reflecting the increase in the volume of repairs which attract lower margins and also the acquisition of FMG. Excluding FMG, gross margin was 26.5%.

The Group's adjusted net operating margin was unchanged at 8.8% (2015: 8.8%) and earnings before interest, tax, depreciation and amortisation ("EBITDA") was £43.0m (2015: £31.6m).

Income from associates

Income from associates represents the Group's share of the profits in relation to NewLaw's membership of several Limited Liability Partnerships providing legal services in association with certain business partners (subject to regulation by the Solicitors Regulation Authority) and amounted to £1.3m (2015: £0.3m).

Earnings before interest and taxation

Adjusted EBIT for the period was £34.5m (2015: £22.3m) which includes an amount of £4.0m in respect of FMG which was acquired on 27 October 2015. Adjusted EBIT margin was 9.1% (2015: 9.0%) and was 9.6% excluding FMG, reflecting the increased sales mentioned above as well as changes in the mix of business handled, improved returns from our ABS partnerships, improvements in our supply chain and overall LFL overheads being contained to an increase of just 0.9%.

Net finance income

There was a net adjusted interest credit of £0.1m (2015: £0.4m) reflecting lower average cash balances following the payment of £41.0m for FMG in October 2015 and the costs of committed but unutilised bank facilities available to the Group.

Adjusted profit before taxation

Adjusted profit before tax of £34.6m (2015: £22.7m) is an increase of £11.9m (52.4%) over last year.

Amortisation of intangibles and exceptional items

A charge of £1.6m in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG), was incurred. In addition there was a pre-tax exceptional net charge of £1.8m (2015: credit of £1.6m) in the period reflecting:

- a £0.7m cost (2015: £0.4m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes;
- a charge of £0.1m (2015: £nil) in respect of the unwind of discount charges on certain provisions;
- a charge of £0.3m (2015: £nil) in respect of reorganisation and integration costs following the acquisition of the FMG group of companies;
- acquisition costs of £0.7m (2015: £0.4m on aborted acquisitions) charged as an expense as required by IFRS3;

An exceptional credit of £2.9m was also recorded last year in respect of settlements received to date in respect of claims for damages relating to Autofocus.

The tax effect of all of the above was a credit of £0.5m (2015: £nil).

Profit before and after taxation

After the amortisation of intangible assets and the charge (2015: credit) for exceptional items above, the statutory profit before tax was £31.3m (2015: £24.3m), an increase of 28.6%.

There was a net tax charge of £6.0m which is mostly in respect of the reversal of deferred tax assets relating to the use of tax losses and allowances from prior years and represents an effective tax rate of 19.1%. In 2015 there was a net credit of £1.0m principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances.

The statutory profit after tax is therefore unchanged from last year at £25.3m

Earnings per share – Basic and Diluted

Statutory basic EPS is 8.66p (2015: 8.97p). Statutory diluted EPS is 8.26p (2015: 8.46p).

The adjusted EPS is 9.64p (2015: 8.40p). The adjusted diluted EPS is 9.20p (2015: 7.92p).

Adjusted figures exclude the effect of the amortisation of intangibles and exceptional items ('adjustment items') described in note 4.

Dividends

An interim dividend of 4.50 pence per share was paid on 24 March 2016.

A final dividend of 5.15 pence per share has been recommended by the Board (2015: 4.25 pence), an increase of 21.2%. This dividend, if approved at the Annual General Meeting to be held on Wednesday 26 October 2016, will be paid on Thursday 3 November 2016 to those shareholders on the register at the close of business on Friday 07 October 2016 making a total dividend for the year of 9.65 pence compared to a total of 8.25 pence for the interim and final dividends last year, an increase of 17.0%.

The comparison above excludes the Special Dividend of 1.00 pence per share paid on 30 July 2015 in respect of the year ended 30 June 2015 principally reflecting collections made in 2015 relating to the settlement of past claims against insurers and others in relation to Autofocus.

Balance sheet

Statutory debtor days now stand at 94 days and compare to 100 days at 30 June 2015. Revenue generated debtors at 30 June 2016 were £105.8m (including £12.6m in respect of FMG) and compare to £68.4m at 30 June 2015. Excluding FMG this represents an increase of 36%; it is volume related and in particular relates to repairs whereby the recovery process is more straightforward.

Trade creditors increased to £60.7m (including £14.1m in respect of FMG) compared to £24.9m at 30 June 2015. Excluding FMG this represents an increase of 87.1% and is volume related and in particular relates to the increase in the number of repairs undertaken.

The Group also increased its investment in fleet numbers in response to both seasonality and underlying increased demand. Together with a greater use of attractively priced hire purchase ('HP') vehicle leasing finance arrangements during the period, this resulted in an increase of £12.5m in the net value of vehicles held as fixed assets under finance leases compared to 30 June 2015.

Net assets at 30 June 2016 were £160.3m (2015: £157.4m).

Cash flow

Cash generated from operating activities was £44.1m (2015: £37.2m). After other net operating outflows of interest and taxation, net cash flow from operating activities was £42.1m (2015: £36.8m).

Net operating cash flow to EBITDA was 98% (2015: 116%).

Net debt, cash and financing

Net debt at 30 June 2016 was £5.2m and compares with equivalent net debt of £1.3m at 30 June 2015 (adjusted for the £41.0m subsequently expended in relation to the acquisition of FMG).

Cash balances were £34.6m at 30 June 2016 and compare to equivalent cash balances of £27.6m at 30 June 2015 (again adjusted for the £41.0m subsequently expended in relation to the acquisition of FMG).

As outlined above during the period the total number of vehicles on the fleet was increased to service the much increased volumes of hire days and a greater mix of HP funding versus contract hire was used in financing these vehicles. As a consequence fleet finance debt was £39.6m at 30 June 2016, an increase of £10.8m compared to £28.8m at 30 June 2015.

During the year, in anticipation of future expansion, the Group put in place a 5 year £35m unsecured revolving credit facility with HSBC expiring in December 2020 as well as an unsecured overdraft facility of £5m with the same bank. There have been no drawings under either facility since inception but the facility is available to fund growth in the business should the considerable cash balances currently held for this purpose be used for other corporate purposes such as further acquisitions.

If and when drawn, related covenants surround a net debt to EBITDA ratio (< 3:1) and the ratio of qualifying trade receivables to amounts drawn under the HSBC facility (> 1.5:1). The margin charged on the revolving credit facility is dependent upon the Group's net debt to EBITDA ratio, ranging from a minimum of 1.25% over LIBOR to a maximum of 2.25% over LIBOR. The margin on the overdraft is 1.25% over Bank of England Base Rate.

By order of the Board

Stephen Oakley
Chief Financial Officer
31 August 2016

Group Strategic Report continued

Principal Risks and Uncertainties

The Group faces a range of risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described in the Corporate Governance report. Set out here are those specific risks and uncertainties that the directors believe could have the most significant adverse impact on the Group's business together with the steps that the Board undertakes in order to mitigate against these risks. The risks and uncertainties described below are not intended to be an exhaustive list.

Economic conditions

The Group's operating and financial performance is affected by the economic conditions in the United Kingdom. Adverse changes in economic conditions in the United Kingdom and globally and the volatility of international markets could result in continued or further changes to driving patterns, car usage and ownership and this may result in fewer miles driven and lower numbers of accidents and therefore reduced business volumes. Any such adverse effects on the Group's business might affect its relationships and/or terms of business with, and ultimately even the loss of, some key business partners. Economic uncertainty might also affect its key business partners and referrers and/or generally have an adverse impact on the insurance or other industries in which the Group's key trading partners operate. This in turn could lead to more onerous terms of business or the inability of the Group's debtors to pay monies due. Economic uncertainty may also have an adverse effect on the banking industry generally which may affect the Group's ability to obtain or maintain finance on suitable terms when needed.

The Group continually monitors government statistics as well as other external data as part of its ongoing financial and operational budgeting and forecasting processes. In addition regular communications take place with the Group's major insurance partners in order to monitor consumer insurance trends so that the Group may plan its response to any potential changes. The Group also communicates with its existing and potential lenders regularly in order to maintain close relationships.

Competition

Barriers to entry into the general credit hire and credit repair markets at a local level are low. Although barriers to establishing a national or specialist business in this sector are higher, there is no certainty that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers and establish national networks by forming alliances. Furthermore, competition could be intensified due to the activity of the Group's competitors or if insurance companies, brokers and/or providers of services to motorists or other consumer groups entered the market, either alone or in collaboration with existing providers.

Increased competitive pressures such as these could result in a fall in the Group's revenues, margins and/or market share which could cause an adverse impact on its business, financial condition and operating results.

The Group monitors its competitive position closely with a view to ensuring that it is able to provide its customers with the best overall solution to their requirements taking into account commercial considerations. This is underpinned by a commitment to high quality service of its customers' needs together with regular monitoring and feedback of actual performance against customers' expectations. The monitoring includes performance against agreed service levels with customers and regular meetings are held with referrer customers to discuss performance and requirements.

Customer and referrer relationships

Business is referred to the Group from a number of sources including insurance companies, insurance brokers, dealerships, body shops, and owners of large fleets. The Group has agreements in place with many of these referrers which govern the flow of hire and repair cases and the terms and commissions on which such cases are introduced. These agreements are subject to periodic review, and once out of initial term can be terminated with short notice periods of typically 3 to 6 months. In the past, commission rates for new business have risen sharply, increasing the costs of acquiring such new business. Commission increases could adversely affect the Group's business and operating results.

A significant proportion of the Group's business is referred from insurance companies. If insurance companies were to withhold business from the Group or accident management providers generally or increase their referral commissions, whether alone or on a concerted basis, the operating results, business and prospects of the Group could be adversely impacted. Based upon profit contribution analysis, the Group may decide that renewal terms for certain existing contracts are uneconomic for the Group and consequently gross revenues may decline.

The Group seeks and develops long term relationships with partners and secures these relationships with appropriate, long-term formal contracts. Where possible contracts are structured in such a way as to match income with corresponding costs and regular reviews take place of contribution from contracts in order to ensure that where such contributions become uneconomic a dialog is opened with the counterparty in an attempt resolve this.

Insurance industry protocols

The Group was a subscriber to the voluntary agreement developed by accident management companies and the ABI known as the General Terms of Agreement (GTA) but withdrew from this agreement with effect from 15 August 2015. This decision was taken due to the considerable number of bilateral protocol arrangements that the Group has with insurers and the residual element of business still conducted under the GTA was considered to be less significant.

There is no guarantee that non-protocol insurers will continue to conduct their business with the Group on terms (including payment terms) similar to those pertaining to the GTA and they may also seek alternative strategies to dealing with claims submitted.

The Group takes an active part in discussions within the industry and since the Group's withdrawal from the GTA the Group has been entering into an increased number of protocol arrangements with insurers.

Regulation

Certain of the Group's activities and arrangements are subject to regulation. Whilst the Group seeks to conduct its business in compliance with all applicable regulations, there remains a residual risk that regulators will find that the Group has not complied fully with all such regulations. Failure by the Group to comply with regulations may adversely affect its reputation (which could in turn lead to fewer referrals), may result in the imposition of fines or an obligation to pay compensation or may prevent the Group from carrying on a part of its business and could have a materially adverse effect on the Group's business, financial condition and operating results.

The Group maintains a legal function and a regulatory risk and compliance functions to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations. Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

Legal

In the past, legal challenges have been brought on various grounds (mainly by insurance companies) seeking weaknesses in the legality of credit hire agreements and the hire rates and the periods of hire that can be recovered by credit hire companies. A number of historical legal cases relating to the provision of credit hire and related services have provided a precedent framework which has remained broadly stable for several years. The majority of the Group's claims are now initially pursued under the terms of bilateral protocols with individual insurers and the Group believes that it operates its business within the parameters laid down by the reported decisions of the courts such that its credit hire and repair arrangements are enforceable. However fresh challenges to the legality of credit hire and repair arrangements or the rates payable continue to be brought.

The government continues to look at the overall costs of litigation. It may bring in legislation or amend or create new rules of court which further reduce the costs recoverable in certain types of actions and/or changing the criteria for litigation to fall within the small claims track (where legal costs (except the most basic) are not generally recoverable) which might have an impact on the profit costs of the Group's legal businesses and/or increase the cost of recovering credit charges.

The Group maintains a legal function and also monitors relevant legal developments and the development and outcome of test cases through its membership of The Credit Hire Organisation. The Group's contracts and documentation are reviewed and amended where appropriate to take into account legal developments and case law.

The Group's legal department and the Group's legal businesses monitor such matters and the Group will endeavour to adapt its business model to deal with such changes if and when they are introduced.

Recovery of receivables

The business of credit hire and repair involves the provision of goods and services on credit. The Group generally receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This can mean that the Group can endure a long period before payment is received. Whilst currently a significant level of the Group's claims are subject to bi-lateral protocol arrangements resulting in prompt settlement of claims there is a risk that the Group will not be able to improve or maintain the pace of settlement of claims. In addition, third party insurers may seek to delay payments in an attempt to achieve more favourable settlement terms for outstanding claims or, ultimately, to force the Group and other credit hire providers out of the market. If the Group is unable to maintain existing settlement periods, if there are further delays in the receipt of payments or if settlement terms with insurers worsen, its business, financial condition and operating results could be adversely impacted.

The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process and agreement to an appropriate contract.

Group Strategic Report
continued

Fleet costs and residual values

The cost to the Group of holding vehicles for hire is dependent upon a number of factors, including the availability of vehicle finance, the purchase price of those vehicles, the level of discounts available from dealers and manufacturers, financing costs (represented by LIBOR and applicable margins) and the expected residual value at the date of disposal. There is a risk that changes in any of these factors could mean that the Group's fleet costs are increased.

The Group's fleet management system enables the business to manage the fleet effectively and maximise the utilisation of its vehicles in order to minimise the cost to the business of holding vehicles. Risk is further mitigated by managing vehicle holding periods and note 24 to the consolidated financial statements details the steps that are taken in managing LIBOR risk.

Operational risks and systems

Operational risks are present in all of the Group's businesses, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems, or infrastructure from fraud or human error or from external events. The Group's business is dependent on processing a large number of incidents for management, claims and vehicle hires and repairs. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements.

The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled. Preventative controls and back-up and recovery procedures are in place for key systems and all buildings. Changes to group systems are considered as part of a wider group business change management process and implemented in phases where possible. The Group has business recovery and business continuity plans in all of its operations.

Liquidity and financial

The Group manages its existing cash balances and operational cash flow surpluses to provide day to day working capital headroom. In addition the Group has available to it a £35m 5 year committed revolving capital facility with HSBC and also has a £5m overdraft facility with that bank. These facilities have not been used since inception in December 2015 but remain available to the Group. The Group also has both committed and uncommitted fleet finance facilities to finance replacement vehicle purchases. In addition the principal financial risks and uncertainties therefore include capital risk, interest rate risk and credit risk.

Further details of these risks and their management are contained in note 24 to the consolidated financial statements.

Going concern

The Group's business activities, analysis of its financial performance and position, and factors likely to affect its future development, are set out in the Operational and Financial Review above. The financial resources available to the Group are also discussed in detail in the Operational and Financial Review above. The forward risks faced by the Group are also discussed in the section on Principal Risks and Uncertainties above.

The directors have assessed the future funding requirement of the Group and the Company, and have compared them to the sources and levels of working capital resources available including cash balances. The assessment included a review of current financial projections to June 2018, and a review of the financial resources available by way of cash balances and facilities. Recognising the considerable uncertainty surrounding financial projections in the current economic environment, in particular with regard to the demand for the Group's services and the cash collection profiles from insurers, the directors considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences.

Having undertaken this work, the directors are of the opinion that the Group continues to have access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

By order of the Board

Stephen Oakley
Chief Financial Officer
31 August 2016

Governance

Board of Directors

Avril Palmer-Baunack

Chairman – Non Executive

Avril was appointed Chairman of Redde plc in September 2011. Avril is also executive chairman of BCA Marketplace plc and was previously Chief Executive Officer of Autologic Holdings plc and Deputy Chief Executive Officer and Executive Chairman of Stobart Group. Prior to joining Autologic Avril was Chief Executive Officer of Universal Salvage plc and has held a broad range of executive roles throughout the automotive industry, with experience in companies engaged in vehicle salvage, car hire, auctions, transportation, distribution, logistics, vehicle processing and infrastructure. Avril was previously non-executive chairman at Molins PLC and Quartix Holdings plc.

Martin Ward

Chief Executive Officer

Martin joined Redde plc in August 2005 as Managing Director of its subsidiary business, Albany Assistance Limited. In February 2009 Martin became Managing Director of the Group's combined Accident Management Business and in April of the same year was appointed Group Managing Director. In October 2011 he became Chief Executive Officer.

Martin has extensive insurance industry experience, having jointly founded the Rarrigini & Rosso Group in 1994, a leading independent wholesale motor fleet, property and risk management insurance business, where he was commercial and operations director. This business built a membership network of over 500 leading commercial insurance brokers throughout the UK and marketed schemes on behalf of insurance companies. The business was acquired by THB plc in 2003. Martin has an MBA from Durham University.

Stephen Oakley

Chief Financial Officer

Stephen joined the Group as Chief Financial Officer in October 2011. Stephen is a Fellow of the Institute of Chartered Accountants having qualified in 1974 with Price Waterhouse, London and is also a member of the Chartered Institute of Taxation.

Stephen has significant experience having in the past been Group Finance Director of fully listed groups such as Macarthy plc and The Hartstone Group plc. He was also previously Group Chief Executive of AIM listed Loftus Road plc and Interim Chief Financial Officer of AIM listed Sira Business Services plc.

John Davies

Non-Executive Director

John joined the Board as non-executive director in December 2011 and brings a wealth of relevant experience to the Board having been, until he retired in 2006, Managing Director of Lloyds TSB's Asset Finance Division which, amongst other businesses, included the bank's motor-related operations. Prior to that John was Group Head of Consumer Finance for Standard Chartered Bank and Managing Director of their UK finance house subsidiary Chartered Trust. He has also held the positions of Managing Director of United Dominions Trust, a subsidiary of Lloyds TSB and a Director of the Finance and Leasing Association. In his career John has also been involved in a number of joint ventures with motor manufacturers and motor importers.

John was previously non-executive Chairman of Autologic Holdings plc, and is currently a non-executive director of Molins PLC, a director of Local Car and Van Rental Limited, and is a board member and former Chairman of the Vehicle Remarketing Association.

Mark McCafferty

Non-Executive Director

Mark joined the Board as non-executive director and chairman of the Remuneration Committee, in March 2009. He brings extensive sector management and commercial experience, having spent six years as CEO of Avis Europe plc. Prior to Avis, Mark was Managing Director of Thomas Cook's global travel businesses, and previous to that spent seven years with Midland Bank International in corporate finance and international operations. He is currently CEO of Premiership Rugby and has previously held non-executive directorships with HMV Group plc, UMBRO plc and Horserace Totalisator (Tote).

Governance continued
Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 30 June 2016. The Corporate Governance section set out on pages 17 to 19 forms part of this report.

Principal activities
The principal activity of the Company is that of a holding company and its subsidiaries are set out in note 32. The principal activities of the subsidiaries are the provision of non-fault accident management assistance and related services, fleet management and legal services exclusively in the United Kingdom.

Environmental, employee and social community matters
The directors recognise the requirements of the Group to balance the interests of its stakeholder groups, particularly the impact of its day to day operations on the environment and matters relating to its employees and the community in which it operates.

Redde and the environment
It is recognised that the Group's business has an unavoidable impact on the environment and it is the Group's intention to minimise these effects wherever and whenever practicable.

People
The Group's employees continue to support and remain loyal to the business as it moves into new phases of its development. The Group offers relevant training and development opportunities when it is able to do so.

Redde in the community
The Group continues to make a positive contribution to the local communities in which it operates, and has over the last financial year maintained its support for local communities and national causes, whilst minimising the associated financial impact on the Group.

Results and dividends
The profit before tax for the year ended 30 June 2016 was £31.3m (2015: £24.3m) and a profit after tax for the year, unchanged at £25.3m (2015: £25.3m), was transferred to reserves.

The Board has pleasure in recommending a final dividend of 5.15 pence per share making a total of 9.65 pence per share for the year as a whole which, if approved by shareholders at the forthcoming AGM on Wednesday 26 October 2016, will be paid on Thursday 03 November 2016 to those shareholders on the register at the close of business on Friday 07 October 2016.

An interim dividend of 4.50 pence per share was paid on 24 March 2016 and including this the total ordinary dividend for the year is 9.65 pence compared to interim and final dividends totalling 8.25 pence last year, an increase of 17.0%.

The comparison above excludes the Special Dividend of 1.00 pence per share paid on 30 July 2015 in respect of the year ended 30 June 2015 principally reflecting collections made in 2015 in respect of the settlement of past claims against insurers and others in relation to Autofocus.

Directors
Details of the directors of the Company who served during the year, their dates of appointment, their titles, roles, and committee memberships and chairmanships are set out in a table on page 17 of this Annual Report.

The names and biographies of the directors appear on page 13.

Directors' interests

At 30 June 2016, including family interests, the following directors held the number of shares of the Company as shown below:

	Ordinary Shares	B Shares*
Martin Ward	704,109	6,940,606
Stephen Oakley	323,039	3,470,304
Mark McCafferty	30,000	–

*The B shares are held jointly with Helphire EBT Trustees Limited.

No changes took place in the interests of directors between 30 June 2016 and the date of this report.

Details of directors' share options and the B share incentive scheme are contained in the Directors' remuneration report on pages 20 to 23.

Directors' indemnities

The directors benefit from indemnities in the Company's articles (to the extent permitted by law) and from Directors and Officers insurance purchased by the Company.

Substantial shareholdings

As at 31 August 2016, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules that the following persons are interested directly or indirectly in 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	% of voting rights and issued share capital
Invesco Limited	84,459,593	28.77
Woodford Investments	61,691,408	21.02
Aviva plc	39,463,398	13.42
Hargreave Hale	17,377,000	5.92
Schroders Investment Management*	9,980,812	3.40

*Information obtained from the Company's share register analysis only.

Share capital and rights attaching to the Company's shares

As at 30 June 2016, the Company's issued share capital consisted of 293,536,715 ordinary shares with a nominal value of 0.1p each and 10,410,910 B shares of 0.1p each. Only the ordinary shares have rights to vote at a general meeting of the Company and every member holding ordinary shares has one vote on a show of hands and on a poll, one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting. Details of the authorised and issued share capital of the Company and details of the number of shares issued during the year can be found in note 21.

Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time determine by ordinary resolution.

Governance continued

Directors' report continued

Disabled employees

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 with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through presentations and the Company intranet. The Group regularly communicates with employees on a wide range of matters affecting their current and future interests.

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint KPMG LLP as auditor will be put to the forthcoming Annual General Meeting.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held on Thursday 26 October 2016. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts.

By order of the Board

Nicholas Tilley
Company Secretary
31 August 2016

Governance continued

Corporate governance report

The application of the UK Corporate Governance Code ("Code") and corporate governance during the period 01 July 2015 to 30 June 2016 ("Year").

The Code does not apply directly to companies which are admitted to trading on AIM. The directors recognise, however, the importance of high standards of corporate governance and throughout the Year intended that the Company should observe requirements of the QCA Corporate Governance Guidelines for AIM companies or the Code to the extent directors consider appropriate having regard to the size, nature and resources of the Company.

An explanation of how these principles have been applied is set out both below and in the Directors' remuneration, Audit Committee and internal control sections of this report.

The Board

The table below sets out details of all directors who have served during the Year and their membership of Board committees. There is a separate attendance statement at the end of this report in respect of directors' attendance at the 11 Board meetings and the committee meetings held during the Year.

Director	Date appointed	Role	Committees (C = current chairman)
Avril Palmer-Baunack	28/09/11	Non-executive Chairman	Nomination (C) Remuneration
Martin Ward	08/04/09	Chief Executive Officer	N/A
Stephen Oakley	18/10/11	Chief Financial Officer	N/A
Mark McCafferty	01/03/09	Senior Independent Director	Remuneration (C) Audit Nomination
John Davies	01/12/11	Non-executive	Audit (C) Remuneration Nomination

Board decisions are generally on matters of strategy, policy, people, performance and budgets. Each director receives detailed information on matters to be discussed well in advance of each Board meeting to ensure that there is a full debate at Board level and, in particular so that the non-executive directors can contribute fully.

The Board has formally reserved specific matters for determination and has approved terms of reference for all other Board committees; these are available on request and are published on the Group's web site at **www.redde.com/investors/**. The non-executive directors' terms and conditions of appointment are available for inspection.

There is a formal policy in place to ensure that all directors have access to independent professional advice, if they have the need to seek it. There is an induction process for new directors and training is available when required.

Chairman, Chief Executive Officer and Senior Independent Director

Avril Palmer-Baunack is Chairman and the Chief Executive Officer is Martin Ward. There is a formal division of responsibilities between the Chairman and the Chief Executive Officer. The non-executive directors led by the Senior Independent Director Mark McCafferty meet regularly in the absence of executive directors.

Board balance

At all times during the year the Board has consisted of a majority of non executive directors including the Chairman. All of the non-executive directors are viewed as independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

Nomination Committee

Board appointments and succession planning are the responsibility of the Nomination Committee. This committee currently comprises Avril Palmer-Baunack (chairman), Mark McCafferty and John Davies. There were three meetings in the Year.

Governance continued

Corporate governance report continued

Performance evaluation

The Board and its committees have not conducted a formal internal performance evaluation this Year and considers that its size is such that this can be assessed by informal discussions at Board and committee meetings. The non-executive directors also met during the Year without the presence of executive directors, during which the performance of executive directors was assessed and, without the presence of the Chairman (but with input from executive directors) to assess the performance of the Chairman.

Re-election

Martin Ward is retiring by rotation and seeks re-election to the Board. His biographical details are to be found on page 13 of this Annual Report and Accounts. The Nomination Committee believes that Martin continues to be effective and demonstrates commitment to his role.

Remuneration Committee

The Remuneration Committee currently comprises Mark McCafferty (chairman), Avril Palmer-Baunack and John Davies. The committee held four meetings during the Year.

The committee's role is to set the Chairman's remuneration and to determine remuneration packages for executive directors to enable the Group to attract, retain and motivate executives of the necessary calibre without paying more than is necessary for this purpose. Further information is given in the Directors' Remuneration Report and other parts of this Annual Report.

The remuneration of the non-executive directors is a matter reserved for the whole Board.

Relations with shareholders

The Group is committed to maintaining good relations with all its shareholders through the provision of regular Interim and Annual Reports, other trading statements and the Annual General Meeting. The Company also maintains contact with its institutional shareholders. The views of analysts, brokers and major shareholders are relayed to the Board through the Chairman and the Senior Independent Director as appropriate.

Annual General Meeting

The Annual General Meeting provides an opportunity for all shareholders to be updated on the Group's progress and ask questions of the Board.

Financial reporting

The Board has ultimate responsibility for both the preparation of accounts and the monitoring of systems of internal financial control. The Board seeks to present a balanced and understandable assessment of the Group's position and its prospects and present price-sensitive information in an appropriate way. The Group publishes interim reports so that the Group's financial position can be monitored regularly by shareholders.

Internal control

The Board is responsible for the Group's system of internal control and has, during the period covered by this report maintained an ongoing and planned process, to identify, evaluate, report and manage the significant risks faced by the Group during this financial period up to the date of approval of this report.

The Group's key risks are identified, assessed and managed by senior management and supervised by a risk committee and/or subsidiary boards. Senior managers and compliance officers submit regular reports for discussion at the meetings. The Group's executive directors are members of the risk committee and subsidiary boards.

Strategic risks remain the sole responsibility of the Board which regularly assess such risks in discussions led by the Chief Executive Officer.

The Board, in seeking to achieve the Group's business objectives, cannot offer an absolute guarantee that the application of a risk management process will overcome, eliminate or mitigate all significant risks. However, by further developing and operating an annual and ongoing risk management process to identify, report and manage significant risks, the Board seeks to provide a reasonable assurance against material misstatement or loss.

The Board confirms that it has reviewed the effectiveness of the Group's system of internal controls for assessing significant operational and strategic risks. The Chief Executive Officer advises the Board on any significant risks. The controls reviewed cover the financial, operational, compliance, fraud and risk management systems that have been in operation during this reporting period. The review considered all significant aspects of the internal control process.

Consolidated accounts

The system of internal controls described above applies to all subsidiary undertakings. In addition the accounts of the Group's principal subsidiaries are combined with those of the Company to form the consolidated accounts each month. The head office finance team is responsible for producing the consolidated accounts, including the elimination of intra-group transactions and unrealised intra-group profits and there is a monthly review of key performance indicators by the commercial and financial management of each subsidiary.

Audit Committee

The Board has, through the Audit Committee, established formal and transparent arrangements for financial reporting, the review of formal announcements relating to the Company's financial performance, internal control and external auditing. The committee monitors (i) the financial reporting process, (ii) the effectiveness of the Group's internal financial control and internal audit functions, (iii) the statutory audit of the annual and consolidated accounts, and (iv) reviews the independence of the auditor including the provision of non-audit services to the Group. The Audit Committee also monitors the operational risk management systems referred to above.

The Audit Committee currently comprises John Davies (Chairman) who is a director with recent and relevant experience in this role and Mark McCafferty. The committee held five meetings in the Year. Further details about, and the qualifications of, the committee members can be found in their biographies on page 13 of this Annual Report.

The Company has a formal policy that the auditor is not used for other work unless it is both in the best interests of the Company to use that firm and the Audit Committee is satisfied that it will not affect the independence of the auditor. During the Year a separate team within KPMG LLP performed financial due diligence work in respect of the evaluation of potential acquisitions. Appropriate safeguards have been put in place to ensure the independence of the audit and advisory work of the separate teams of KPMG LLP.

The committee has also reviewed the Company's arrangements to enable employees to raise concerns about possible improprieties confidentially. The Company uses a specialist, independent organisation to provide a confidential 'Whistleblowers' hotline'.

The committee receives reports from executive directors and also receives reports from, and periodically meets with the external auditor and internal auditors in the absence of management.

The committee has reviewed the interim and final results published during the Year. It receives quarterly reports from Internal Audit during which it reviewed the internal auditors' findings for the period under review and approved their programme of future work.

Board and Committee attendance

The attendance of directors at Board meetings during the year is shown below. Their attendance is listed first along with the actual number of meetings that they were eligible to attend. In total during the year there were 11 Board meetings and a number of scheduled committee meetings (five Audit, four Remuneration and three Nomination).

Name of director	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Avril Palmer-Baunack	11/11	–	4/4	3/3
Martin Ward	11/11	–	–	–
Stephen Oakley	11/11	–	–	–
Mark McCafferty	11/11	5/5	4/4	3/3
John Davies	11/11	5/5	4/4	3/3

By order of the Board

John Davies
Chairman of the Audit Committee on its behalf
31 August 2016

Governance continued

Directors’ remuneration report

Introduction

As an AIM listed company the Company is not obliged to prepare a directors’ remuneration report and the information below does not therefore constitute a ‘directors remuneration report’ within the meaning of the Companies Act 2006. Notwithstanding this the directors have decided, in accordance with best practice, to produce a report that deals with the remuneration of both executives and non-executive directors.

The report has been divided into separate sections for audited and un-audited information.

Information in this report relates to the 2016 financial year (‘Year’) unless otherwise stated.

Unaudited information

Remuneration Committee

The Remuneration Committee operates under written terms of reference approved by the Board. It meets as and when required (but at least twice a year) and currently comprises Mark McCafferty (chairman), Avril Palmer-Baunack and John Davies, all of whom are independent non-executive directors.

No committee member has any personal financial interest, conflicts of interest arising from cross directorships or any day-to-day involvement in the running of the business. The committee makes recommendations to the Board. No director plays a part in any discussion about his or her remuneration.

Remuneration policy

The Company’s remuneration policy remains that executive remuneration packages are designed to attract, motivate and retain the high calibre executives needed to maintain the Company’s position as a leading accident management company. The performance evaluation of the executive directors and the determination of their annual remuneration packages is undertaken by the committee.

The committee has responsibility for the remuneration packages of the Chairman, the executive directors and certain designated management below Board level. The Board sets the remuneration of the non-executive directors.

The Company regards the executive directors as being its key management personnel. The main elements of the executive directors’ remuneration packages for the Year (which are set out in more detail below) were:

1. Basic salary and benefits;

2. Annual bonus opportunity not to exceed 100% of basic salary;

3. Incentive Schemes; and

4. Pension arrangements

The Company’s policy is, and it is intended that it shall continue to be, that a significant element of an executive director’s remuneration is to be performance-related.

Whilst the committee has, as required, stated its remuneration policy for future years, it is conscious that any remuneration policy needs to be flexible. Any changes to this policy will be disclosed in subsequent reports.

Executive directors are entitled to accept appointments outside the Company so long as the Company’s permission is sought. The Company’s policy is that any fees payable to full-time executive directors are shared with the Company.

Basic salary

Executive directors’ salaries are determined by the committee and generally take effect from the start of each financial year. Before setting such remuneration, the committee considers pay conditions in the Group as a whole, individual performance and research which gives up to date information on remuneration policies adopted by similar companies.

Basic salaries for the current executive directors during the Year were: Chief Executive Officer £357,000 and the Chief Financial Officer £240,000. Further details of directors’ remuneration appear in the audited part of this report.

The committee resolved in July 2016 to review executive directors' base salaries for the forthcoming financial year. Following this review it was accordingly resolved to increase the basic salaries for the current executive directors to the following: Chief Executive Officer £371,280 and the Chief Financial Officer £249,600. The next review is scheduled to take place in or around July 2017.

Executive directors' contracts of service (which include details of their remuneration) will be available for inspection at the Annual General Meeting. In addition to their basic salary, executive directors receive certain benefits comprising a car and fuel card (or cash allowance in lieu), private medical, life, critical illness and permanent health insurances and pension contributions (or cash in lieu of such contributions).

Annual bonus payments

The executive directors are entitled to participate in the annual bonus scheme. The bonuses are payable subject to the achievement of challenging bonus targets which, for the current Year, were based on both adjusted profit and earnings per share before taxation and operating cash flow. The maximum bonus potential for meeting all of the targets is 100% of salary but the Remuneration Committee has discretion if some but not all targets are met. Bonus payments for the Year were paid in recognition of the attainment of all of the targets in relation to both adjusted profit, adjusted earnings per share before taxation and operating cash flow.

The committee will set appropriately challenging bonus targets for the forthcoming year on both adjusted profit and earnings per share before taxation and operating cash flow.

Share-based incentives

The Company's current share-based incentive arrangements under which it could make awards comprise only the 2013 Executive Share Incentive Scheme, the 2014 SAYE scheme the 2016 Share Performance Plan and the B Share Incentive Scheme.

Details of share options granted to executive directors appear in the audited section of this report.

Pension arrangements

The executive directors receive a fixed sum allowance (subject to annual review) to be used for personal money purchase schemes (or cash in lieu of such contributions).

Directors' contracts

In accordance with general practice, and the Company's policy, executive directors have contracts with an indefinite term and a notice period of one year.

Details of the executive directors' contracts are summarised below:

Name	Date of Appointment	Unexpired term
Martin Ward	08 April 2009	One year (rolling)
Stephen Oakley	18 October 2011	One year (rolling)

The executive directors' contracts have no express provision for the payment of compensation in the event of early termination. In the event of termination of an executive director's service contract, when determining the compensation payable to the executive director, it is the policy of the committee to take account of the principles of mitigation of loss.

All non-executive directors have specific terms of engagement and are appointed subject to periodic re-election. Their fees are disclosed in the audited section of this report and are set by the Board as a whole. Non-executive directors cannot participate in any of the Company's share incentive schemes. Dates of the current non-executive directors' original letters of appointment are set out below:

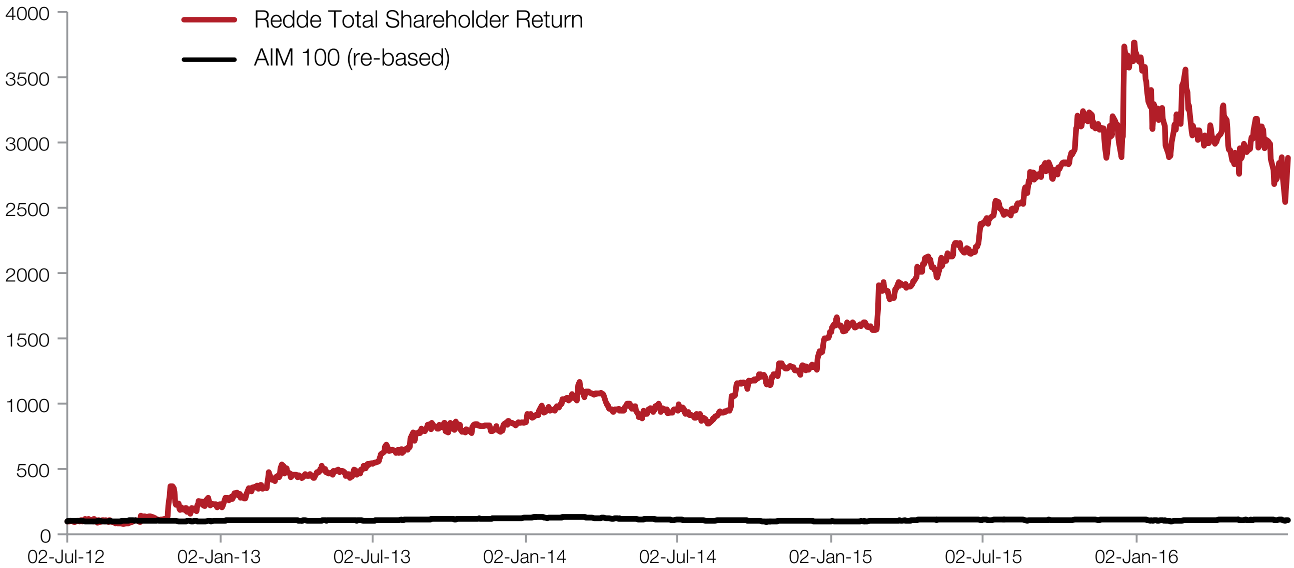
Name	Date of appointment	Unexpired term
Avril Palmer-Baunack	28 September 2011	3 months notice (subject to re-election)
John Davies	01 December 2011	3 months notice (subject to re-election)
Mark McCafferty	01 March 2009	3 months notice (subject to re-election)

Directors' remuneration report continued

Performance graph

The following graph shows the Company's performance compared with the performance of the FTSE AIM 100 Index (measured by total shareholder return). This comparator has been selected as the most appropriate index of which the Company has been a constituent.

Redde's total shareholder return against the FTSE AIM 100 Index over the past 4 years



Audited information

Aggregate directors' remuneration

The total amounts for directors' remuneration and other benefits were as follows:

	2016 £'000	2015 £'000
Emoluments	**1,521**	1,445
Money purchase pension contributions	**144**	130
Total remuneration	**1,665**	1,575

Directors' emoluments

Executive Directors	**Fees/Basic salary £'000**	**Bonus £'000**	**Taxable benefits £'000**	**Sub-Total 2016 £'000**	**Pension £'000 2016**	**Total 2016 £'000**	Sub-Total £'000 2015 £'000	Pension £'000 2015	Total 2015 £'000
M Ward	**357**	**357**	**15**	**729**	**86**	**815**	685	77	762
S Oakley	**240**	**240**	**12**	**492**	**58**	**550**	462	53	515
	597	**597**	**27**	**1,221**	**144**	**1,365**	1,147	130	1,277
Non-Executive Directors									
A Palmer-Baunack	**200**	**–**	**–**	**200**	**–**	**200**	200	–	200
M McCafferty	**50**	**–**	**–**	**50**	**–**	**50**	48	–	48
J Davies	**50**	**–**	**–**	**50**	**–**	**50**	50	–	50
Total emoluments	**897**	**597**	**27**	**1,521**	**144**	**1,665**	1,445	130	1,575

Directors' share options

The aggregate emoluments disclosed do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by directors. The directors do not hold any HM Revenue & Customs approved options apart from the Sharesave Scheme. Details of the directors' options under the various share incentive schemes are as follows:

2013 Executive Incentive Scheme

Name	Options held at 01 July 2015 '000	Options granted in the year '000	Options exercised in the year '000	Options surrendered in the year '000	**Options held at 30 June 2016 '000**	Exercise price (pence)	Date from which exercisable	Expiry date
M Ward	461	–	(461)	–	**–**	n/a	See below	30/06/2017
S Oakley	230	–	(230)	–	**–**	n/a	See below	30/06/2017

2016 Share Performance Plan

Name	Options held at 01 July 2015 '000	Options granted in the year '000	Options exercised in the year '000	Options surrendered in the year '000	**Options held at 30 June 2016 '000**	Exercise price (pence)	Date from which exercisable	Expiry date
M Ward	–	585	–	–	**585**	0.1	See below	26/02/2026
S Oakley	–	393	–	–	**393**	0.1	See below	26/02/2026

The outstanding options are exercisable on the achievement of various events as detailed in note 23.

B Share Incentive Scheme

Martin Ward and Stephen Oakley have interests in 6,940,606 and 3,470,304 B Shares respectively under the B Share Incentive Scheme the terms of which are detailed in note 23.

Sharesave Scheme

Details of the directors' options under the 2014 SAYE Scheme are as follows:

Name	Options held at 01 July 2015 '000	Options granted in the year '000	Options exercised in the year '000	Options surrendered in the year '000	**Options held at 30 June 2016 '000**	Exercise price (pence)	Date from which exercisable	Expiry date
M Ward	37	–	–	–	**37**	48.3	01/08/2017	01/02/2018
S Oakley	37	–	–	–	**37**	48.3	01/08/2017	01/02/2018

By order of the Board

Mark McCafferty
Chairman of the Remuneration Committee on its behalf
31 August 2016

Statement of Directors' responsibilities

in respect of the Annual Report and financial statements

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Independent auditor’s report

to the members of Redde plc

We have audited the financial statements of Redde plc for the year ended 30 June 2016 set out on pages 26 to 66. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors’ responsibilities set out on page 24, 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

A description of the scope of an audit of financial statements is provided on the Financial reporting Council’s website at **www.frc.org.uk/auditscopeukprivate**.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 30 June 2016 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Robert Fitzpatrick, Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants,
66 Queen Square, Bristol,
BS1 4BE,
United Kingdom
31 August 2016

Consolidated income statement

for the year ended 30 June 2016

Continuing Operations	Note	Year ended 30 June 2016 Adjusted* £'000	Year ended 30 June 2016 Adjusted* items £'000	Year ended 30 June 2016 £'000	Year ended 30 June 2015 Adjusted* £'000	Year ended 30 June 2015 Adjusted* items £'000	Year ended 30 June 2015 £'000
Revenue	3	**379,244**	**–**	**379,244**	248,671	–	248,671
Cost of sales		**(280,968)**	**–**	**(280,968)**	(172,083)	–	(172,083)
Gross profit		**98,276**	**–**	**98,276**	76,588	–	76,588
Administrative expenses	4	**(65,057)**	**(3,239)**	**(68,296)**	(54,616)	(770)	(55,386)
Group operating profit	5	**33,219**	**(3,239)**	**29,980**	21,972	(770)	21,202
Other income	4	**–**	**–**	**–**	–	2,890	2,890
Share of results of associates	14	**1,281**	**–**	**1,281**	314	–	314
EBIT		**34,500**	**(3,239)**	**31,261**	22,286	2,120	24,406
Net finance income/(costs)	4,7	**127**	**(83)**	**44**	441	(502)	(61)
Profit before taxation		**34,627**	**(3,322)**	**31,305**	22,727	1,618	24,345
Tax (charge)/credit	8	**(6,455)**	**460**	**(5,995)**	957	–	957
Profit for the year		**28,172**	**(2,862)**	**25,310**	23,684	1,618	25,302
Profit for the year attributable to:							
Equity holders of the Company		**28,056**	**(2,862)**	**25,194**	23,622	1,618	25,240
Non controlling interests		**116**	**–**	**116**	62	–	62
Profit for the year		**28,172**	**(2,862)**	**25,310**	23,684	1,618	25,302
Earnings per share (p)							
Basic	10	**9.64**	**(0.98)**	**8.66**	8.40	0.57	8.97
Diluted	10	**9.20**	**(0.94)**	**8.26**	7.92	0.54	8.46

*Adjusted measures exclude the impact of the amortisation of intangibles and exceptional items ("adjustment items") described in note 4.

Consolidated statement of comprehensive income

for the year ended 30 June 2016

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Profit for the year	**25,310**	25,302
Other comprehensive income	**–**	–
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**25,194**	25,240
Non controlling interests	**116**	62
Total comprehensive income for the year	**25,310**	25,302

Consolidated statement of changes in equity

for the year ended 30 June 2016

	Share Capital £'000	Share Premium Account £'000	Shares to be issued £'000	Retained Earnings £'000	Total £'000	Non Controlling Interests £'000	Total £'000
Balance at 01 July 2014	283	57,804	–	84,076	142,163	(69)	142,094
Profit for the year	–	–	–	25,240	25,240	62	25,302
Total comprehensive income for the year	–	–	–	25,240	25,240	62	25,302
Issue of Ordinary Shares	13	7,299	(1,716)	–	5,596	–	5,596
Shares to be issued	–	–	5,155	–	5,155	–	5,155
Dividends paid in the year	–	–	–	(21,109)	(21,109)	–	(21,109)
Credit to equity for settled Share- Based Payments	–	–	–	408	408	–	408
Balance at 30 June 2015	**296**	**65,103**	**3,439**	**88,615**	**157,453**	**(7)**	**157,446**
Profit for the year	–	–	–	25,194	25,194	116	25,310
Total comprehensive income for the year	–	–	–	25,194	25,194	116	25,310
Issue of Ordinary Shares	8	8,666	(3,439)	–	5,235	–	5,235
Dividends paid in the year	–	–	–	(28,114)	(28,114)	–	(28,114)
Changes in non-controlling interest	–	–	–	(166)	(166)	(109)	(275)
Credit to equity for settled Share-Based Payments	–	–	–	684	684	–	684
Balance at 30 June 2016	**304**	**73,769**	**–**	**86,213**	**160,286**	**–**	**160,286**

Consolidated statement of financial position

as at 30 June 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Goodwill	11	**85,990**	59,231
Intangible assets	12	**21,307**	–
Property, plant and equipment (including vehicles)	13	**47,605**	31,682
Interests in associates	14	**796**	232
Deferred tax asset	20	**5,871**	10,850
		161,569	101,995
Current assets			
Trade and other receivables	15	**126,872**	84,331
Cash and cash equivalents		**34,647**	68,626
		161,519	152,957
Total assets		**323,088**	254,952
Current liabilities			
Trade and other payables	16	**(116,218)**	(65,025)
Obligations under finance leases	17	**(21,242)**	(14,663)
Short-term provisions	19	**(1,242)**	(1,689)
		(138,702)	(81,377)
Net current assets		**22,817**	71,580
Non-current liabilities			
Obligations under finance leases	17	**(18,631)**	(14,288)
Deferred tax liability	20	**(5,469)**	(1,022)
Long-term provisions	19	**–**	(819)
		(24,100)	(16,129)
Total liabilities		**(162,802)**	(97,506)
Net assets		**160,286**	157,446
Equity			
Share capital	21	**304**	296
Share premium account	21	**73,769**	65,103
Shares to be issued	21	**–**	3,439
Retained earnings		**86,213**	88,615
Equity attributable to owners of the company		**160,286**	157,453
Non Controlling Interests		**–**	(7)
Total Equity		**160,286**	157,446

The notes on pages 30 to 56 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2016. They were signed on its behalf by:

Stephen Oakley
Chief Financial Officer
31 August 2016
Company Number 03120010

Consolidated statement of cash flows

for the year ended 30 June 2016

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Cash flows from operating activities					
Profit for the year		**25,310**		25,302	
Tax charge / (credit)		**5,995**		(957)	
		31,305		24,345	
Income from associates		**(1,281)**		(314)	
Finance income	*7*	**(127)**		(441)	
Fleet finance lease interest	*7*	**1,474**		1,054	
Depreciation of tangible fixed assets	*26*	**8,650**		6,109	
Amortisation of intangible assets		**1,593**		–	
Losses on sale of property, plant and equipment		**715**		424	
Share-based payment charges		**684**		408	
EBITDA		**43,013**		31,585	
Increase in receivables		**(31,539)**		(1,947)	
Increase in payables		**33,871**		8,695	
Decrease in provisions		**(1,265)**		(1,168)	
Cash generated from operating activities			**44,080**		37,165
Bank interest received		**275**		490	
Bank and loan interest paid		**–**		(27)	
Fleet finance lease interest		**(1,474)**		(1,054)	
Interest element of non-fleet finance lease rentals		**(12)**		(22)	
			(1,211)		(613)
Taxation (paid) /received			**(796)**		241
Net cash from operating activities			**42,073**		36,793
Cash flows from investing activities					
Acquisitions of business combinations net of cash acquired		**(13,383)**		–	
Distributions from associates		**492**		138	
Purchase of property, plant and equipment		**(2,032)**		(1,503)	
Proceeds from sale of plant and equipment		**16,407**		7,386	
Net cash inflow from investing activities			**1,484**		6,021
Cash flows from financing activities					
Proceeds from issue of share capital		**236**		465	
Dividends paid		**(28,114)**		(21,109)	
Repayment of borrowings		**(23,505)**		(350)	
Loan issue costs		**(235)**		–	
Finance lease principal repayments		**(25,918)**		(11,532)	
Net cash used in financing activities			**(77,536)**		(32,526)
Net (decrease)/increase in cash and cash equivalents	*26*		**(33,979)**		10,288
Cash and cash equivalents at beginning of year			**68,626**		58,338
Cash and cash equivalents at end of year	*26*		**34,647**		68,626
Cash and cash equivalents consist of:					
Cash at bank and in hand			**34,647**		68,626

Notes to the consolidated financial statements

1 Significant accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, in accordance with International Financial Reporting Standards (IFRSs) adopted in compliance with Article 4 of the EU IAS Regulation.

Adoption of new and revised Standards

There are no newly adopted standards in force and applying to the year that have a material impact upon the accounts.

New and revised standards not yet adopted

The following standards have not been applied in preparing these consolidated Financial Statements:

- **IFRS 15 - Revenue from contracts with customers.** This is effective for year ended 30 June 2019. The Group is currently assessing the impact of IFRS 15 but it is not expected to have any material impact on the Group.

- **IFRS 16 - Leases.** This is effective for year ended 30 June 2020. The Group is assessing the impact of IFRS 16.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 June each year.

The results of entities acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies used into line with those used by the Group. All intra Group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has adequate resources to continue in operational existence for the foreseeable future. Full details can be found in the Group Strategic Report on page 12.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus (for acquisitions prior to the implementation of IFRS3), any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Interest in Associates

The Group's interests in associates, being those entities over which it has significant influence and which are not subsidiaries, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the interest in associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in the value of individual investments. The Group income statement reflects the share of the associate's results after tax.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated losses for impairment. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

1 Significant accounting policies continued

For the purpose of impairment testing, each cash generating unit is allocated goodwill and is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition

Revenue relating to car hire, repair and claims management services is measured at the fair value of the consideration receivable (after expected discounts), net of VAT and other sales taxes. Revenue is recognised when services are provided, including an appropriate proportion of any services that are in progress at the reporting date. It is recognised only when it can be estimated reliably. Where more than one service is provided under a single arrangement, the consideration receivable is allocated to the identifiable services based on their relative fair values.

Credit hire revenue is recognised from the date a vehicle is placed on hire. Vehicles are only supplied and remain on hire after a validation process that assesses to the Group's satisfaction that liability for the accident rests with another party. The rates used are based on daily commercial tariffs for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment on a portfolio basis for an estimation of the extent to which insurers are entitled or expected to take advantage of early settlement discounts afforded under the terms of the ABI GTA (where applicable), bi-lateral protocols that are in place and an estimation of the expected adjustment arising on the settlement of claims.

Revenue recognised initially equates to the amount payable to the Group at the completion of the hire transaction. The Group also has an entitlement to late payment charges where relevant claims are not settled within the timeframes supported by the ABI GTA (where applicable) or the terms of any bi-lateral protocol arrangements. Such charges are not recognised at the time of the hire transaction as they have not been earned; rather they are recognised when they can be reliably determined, which is normally on settlement of the related claim.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles carried out by third party body shops. Credit repair revenue is recognised based on an estimate of the stage of completion of the repair services at the reporting date. Credit repair revenue is reported net of an estimation of the expected adjustment arising on settlement of claims. The Group records credit repair revenue on a gross basis as this best reflects the economic benefits that are received or receivable by the Group on its own account. Managed repair revenue is recorded at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes.

Revenue in respect of legal services represents amounts chargeable, net of value added tax, in respect of legal services to customers. Turnover in respect of cases which are contingent upon future events which are outside the control of the Group, is not recognised until the contingent event has occurred. Accrued income in relation to legal services is valued at the lower of cost and net realisable value, after due regard to non recoverable time. Net realisable value is based on chargeable time less any anticipated write offs prior to completion. No value is placed on work in progress in respect of contingent fee cases where there is insufficient certainty as to the outcome of the cases to justify the recognition of an asset.

Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. As described above, the Group records revenue net of the expected adjustment arising on the settlement of claims, which reflects the Group's estimate of the amounts claimed from insurers that it does not expect to be ultimately recoverable.

The Group's estimation of the expected adjustments arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the claims against insurance companies. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claim.

Insurance policy income

Insurance policy income represents commission received by the Group for broking the sale of general insurance policies to its customers. Insurance policy commission income is recognised on completion of the sale of the policy to the customer.

Notes to the consolidated financial statements
continued

1 Significant accounting policies continued

Other accident management related activities
Other accident management activities represent ancillary revenue streams, including hire of vehicles other than on a credit hire basis and the provision of out-sourced fleet accident management services. Revenue for other accident management activities is recorded at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes.

Trade receivables and claims in progress credit hire and credit repair
Credit hire and credit repair trade receivables and claims in progress are stated at the expected net claim value, which is after allowance, on a portfolio basis, for an estimation of the extent to which insurers are entitled or expected to take advantage of settlement arrangements afforded under bilateral protocol agreements or the terms of the ABI GTA and an estimation of the expected adjustments arising on the settlement of claims. The estimation of the expected adjustment arising on settlement of claims is revised, on a portfolio basis, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Any adjustments arising from such subsequent revision of the Group's expected adjustments on the settlement of claims is recorded in the income statement against revenue.

Trade receivables – amounts invoiced for services
Trade receivables – amounts invoiced for services are stated at invoiced amount less any provision for impairment.

Operating profit
Operating profit is stated after charging administrative costs and costs of vehicle financing but before non-vehicle finance costs, so that the costs of vehicles are recognised consistently in the income statement, regardless of whether they are owned, subject to finance lease or short-term hire.

Exceptional items
Exceptional items are items which due to their size, incidence or non-recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in the opinion of the Board, to show more accurately the underlying results of the Group. Such items are disclosed separately on the face of the consolidated income statement.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Borrowing costs
Borrowing costs are recognised in the income statement in the period in which they are incurred. Associated funding costs relevant to the Group's borrowings are recognised as part of the effective interest calculation over the life of the financial liability.

Retirement benefit costs
The Group contributes to the personal pension plans of employees at a fixed percentage of basic earnings. The cost is charged to the income statement as the contributions fall due. The Group has no defined benefit arrangements.

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1 Significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Non-hire fleet

Freehold buildings	2%
Leasehold improvements	over the term of the lease
Fixtures and equipment	15% to 33.33%
Hire fleet	see below

Non-hire fleet assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or over the term of the relevant lease.

Hire fleet

Fleet vehicles are depreciated to write down the cost of the vehicles to their estimated residual value over the expected holding period which is typically between 12 and 24 months. Residual value is based on current estimates of the net disposal value of the vehicle as if the vehicle were already of the age and in the condition expected at the date of disposal. Management review these estimates at each reporting date by reference to publicly available data on second-hand vehicle sales. The depreciation charge is adjusted prospectively to reflect movements in the residual value.

Impairment of tangible and intangible assets

At each balance sheet date the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

Notes to the consolidated financial statements
continued

1 Significant accounting policies continued

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of financial assets is reduced by the impairment losses directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a doubtful debt or settlement provision.

Subsequent recoveries of amounts previously written off are credited against these provisions. Changes in the carrying amount of these provisions are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and any other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1 Significant accounting policies continued

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk where considered appropriate. Further details of derivative instruments are disclosed in note 23 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured at their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. These payments are measured at fair value (excluding the effects of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

For options, fair value is measured by use of the Black-Scholes option pricing model or another appropriate model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. For other long-term incentive schemes under which shares are awarded to directors and employees subject to performance conditions, the fair value is determined to be the market price of the shares at the date of grant. However, for awards that are subject to market-based performance conditions a Stochastic Model is used, which applies the performance condition to a large number of possible price movements and uses the average result to estimate the fair value of an award.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies described above, the directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments affecting the Group's financial statements are depreciation of the vehicle fleet (note 13), expected adjustments arising on settlement of insurance claims (note 15), impairment of intangible assets (note 12) and goodwill impairment (note 11).

2 Segmental information

The activities of the Group are managed by the executive board, which is deemed to be the Chief Operating Decision Maker, as a single operating platform. The entities within the Group contribute as part of the whole operation of the Group to provide services for the core business. The Board of Redde plc considers the performance of the business by reference to contributions from all activities of the Group as a whole, and reviews requirements of the total Group when determining allocations of resources. IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance. The Group has identified three operating segments within the main reportable segment. These are aggregated into one reportable segment as permitted under IFRS8 for reporting purposes where they have similar economic characteristics and where the nature of services and their customer base is similar.

Notes to the consolidated financial statements
continued

3 Revenue

	2016 £'000	2015 £'000
Revenue	**379,244**	248,671

As described in note 15, the estimation of the expected adjustment arising on settlement of claims is revised, where necessary, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claims. Adjustments arising from subsequent revision of the Group's expected adjustment arising on settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the income statement.

4 Amortisation of intangibles and exceptional items

Exceptional items are items which due to their size, incidence or non recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in the opinion of the Board, to show more accurately the underlying results of the Group. These items together with the amortisation of intangible assets have accordingly been disclosed separately on the face of the consolidated income statement.

	2016 £'000	2015 £'000
Administration costs – Amortisation of acquired intangible assets:		
a) Amortisation of acquired intangible assets	**1,593**	–
Impact of amortisation of acquired intangible assets on operating profit	**1,593**	–
Exceptional items comprise the following:		
b) Reorganisation and integration costs	**311**	–
c) Acquisition costs	**651**	362
d) Share-based payments	**684**	408
Impact of exceptional items on operating profit	**1,646**	770
e) Other income – Autofocus and similar settlements	**–**	(2,890)
f) Finance costs – discount on provisions and deferred consideration	**83**	502
Total exceptional items	**1,729**	(1,618)
Total adjustments to profits	**3,322**	(1,618)
Tax effect of the above	**(460)**	–
Impact on profit after tax for the period	**2,862**	(1,618)

a) Amortisation of acquired intangible assets

The Group recognised the value of customer relationships and acquired software amounting to £22.9m in total (note 12) as a result of the acquisition of FMG (note 25) and these assets are being amortised over 10 and 5 years respectively. The charge for the period amounts to £1.6m (note 12), and the tax effect was a credit of £0.5m.

b) Reorganisation and integration costs

During the period the Group integrated the operations of Total Accident Management Limited with that of the FMG group of companies. This restructuring gave rise to a redundancy costs and other costs associated with the restructuring including the impairment of any associated assets totalling £0.3m for the year.

c) Acquisition costs

The charge for this year is in accordance with the requirements of IFRS3, acquisition costs, and relate to legal and professional fees incurred during the acquisition of the FMG group of companies, and amounts to £0.7m. During last year the Group evaluated a number of potential acquisitions and a charge of £0.4m was incurred and principally reflects fees and costs incurred during these processes.

d) Share-based payments

The Group has a number of share incentive schemes. In accordance with IFRS2 the calculated charge in respect of options issued and outstanding amounts to £0.7m for the year (2015: £0.4m).

e) Autofocus and similar settlements

Last year saw activity in pursuing claims for damages against insurers and other parties in respect of Autofocus and other historical claims and a considerable number of negotiated settlements were achieved. An amount of £2.9m was accordingly recorded as non-recurring other income.

f) Finance costs

The carrying amount of provisions against properties are included in the balance sheet net of the appropriate discount reflecting the cost of relevant capital or funding. The charge of £0.1m represents the unwinding of this discount during the year. The prior year charge of £0.5m represented the unwinding of provisions against properties as well as deferred consideration.

5 Operating profit

	2016 £'000	2015 £'000
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment		
owned	**1,144**	1,296
leased	**7,506**	4,813
Loss on sale of property, plant and equipment	**715**	424
Operating lease rentals		
vehicles	**11,214**	12,715
property	**2,134**	2,296
other	**123**	–

Details of auditor's remuneration is provided below:

	2016 £'000	**%**	2015 £'000	%
Audit services				
Statutory audit of Group and company financial statements	**73**	**16**	72	24
Statutory audit of Group subsidiaries pursuant to legislation	**137**	**30**	81	27
Audit-related regulatory reporting*	**37**	**8**	35	11
	247	**54**	188	62
Other services				
Other regulatory reporting	**10**	**2**	11	4
Accounting and tax due diligence on acquisitions	**202**	**44**	105	34
Total auditor's remuneration	**459**	**100**	304	100

*Interim review

Notes to the consolidated financial statements
continued

6 Staff costs

	2016 Number	2015 Number
The average number of full time equivalent employees (including Executive Directors) was:		
Operational	**1,318**	1,143
Office administration	**274**	236
Management	**122**	115
	1,714	1,494

	2016 £'000	2015 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**46,866**	37,321
Social security costs	**3,848**	2,998
Other pension costs	**857**	648
	51,571	40,967
Share-based payments charge	**684**	408
	52,255	41,375

The full time equivalent number of employees at the year end was 1,819 (2015: 1,510). Key management personnel and their remuneration are discussed in the Directors' remuneration report.

7 Finance income and finance costs

	2016 £'000	2015 £'000
a) Finance income		
Interest receivable	**(275)**	(490)
b) Finance costs		
Interest on obligations under finance leases	**1,487**	1,076
Loan issue costs charged in the year	**135**	27
	1,622	1,103
Reclassification of interest on obligations under finance leases and fleet facilities to cost of sales	**(1,474)**	(1,054)
Finance costs payable before exceptional costs	**148**	49
Net finance income before exceptional costs	**(127)**	(441)
c) Exceptional Finance Costs		
Unwind of discount on provisions and deferred consideration (note 4)	**83**	502
Total net finance (income)/costs	**(44)**	61

8 Tax

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profit for the year	**(1,006)**	–
Adjustments in respect of prior years	**39**	92
Total current tax (charge)/credit	**(967)**	92
Deferred tax		
Previously unrecognised tax losses	**208**	2,180
Origination of temporary differences	**(5,113)**	(1,284)
Adjustments in respect of prior years	**(27)**	(31)
Impact of change in tax rate	**(96)**	–
Tax (charge)/credit on profit on ordinary activities	**(5,995)**	957

	2016 £'000	2015 £'000
Reconciliation of tax (charge) / credit		
Profit for the year	**25,310**	25,302
Tax charge/(credit)	**5,995**	(957)
Profit before tax	**31,305**	24,345
Tax at the weighted average UK corporation tax rate of 20.00% (2015: 20.75%)	**(6,261)**	(5,051)
Unrecognised tax losses carried forward	**–**	(4)
Depreciation in excess of capital allowances	**1,047**	2,662
(Reversal)/recognition of deferred tax asset	**(1,195)**	1,680
Adjustment in relation to prior periods	**12**	61
Impact of change in tax rate on recognised deferred tax	**(96)**	–
Tax effect of expenses that are not deductible in determining taxable profit	**440**	(367)
Tax effect of utilisation of tax losses not previously recognised	**58**	1,976
Tax (charge)/credit for the year	**(5,995)**	957

The weighted average tax rate of 20% reflects the reduction in the UK main corporation tax rate from 21.0% to 20.0% effective from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. In the budget on 16 March 2016, the Chancellor announced an additional planned reduction to 17% by 2020. This will reduce the Group's future current tax charge accordingly and reduce the deferred tax asset at 30 June 2016 by £0.4m and the deferred tax liability at 30 June 2016 by £0.8m. The deferred tax assets and liabilities at 30 June 2016 have been calculated based upon the rates substantively enacted at the balance sheet date.

The tax charge for the year arises principally from the use of prior period losses and the reversal of the associated deferred tax asset set up in recognition of these losses in prior periods. The tax effect of exceptional items is detailed in note 4.

9 Dividends

	2016 £'000	2015 £'000
Final dividend for 2014 of 3.50 pence paid on 6 November 2014	**–**	9,838
Interim dividend for 2015 of 4.00 pence paid on 26 March 2015	**–**	11,271
Special dividend in respect of Autofocus of 1.00 pence paid on 30 July 2015	**2,854**	–
Final dividend for 2015 of 4.25 pence paid on 5 November 2015	**12,193**	–
Interim dividend for 2016 of 4.50 pence paid on 24 March 2016	**13,067**	–
Total dividends paid in the period	**28,114**	21,109

Notes to the consolidated financial statements
continued

10 Earnings per share

Basic earnings per share

The calculation of the basic earnings per share at 30 June 2016 is based on the profit attributable to ordinary shareholders of £25,194,000 (2015: £25,240,000) and a weighted average number of ordinary shares outstanding of 290,809,792 (2015: 281,330,456) calculated as follows:

Profit attributable to ordinary shareholders

	Year ended 30 June 2016 Adjusted* £'000	**Adjustment items £'000**	**Year ended 30 June 2016 £'000**	Year ended 30 June 2015 Adjusted* £'000	Adjustment items £'000	Year ended 30 June 2015 £'000
Profit for the year	**28,056**	**(2,862)**	**25,194**	**23,622**	1,618	25,240

*Adjusted profit excludes the impact of amortisation of acquired intangible assets and those items described as exceptional, as set out in note 4

Weighted average number of ordinary shares

	2016 Number	2015 Number
In issue at 1 July	**285,390,229**	272,663,740
Effect of shares issued in respect of deferred consideration on acquisition of NewLaw	**2,048,062**	7,764,838
Effect of shares issued for cash on exercise of executive share options	**1,299,899**	901,878
Effect of shares issued for cash on exercise of SAYE share options	**6,141**	–
Effect of shares issued in respect of consideration on acquisition of FMG	**2,065,461**	–
Weighted average number of ordinary shares at 30 June	**290,809,792**	281,330,456

Diluted earnings per share

There is no difference between profit attributable to ordinary shareholders for basic and diluted earnings for share calculations. The calculation of the diluted earnings per share at 30 June 2016 is based on the profit attributable to ordinary shareholders of £25,194,000 (2015: £25,240,000) and a weighted average number of ordinary shares outstanding of 305,058,591 (2015: 298,295,077) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2016 Number	2015 Number
Weighted average number of ordinary shares (basic)	**290,809,792**	281,330,456
Effect of 2013 executive share options scheme shares in issue	**28,946**	2,163,239
Effect of 2016 executive share options scheme shares in issue	**2,420,052**	–
Effect of B shares in issue	**10,410,910**	10,409,785
Deferred consideration shares	**–**	2,885,544
Effect of 2014 SAYE share option scheme shares in issue	**1,072,726**	1,506,053
Effect of 2015 SAYE share option scheme shares in issue	**316,165**	–
Weighted average number of ordinary shares (diluted) at 30 June	**305,058,591**	298,295,077

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and B share conversions was based on quoted market prices for the period during which the options and shares were outstanding.

11 Goodwill

	£'000
Cost	
At 01 July 2014 and 30 June 2015	**113,549**
On acquisition (note 25)	**26,759**
At 30 June 2016	**140,308**
Accumulated impairment losses	
At 01 July 2014, 30 June 2015 and 30 June 2016	**(54,318)**

Net book value	
At 30 June 2016	**85,990**
At 30 June 2015	**59,231**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business acquisition. The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group.

The allocation of Goodwill allocated to the Group's CGUs, is shown in the table below:

	2016 **£'000**	2015 £'000
Helphire	**18,950**	18,950
NewLaw	**40,281**	40,281
FMG	**26,759**	–
	85,990	59,231

For the purposes of testing the value of goodwill of all CGUs for impairment the Group has prepared forecasts, for periods of up to 5 years which have looked at short to medium term factors relevant to the CGUs in the Group, including macro economic issues, anticipated industry growth forecasts, changes to selling prices and direct costs. Due to the economic and political factors affecting the industry in which the Group operates, the forecast has assumed a growth rate in cash from operating activities averaging 1.0% per annum over the forecast period.

The forecasts have been used as the basis for the value in use calculation since these forecasts are considered to be sufficiently detailed and represent the best available information. As required by IAS36, a terminal value has been added to the forecasts with 0% growth assumed for the future years.

The pre-tax rate used to discount the forecast cash flows is 10.0% (2015: 10.0%).

The values derived from these have been compared to the carrying values of all of the CGUs which exclude borrowings and cash, to test goodwill for impairment. After review of the results of this test, the directors consider that there has been no impairment to any of the CGUs during the year (2015: £nil) and that there is headroom of £13.0m for the NewLaw group of companies (2015: £10.4m), headroom of £75.1m in respect of FMG and £216.7m for the Helphire CGU (2015: £94.7m). If a discount rate of 0.5% higher or lower were used, with all other variables being constant, the aggregate headroom would increase or decrease by £24.6m and £22.3m respectively.

Decisions as to the impairment of goodwill are a key source of estimation uncertainty and a critical accounting judgment.

Notes to the consolidated financial statements
continued

12 Intangible assets

	Customer relationships £'000	Customer software £'000	Total £'0000
Cost			
At 01 July 2015	–	–	–
On acquisition (note 25)	21,900	1,000	22,900
At 30 June 2016	21,900	1,000	22,900
Amortisation			
Charge for period	(1,460)	(133)	(1,593)
At 30 June 2016	(1,460)	(133)	(1,593)
Net book value			
At 30 June 2016	**20,440**	**867**	**21,307**

The fair values of intangible assets resulting from the acquisition of FMG is considered to be provisional given the time that FMG has been part of the Group and is expected to be presented as final as part of the Group's 2017 interim financial statements.

13 Property, plant and equipment (including vehicles)

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2014	438	3,123	21,806	13,599	38,966
Additions	–	46	24,806	699	25,551
Disposals	–	(2,389)	(10,809)	(203)	(13,401)
At 30 June 2015	438	780	35,803	14,095	51,116
Additions	–	46	37,494	1,229	38,769
Disposals	–	(42)	(23,809)	(3,865)	(27,716)
On acquisition (note 25)	2,287	–	–	638	2,925
At 30 June 2016	**2,725**	**784**	**49,488**	**12,097**	**65,094**
Accumulated depreciation and impairment					
At 01 July 2014	(62)	(2,734)	(3,870)	(12,225)	(18,891)
Charge for the year	(9)	(61)	(5,106)	(933)	(6,109)
Disposals	–	2,350	3,013	203	5,566
At 30 June 2015	(71)	(445)	(5,963)	(12,955)	(19,434)
Charge for the year	(44)	(63)	(7,706)	(837)	(8,650)
Disposals	–	33	6,781	3,781	10,595
At 30 June 2016	**(115)**	**(475)**	**(6,888)**	**(10,011)**	**(17,489)**
Carrying amounts					
At 30 June 2016	**2,610**	**309**	**42,600**	**2,086**	**47,605**
At 30 June 2015	367	335	29,840	1,140	31,682
Leased assets included above:					
At 30 June 2016	**–**	**–**	**41,412**	**229**	**41,604**
At 30 June 2015	–	–	28,920	145	29,065

13 Property, plant and equipment (including vehicles) continued

The depreciation on the vehicle hire fleet represents a critical judgment made by the directors. The Group operates a large fleet of hire vehicles. Depreciation on these vehicles is intended to reduce the carrying value of the vehicles to their expected residual value at disposal. However, the residual value attributable is dependent on conditions present in the future and is subject to movements in the market for nearly-new vehicles. As such, this area is inherently judgmental and is a key source of estimation uncertainty.

The cost of the land element of freehold property is not separable from the cost of the freehold buildings.

14 Interests in associates

The Group's interest in associates comprises of minority participations in four (2015: four) active Limited Liability Partnerships ("LLP") registered and situated in the United Kingdom. All of the LLPs are engaged in the processing of legal claims and are regulated by the Solicitors Regulation Authority. The LLPs are businesses over which the Group is deemed to have significant influence over but does not control.

	2016 £'000	2015 £'000
Carrying amount of interests in associates	**796**	232
Group's share of:		
Profit from continuing operations	**1,281**	314
Other Comprehensive Income	**–**	–
Total share of profits	**1,281**	314

The accounting period ends of the associated companies consolidated in these financial statements range from 30 November to 31 December. The accounting period end dates of the associates are different from the Group as they are more aligned to the accounting reference dates of the majority partners. The above information has been obtained from management accounts of the entities concerned for the period ending 30 June 2016.

15 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables – claims due from insurance companies and self-insuring organisations	**86,150**	62,913
Trade receivables – amounts invoiced for services	**16,754**	4,316
Trade receivables	**102,904**	67,229
Other receivables	**119**	144
Accrued income	**2,790**	1,047
Total receivables for purposes of calculating debtor days	**105,813**	68,420
Disbursements recoverable in legal businesses	**13,423**	10,924
Amounts due from associates	**21**	13
Taxation recoverable	**–**	13
Prepayments	**7,615**	4,961
	126,872	84,331

The Group's debtor days at 30 June 2016 were 94 days (2015: 100 days). This measure is based on net trade receivables, other receivables and accrued income as a proportion of the related underlying revenue multiplied by 365 days.

Notes to the consolidated financial statements
continued

15 Trade and other receivables continued

a) Claims due from insurance companies

Claims due from insurance companies are stated at the expected net claim value, which is stated after allowance, for an estimation of expected adjustments arising on settlement of such claims.

Where necessary the estimation of the expected adjustment arising on settlement of claims is revised, at each balance sheet date, to reflect the Group's most recent estimation of amounts ultimately recoverable. The estimation of the expected adjustment arising on settlement of claims represents a critical judgment made by the directors.

The Group's estimation of the expected adjustment arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the portfolio of cases.

Settlement risk arises on claims due from insurance companies due to their magnitude and the nature of the claims settlement process. The Group recovers its charges for vehicle hire and the cost of repair of customers' vehicles from the insurer of the at-fault party to the associated accident or, in a minority of claims, from the at-fault party direct where they are a self-insuring organisation. However, by their very nature, claims due from motor insurance companies can be subject to dispute which may result in subsequent adjustment to the Group's original estimate of the amount recoverable.

The Group manages this risk by ensuring that vehicles are only supplied and remain on hire and repairs to customers' vehicles are carried out after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. In the normal course of its business the Group uses three principal methods to conclude claims: through the use of bilateral protocol agreements, by negotiation with the insurer of the at-fault party where the claim is not covered by a bilateral agreement and where a claim fails to settle and negotiations have been fruitless, by litigation. The vast majority of these claims settle before or on the threat of litigation, but where they do not, formal proceedings are issued.

In view of the tripartite relationship between the Group, its customer and the at-fault party's insurer and the nature of the claims process, claims due from insurance companies do not carry a contractual 'due date', nor does the expected adjustment arising on settlement of trade receivables represent an impairment for credit losses. The circumstances of the insurance companies with which the Group deals are currently such that no provision for credit risk is considered necessary and so the disclosures required by IFRS7 on provision for credit loss are not provided. Instead the directors review claims due from insurance companies according to the age of the claim based upon the date that the claim was presented to the relevant insurer. The Group's strategy is that trade receivables should be collected by normal in house processes including collections made under bilateral protocol arrangements with insurers and only then transferred to the Group solicitor process or other external solicitors as appropriate in specific circumstances pertaining to a case. Consideration is usually first given to this at around 120 days. An analysis of claims due from insurance companies based on these circumstances is given below.

	2016 £'000	**%**	2015 £'000	%
Pending claims	**11,466**	**13**	10,638	17
Between 1 and 120 days old	**41,696**	**49**	24,189	38
More than 120 days old	**32,988**	**38**	28,086	45
Total	**86,150**	**100**	62,913	100

Risk is spread primarily across the major UK based motor insurance companies in proportion to their respective share of the market. No credit insurance is taken out given the regulated nature of these entities. The Group does not have a significant concentration of credit risk, with exposure spread across a large number of insurer counterparties. The most significant five insurers represented 37% (2015: 38%) of receivables.

15 Trade and other receivables continued

b) Amounts invoiced for services

No interest is charged on receivables. The Group has provided for expected irrecoverable amounts specifically based on past default experience. The Group assesses the credit worthiness for each customer prior to commencing to trade with them. The most significant five customers represented 23% (2015: 27%) of receivables.

Included in this category of the Group's trade receivables balance are debtors with a carrying amount of £3.0m (2015: £0.8m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The cash collection period for these balances is normal for the industry.

Ageing of past due but not impaired receivables.

	2016 £'000	2015 £'000
30-60 days	**1,568**	311
60-90 days	**619**	162
90-120 days	**372**	56
More than 120 days	**392**	259
Total	**2,951**	788

The movement in the allowance for doubtful debtors was as follows:

	2016 £'000	2015 £'000
At beginning of year	**1,212**	1,428
Provision at acquisition (note 25)	**508**	–
Impairment losses released	**(59)**	(216)
At end of year	**1,661**	1,212

The carrying amount of trade and other receivables is denominated in sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**60,707**	24,938
Other taxation and social security	**7,023**	3,164
Accruals and deferred income	**35,210**	27,297
Disbursements payable in legal businesses	**9,685**	7,926
Other creditors	**3,297**	1,700
Corporation tax payable	**296**	–
	116,218	65,025

Trade payables represent amounts payable for goods and services. The directors consider that the carrying amount of trade payables approximates to their fair value.

Notes to the consolidated financial statements
continued

17 Obligations under finance leases

	2016 £'000	2015 £'000
Amounts payable under finance leases		
Within one year	**22,470**	15,776
In the second to fifth years inclusive	**19,281**	14,896
Less future finance charges	**(1,878)**	(1,721)
Present value of lease obligations	**39,873**	28,951
Present value of lease obligations		
Within one year	**21,242**	14,663
In the second to fifth years inclusive	**18,631**	14,288
Present value of lease obligations	**39,873**	28,951
Analysed as:		
Amounts due for settlement within 12 months	**21,242**	14,663
Amounts due for settlement after 12 months	**18,631**	14,288
Shown in current/non current liabilities	**39,873**	28,951

It is the Group's policy to lease certain of its fixtures, equipment and motor vehicles under finance leases. The average lease term is 2.3 years (2015: 2.2 years). For the year ended 30 June 2016 the average effective borrowing rate was 3.94% (2015: 4.64%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Group's finance lease obligations approximates to their carrying value. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

18 Other borrowings

The Group has a 5 year £35m unsecured revolving credit facility with HSBC expiring in December 2020 as well as an unsecured overdraft facility of £5m with the same bank. There have been no drawings under either facility since inception but the facility is available to fund growth in the business should the considerable cash balances currently held for this purpose be used for other corporate purposes such as further acquisitions. If and when drawn, related covenants surround a net debt to EBITDA ratio (< 3:1) and the ratio of trade receivables to amounts drawn under the HSBC facility (> 1.5:1). The margin charged on the revolving credit facility is dependent upon the Group's net debt to EBITDA ratio, ranging from a minimum of 1.25% over LIBOR to a maximum of 2.25% over LIBOR. The margin on the overdraft is 1.25% over Bank of England Base Rate.

The directors consider that the fair value of the Group's borrowings is equal to their book value. All obligations under finance leases are disclosed in note 17.

19 Provisions

	Onerous lease provision £'000
At 1 July 2014	3,676
Utilised during the year	(1,168)
At 30 June 2015	2,508
Utilised during the year	(1,266)
At 30 June 2016	**1,242**

Included in current liabilities	1,242
	1,242

As part of its restructuring programme in prior years, the Group vacated certain properties in whole or in part. To the extent that these properties remain empty at the year-end they have been treated as onerous leases. The amount provided above is stated after taking into account both the anticipated and actual sub-lets achieved on the properties and any other mitigating actions including a planned redevelopment by the landlord.

20 Deferred tax

Deferred tax charge is calculated in full on temporary differences under the liability method using the tax rates enacted at the balance sheet date of 20% from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020 (2015: 20%).

	(Liability) Accelerated tax depreciation £'000	Asset Total £'000
At 1 July 2014	(297)	9,200
Credit/(charge) to income	(725)	1,650
At 30 June 2015	(1,022)	10,850
On acquisition (note 25)	(4,580)	182
Credit/(charge) to income	133	(5,161)
At 30 June 2016	**(5,469)**	**5,871**

At the balance sheet date the Group has unused trading losses and other timing differences of £62.7m (2015: £88.2m) available for offset against future trading profits. A deferred tax asset has been recognised in respect of £30.2m (2015:

£54.0m) of this amount to reflect the foreseeable forecast utilisation of tax losses and capital allowances carried forward. No deferred tax asset has been recognised in respect of the remaining £32.5m (2015: £34.2m) due to the risks associated with the generation of the requisite future taxable profits.

Deferred tax asset not provided in full on temporary differences under the liability method using a tax rate of 20% (2015: 20%):

	Asset Tax losses Carried forward £'000	Asset Accelerated tax depreciation £'000	Asset Total £'000
At 30 June 2016	**1,238**	**5,298**	**6,536**
At 30 June 2015	1,648	5,195	6,843

Notes to the consolidated financial statements
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21 Share capital and Share premium

a) Share capital movements in year

	Ordinary Shares of 0.1p		B Shares of 0.1p		Total
	Number	£'000	Number	£'000	£'000
In issue at 1 July 2014	272,663,740	273	10,410,910	10	283
Issued for acquisitions	9,868,632	10	–	–	10
Exercise of executive share options	2,857,857	3	–	–	3
In issue at 30 June 2015	285,390,229	286	10,410,910	10	296
Issued for acquisitions	3,048,220	3	–	–	3
Issued in respect of deferred consideration	2,889,874	3	–	–	3
Exercise of SAYE share options	6,832	–	–	–	–
Exercise of executive share options	2,201,560	2	–	–	2
In issue at 30 June 2016 fully paid	**293,536,715**	**294**	**10,410,910**	**10**	**304**

The Company has one class of Ordinary Share which carries no right to fixed income. The B Shares are unquoted and do not entitle their holders to receive notice of, to attend, to speak or to vote at any general meeting of the Company and do not entitle their holders to receive any dividend or other distribution declared or paid by the company. The B Shares will entitle their holders on a winding up of the Company to receive a sum equal to £1 in aggregate (as a class). The B Shares in issue will automatically convert into Ordinary Shares and, in certain circumstances, B Deferred Shares upon the "B Share Hurdle" (as detailed in note 23) being met before 28 March 2028.

Changes in the share capital or share premium account during the year are summarised in the Consolidated Statement of Changes in net Equity and reflect:

Date	Reason	Number	Average price	Total £'000	Share Capital £'000	Share Premium £'000
31 July 2015	NewLaw deferred consideration	480,924	118.99p	572	–	572
31 August 2015	NewLaw deferred consideration	480,924	118.99p	573	1	572
30 September 2015	NewLaw deferred consideration	480,924	118.99p	572	–	572
31 October 2015	NewLaw deferred consideration	480,923	118.99p	573	1	572
30 November 2015	NewLaw deferred consideration	480,923	118.99p	572	–	572
31 December 2015	NewLaw deferred consideration	485,256	118.99p	577	1	576
	Total deferred consideration	2,889,874		3,439	3	3,436
27 October 2015	Issued for acquisition of FMG	3,048,220	164.03p	5,000	3	4,997
04 August 2015	Exercise of Executive Share Options	63,656	15.74p	10	–	10
07 August 2015	Exercise of SAYE Options	6,832	48.30p	3	–	3
02 November 2015	Exercise of Executive Share Options	254,630	11.49p	29	–	29
06 November 2015	Exercise of Executive Share Options	567,998	11.34p	65	1	64
10 November 2015	Exercise of Executive Share Options	524,346	7.76p	42	1	41
16 November 2015	Exercise of Executive Share Options	95,489	11.49p	11	–	11
09 December 2015	Exercise of Executive Share Options	190,973	11.49p	22	–	22
17 December 2015	Exercise of Executive Share Options	124,917	11.16p	14	–	14
22 December 2015	Exercise of Executive Share Options	127,318	11.49p	15	–	15
01 March 2016	Exercise of Executive Share Options	124,917	11.16p	14	–	14
10 March 2016	Exercise of Executive Share Options	33,500	7.25p	2	–	2
26 April 2016	Exercise of Executive Share Options	61,986	9.28p	6	–	6
28 April 2016	Exercise of Executive Share Options	31,830	6.99p	2	–	2
	Total shares issued for cash	2,208,392		235	2	233
	Total shares issued	**8,146,486**		**8,674**	**8**	**8,666**

21 Share capital and Share premium continued

The following share issues took place during the previous financial year:

Date	Reason	Number	Average price	Total £'000	Share Capital £'000	Share Premium £'000
4 August 2014	NewLaw 1st tranche deferred consideration	8,425,860	60.90p	5,131	8	5,123
	Total 1st tranche deferred consideration	8,425,860		5,131	8	5,123
30 April 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	572	1	571
31 May 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	572	1	571
30 June 2015	NewLaw 2nd tranche deferred consideration	480,924	118.99p	572	1	571
	Total 2nd tranche deferred consideration	1,442,772		1,716	3	1,713
18 November 2014	Exercise of Executive Share Options	63,657	20.74p	13	–	13
17 December 2014	Exercise of Executive Share Options	288,858	20.89p	60	–	60
15 January 2015	Exercise of Executive Share Options	257,030	20.90p	54	–	54
20 January 2015	Exercise of Executive Share Options	63,656	20.74p	13	–	13
18 March 2015	Exercise of Executive Share Options	1,878,842	14.10p	265	2	263
20 April 2015	Exercise of Executive Share Options	63,656	16.74p	11	–	11
18 June 2015	Exercise of Executive Share Options	242,158	20.42p	49	–	49
	Total shares issued for cash	2,857,857		465	2	463
	Total shares issued	**12,726,489**		**7,312**	**13**	**7,299**

22 Operating lease arrangements

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 Vehicles £'000	**2016 Properties £'000**	**2016 Total £'000**	2015 Vehicles £'000	2015 Properties £'000	2015 Total £'000
Within one year	**6,391**	**3,279**	**9,670**	6,617	2,862	9,479
In the second to fifth years inclusive	**1,989**	**9,624**	**11,613**	1,605	10,146	11,751
After five years	**74**	**5,798**	**5,872**	–	6,301	6,301
	8,454	**18,701**	**27,155**	8,222	19,309	27,531

Operating lease payments represent rentals payable by the Group for certain of its motor vehicles, plant and equipment and properties. Leases have a weighted average term of 4.42 years (2015: 4.75 years). The onerous lease provision of £1.2m (2015: £2.5m) (note 19) has been included within the above amounts.

Notes to the consolidated financial statements
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23 Share-based payments

Equity settled share option plans

The Group has granted options in the form of mainstream options and options under the Sharesave schemes to certain directors and employees.

Mainstream options

2013 Executive Share Scheme

For options granted on 2 May 2013 and 22 July 2013 under the 2013 Executive Incentive Scheme the all the options have now vested. The original exercise price for those options still outstanding will be reduced by the total dividend per Ordinary Share paid from 1 March 2013 to the date of exercise (subject to the exercise price not being less than the nominal value of an Ordinary Share). No minimum holding period is required for the vesting of options under the 2013 Executive Incentive Scheme but the Remuneration Committee has imposed a minimum holding period of 6 months following exercise subject to certain exceptions. Options are conditional on the employee remaining in service until the options vest. Options which have already vested remain exercisable until 30 June 2017.

2016 Performance Share Plan

On 26 February 2016 the Group adopted a new performance share plan (“2016 Performance Share Plan”) to incentivise key management to deliver the strategic goals of the business and which replaces the 2013 Executive Option scheme which is now closed. Awards were made in relation to ordinary shares of 0.1 pence each in the Company under the 2016 Performance Share Plan. Grants under the 2016 Performance Share Plan are subject to vesting criteria relating to the achievement of earnings per share (“EPS”) and total shareholder return (“TSR”) targets over a three financial year performance period. TSR will be measured against the AIM 100 index. Grants are expected to be made annually and approved by the Company’s Remuneration Committee. These Awards will normally become exercisable as nominal cost options subject to continued employment and to the extent the TSR and EPS targets are achieved over the three financial year performance period.

Up to one half of these Awards will vest in full if the Company achieves a basic adjusted EPS of 10.92 pence in the financial year ended 30 June 2018 with a straight-line reduction to NIL if EPS is below 9.66 pence.

Up to one half of these Awards will vest in full if the Company’s TSR performance over the same period at least equals the upper quartile of the AIM 100 index with a straight line reduction to NIL if performance is below median performance.

Once vested, the awards shall ordinarily remain exercisable until the tenth anniversary of the grant of the Awards.

Details of all mainstream options outstanding during the year are as follows:

	2016 Number of options 000s	**2016 Weighted average exercise price (pence)**	2015 Number of options 000s	2015 Weighted average exercise price (pence)
Outstanding at beginning of period	**2,231**	**16.02**	5,122	23.99
Granted during the period	**2,421**	**0.01**	–	–
Forfeited or surrendered during the period	**–**	**–**	(32)	20.74
Exercised during the period	**(2,202)**	**10.46**	(2,858)	16.29
Expired during the period	**(9)**	**0.10**	(1)	2,145.00
Outstanding at end of period	**2,441**	**0.29**	2,231	16.02
Exercisable at the end of the period	**19**	**24.40**	524	17.24

The options outstanding at 30 June 2016 had a weighted average exercise price of 0.29p (2015: 16.02p) and a weighted average remaining contractual life of 9.6 years (2015: 2.0 years).The range of exercise prices as at 30 June 2016 was from 0.1p to 24.40p; the highest and lowest value of shares during the year were 214.75p and 136.00p respectively. The value of shares as at 30 June 2016 was 157.00p.

23 Share-based payments continued

B share incentive scheme

The B Shares in issue will automatically convert into Ordinary Shares and, in certain circumstances, B Deferred Shares if the "B Share Hurdle" (as described below) is met before 28 March 2028.

The B Share Hurdle will be achieved upon a cumulative total amount of 25.0 pence (as adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014), being returned on each Ordinary share in issue from 28 March 2013 (Relevant Shares), in cash or in kind, either: (i) as a result of the payment of dividends or other distributions or returns of capital; and/or (ii) as a result of an "Exit Event" (broadly meaning a takeover of the Company resulting in a person acquiring control of the Company).

The B Share Hurdle or, if applicable, the portion not achieved from time to time, shall increase from 28 March 2018 at a rate equal to the United Kingdom Retail Prices Index plus three per cent per annum (compounded annually).

Where the B Share Hurdle is reached wholly by payment of dividends or other distributions or returns of capital, all of the B Shares will convert into Ordinary Shares on a one-for-one basis. Where the B Share Hurdle is met wholly or partly as a result of an Exit Event, some, but not all, of the B Shares then in issue will convert on a one-for-one basis into Ordinary Shares. The proportion of the B Shares that will convert into Ordinary Shares will be determined by the proportion of the consideration payable in connection with such Exit Event that, when added to all other amounts received by holders of Relevant Shares in respect thereof since 28 March 2013, exceeds the B Share Hurdle. The remainder of the B Shares will automatically convert into B Deferred Shares on a one-for-one basis at such time. A valuation of the B Shares was performed in 2013 by reference to an estimate of possible dividends and with regard to other risk factors judged inherent to the likelihood and timing of the B Share Hurdle being achieved. On this basis, a value of 0.1p per B Share was calculated (as subsequently adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014).

Sharesave schemes

Under the Sharesave schemes, employees are granted options to acquire shares in the Company with funds deducted from their salaries on a monthly basis. Participation was open to all eligible employees employed at the date of commencement of the scheme. All participants agreed to save a fixed amount monthly into the scheme and in return received an option to purchase shares in the Company at a discounted price at the conclusion of the scheme. The discounted share price is calculated as the market price at the commencement of the scheme less 20%. The options vest after three years following the date of grant and must be exercised within 6 months of that date. The options generally lapse if the employee leaves within the three-year period.

	2016 Number of options 000s	**2016 Weighted average exercise price (pence)**	2015 Number of options 000s	2015 Weighted average exercise price (pence)
Outstanding at beginning of period	**1,435**	**48.3**	1,514	48.3
Granted during the period	**1,304**	**126.9**	–	–
Exercised during the period	**(6)**	**48.3**	–	–
Forfeited or lapsed during the period	**(161)**	**80.3**	(79)	48.3
Outstanding at end of period	**2,572**	**86.2**	1,435	48.3
Exercisable at the end of the period	**–**	**–**	6	48.3

Name	Outstanding at 01 July 2015 ’000	Granted in the year ’000	Exercised in the year ’000	Forfeited or lapsed in the year ’000	**Outstanding at 30 June 2016 ‘000**	Exercise price (pence)	Date from which Exercisable	Expiry date
2014 scheme	1,435	–	(6)	(95)	**1,334**	48.3	01/08/2017	01/02/2018
2015 scheme	–	1,304	–	(66)	**1,238**	126.9	01/12/2018	01/06/2019
	1,435	1,304	(6)	(161)	**2,572**	86.2		

Notes to the consolidated financial statements
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23 Share-based payments continued

The options outstanding at 30 June 2016 had a weighted average exercise price of 86.2p (2015: 48.3p) and a weighted average remaining contractual life of 1.7 years (2015: 2.1 years). The Group recognised total expense of £0.7m related to equity-settled share-based payment transactions in 2016 (2015: £0.4m).

Assumptions used in the valuation of share based payments

The Group engaged a third party to determine the fair value of the share based payments for the options granted. The assumptions used in the valuations were as follows:

	2013 Executive Scheme	2013 Executive Scheme	2014 SAYE Scheme	2015 SAYE Scheme	2016 Performance Plan
Fair value of share option	26.1p	27.3p	19.0p	45.4p	153.5p – 172.3p
Share price on date of grant	35.3p	42.6p	59.5p	180.5p	193.25p
Exercise price	25.0p	45.0p	48.3p	126.9p	0.1p
Share options originally granted	4,530,086	771,508	1,513,947	2,421,495	2,241,297
Vesting period (years)	0.7 – 2.7	0.4 – 2.4	3.1	3.1	3.0
Expected volatility	135%	125%	75%	35%	40%
Expected life (years)	4.2	3.9	3.6	3.6	3.0
Risk free rate of return	0.22% – 0.37%	0.34% – 0.59%	1.37%	0.98%	0.43%
Fair value model used	Binomial	Binomial	Binomial	Binomial	Binomial and Monte Carlo

24 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, finance leases disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Categories of financial instruments

The gearing ratio, defined as net debt/(cash) divided by total capital, was as follows:

	2016 £'000	2015 £'000
Net debt/(cash)	**5,226**	(39,675)
Total shareholders' equity	**160,286**	157,453
Total capital	**165,512**	117,778
Gearing ratio	**3.3%**	(33.7)%

	2016 £'000	2015 £'000
Financial assets		
At amortised cost:		
Trade receivables	**102,904**	67,229
Disbursements recoverable in legal businesses	**13,423**	10,924
Cash and cash equivalents	**34,647**	68,626
Financial liabilities		
At amortised cost:		
Trade payables	**60,707**	24,938
Disbursements payable in legal businesses	**9,685**	7,926
Obligations under finance leases	**39,873**	28,951

24 Financial instruments continued

Financial risk management objectives

The Group monitors and manages its financial risks, which include interest rate risk, credit risk and liquidity risk. Interest rate swaps are used to manage interest rate risk. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written rules on the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not have any significant foreign currency risk exposure.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and where considered appropriate by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities a 0.5% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2016 would have increased/decreased by £0.2m (2015: £0.3m). This is mainly attributable to the Group's exposure on variable rate borrowings and deposits.

Interest rate swap contracts

There were no outstanding interest rate swap contracts in existence at 30 June 2016 (2015: nil).

Credit risk management

The Group is exposed to credit risk in connection with the possible default by insurance companies. Following an assessment of the counterparties, the directors have concluded that there is no requirement for an impairment provision for credit loss against trade receivables arising from claims against insurance companies.

The provision for expected adjustments arising on settlement of claims does not represent an impairment provision under IFRS7. Nevertheless, for normal commercial reasons the Group ensures that vehicles are only placed on hire and repairs to vehicles are only carried out after the validation process has provided assurance that the liability for the accident rests with another party. As trade receivables for credit hire and credit repair carry no contractual 'due date', the term 'past due' used in IFRS7 is not considered to be relevant to the Group's trade receivables or the way in which the Group manages credit risk.

Trade receivables relating to amounts invoiced to customers for services provided are subject to credit risk in that a counterparty may default on its obligation to the Group. Customers represent primarily legal firms and the Group's policy is to deal with an approved panel of such firms. The carrying value of these financial assets, net of impairment provisions, represents the Group's maximum exposure to credit risk. Credit risk for cash placed on deposit is controlled by the use of appropriate financial institutions.

Liquidity risk management

Liquidity risk arises primarily from the nature of the claims settlement process, which can prolong the period of collection of trade receivables. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecast and actual cash flows.

Fair value of financial instruments

The fair value of financial assets and liabilities held at amortised cost is considered by the directors not to be materially different from their carrying amounts at the balance sheet date.

Maturity of financial assets

As explained in note 15, trade receivables for claims on insurers do not carry a contractual due date. As in previous years, the majority of our receivables relate to claims which are payable upon presentation and maturity should be expected within a month but settlement can be delayed following a period of negotiation with the relevant counter-party.

Notes to the consolidated financial statements
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24 Financial instruments continued

Maturity of financial liabilities

The following tables analyse the Group's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2016							
Non-interest bearing	**–**	**61,165**	**–**	**–**	**278**	**–**	**61,443**
Variable interest rate instruments							
Finance lease liability	**3.94**	**–**	**–**	**–**	**–**	**–**	**–**
Fixed interest rate instruments	**3.94**	**1,543**	**6,566**	**14,385**	**19,277**	**–**	**41,771**
		62,708	**6,566**	**14,385**	**19,555**	**–**	**103,214**
2015							
Non-interest bearing	–	25,327	–	–	264	–	25,591
Variable interest rate instruments: Finance lease	4.64	–	–	–	–	–	–
Fixed interest rate instruments	4.64	1,300	2,505	11,970	14,896	–	30,671
		26,627	2,505	11,970	15,160	–	56,262

Finance lease facilities are also in existence with a wide variety of different funders and in general do not represent committed facilities, but rather are provided on a rolling basis.

Externally imposed capital requirements

The Group is not subject to any externally imposed capital requirements.

25 Business Combinations

The Group made a significant acquisition in the year:

FMG group of companies

FMG was acquired on 27 October 2015 for £22.5m in aggregate on a debt-free basis and assuming a normalised level of working capital. Loan notes of £23.5m were also settled at completion. The total consideration for the acquisition of all the shares and other vendor interests in FMG was therefore £46.0m and comprised a number of elements, satisfied by the payment at completion of approximately £41.0m in cash and also the issue of 3,048,220 new ordinary Redde shares with a total value of £5.0m in respect of the FMG shares and loan notes. Included in the above cash payment was a cash payment of £2.5m in respect of additional working capital balances on completion.

25 Business Combinations continued

The aggregated provisional fair value of the identifiable assets and liabilities of FMG Group at the acquisition date are set out below:

	Fair Value £'000
Tangible fixed assets	2,925
Intangible assets – Customer relationships	21,900
Intangible assets – Software	1,000
Deferred tax asset	182
Trade and other receivables	9,818
Cash and cash equivalents	4,470
Trade and other payables	(16,385)
Loan notes	(23,505)
Finance leases	(129)
Deferred tax liabilities	(4,580)
Net assets acquired	(4,304)
Consideration:	
Cash paid on completion	17,455
Consideration paid in shares	5,000
Total consideration	22,455
Goodwill arising from the acquisition	**26,759**

The fair values of the assets and liabilities are stated as at 31 October 2015 being the nearest practical date to completion and are considered to be provisional given the time that FMG has been part of the Group and is expected to be presented as final as part of the Group's 2017 interim financial statements. Goodwill has arisen on the acquisition due to the value of the assembled workforce, the value associated with any new software which is yet to be developed and the value associated with new customer contracts and relationships to be generated in the future that are not capable of being individually identified and/or separately recognised under the terms of IFRS 3(R). The value of customer relationships and acquired software that have been recognised will be amortised over 10 and 5 years respectively.

26 Cash flow information

a) Analysis and reconciliation of net cash

	01 July 2015 £'000	Acquisitions £'000	Cash flow £'000	Non cash changes £'000	**30 June 2016 £'000**
Net cash and cash equivalents	68,626	4,470	(38,449)	–	**34,647**
Debt due within one year	–	–	–	–	**–**
Debt due after more than one year	–	(23,505)	23,505	–	**–**
	–	(23,505)	23,505	–	**–**
Finance leases	(28,951)	(129)	25,918	(36,711)	**(39,873)**
	(28,951)	(23,634)	49,423	(36,711)	**(39,873)**
Net (debt)/cash	39,675	(19,164)	10,974	(36,711)	**(5,226)**

Notes to the consolidated financial statements
continued

26 Cash flow information continued

	2016 £'000	2015 £'000
(Decrease)/increase in cash and cash equivalents in the year	**(33,979)**	10,288
Cash inflow from decrease in borrowings and lease financing	**49,423**	11,882
Change in net debt resulting from cash flows	**15,444**	22,170
New finance leases	**(36,711)**	(24,052)
Net debt acquired on acquisitions	**(23,634)**	–
Movement in net (debt)/cash in the year	**(44,901)**	(1,882)
Net (debt)/cash at start of the year	**39,675**	41,557
Net (debt)/cash at end of the year	**(5,226)**	39,675

b) Depreciation, amortisation and impairment charges

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment (Note 13)	**8,650**	6,109

c) Cash impact of exceptional items

The cash flow impact of the exceptional items explained in note 4 was a net cash outflow of £1.0m comprising of an outflow in respect of the costs of acquisitions and restructuring and integration costs (2015 net cash inflow of £2.5m comprising of an outflow in respect of the costs of evaluating acquisitions and a cash inflow in respect of other income).

27 Related party transactions

The Group has for many years disposed of some of its surplus vehicles in the normal course of business through British Car Auctions ("BCA"). The Group has also for many years repaired vehicles on behalf of BCA through its repair network. BCA has since 2 April 2015 been part of the BCA Marketplace plc group of companies ("BCAM"), formerly Haversham Holdings plc. BCAM is listed on the London Stock Exchange and the Group's Chairman, Avril Palmer-Baunack, is also its executive chairman. Accordingly BCAM is regarded as a related party.

Fees and commissions in the amount of £29,622 were charged by BCA during the year ended 30 June 2016 in respect of the disposal of such vehicles of which £nil was outstanding at the year end.

During the year costs of £19,800 were charged by BCA in respect of building rent, of which £7,920 was outstanding at the year end.

In addition during the year the Group performed repairs to vehicles on behalf of BCA in the normal course of business and an amount of £641,776 was charged to BCA of which £88,000 was outstanding at the year end.

Company statement of changes in equity
for the year ended 30 June 2016

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Retained earnings £'000	Total £'000
Balance at 01 July 2014	283	57,804	–	82,406	140,493
Profit for the year	–	–	–	73,763	73,763
Total comprehensive income for the year	–	–	–	73,763	73,763
Issue of Ordinary Shares	13	7,299	(1,716)	–	5,596
Shares to be issued	–	–	5,155	–	5,155
Dividends paid in the year	–	–	–	(21,109)	(21,109)
Credit to equity for equity settled share based payments	–	–	–	408	408
Balance at 30 June 2015	**296**	**65,103**	**3,439**	**135,468**	**204,306**
Profit for the year	–	–	–	103,335	103,335
Total comprehensive income for the year	–	–	–	103,335	103,335
Issue of Ordinary Shares	8	8,666	(3,439)	–	5,235
Dividends paid in the year	–	–	–	(28,114)	(28,114)
Credit to equity for equity settled share based payments	–	–	–	684	684
Balance at 30 June 2016	**304**	**73,769**	**–**	**211,373**	**285,446**

Company statement of financial position
as at 30 June 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	*31*	**574**	614
Investments in subsidiaries	*32*	**224,971**	122,132
Deferred tax asset	*35*	**1,300**	1,160
		226,845	123,906
Current assets			
Trade and other receivables	*33*	**83,054**	41,331
Cash and cash equivalents		**24,514**	61,003
		107,568	102,334
Total assets		**334,413**	226,240
Current liabilities			
Trade and other payables	*34*	**(47,725)**	(19,426)
Provisions	*19*	**(1,242)**	(1,689)
		(48,967)	(21,115)
Net current assets		**58,601**	81,219
Non-current liabilities			
Long-term provisions	*19*	**–**	(819)
		–	(819)
Total liabilities		**(48,967)**	(21,934)
Net assets		**285,446**	204,306
Equity			
Share capital	*21*	**304**	296
Share premium account	*21*	**73,769**	65,103
Shares to be issued		**–**	3,439
Retained earnings		**211,373**	135,468
Total equity		**285,446**	204,306

The notes on pages 60 to 66 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2016. They were signed on its behalf by:

Stephen Oakley
Chief Financial Officer
31 August 2016
Company Number 03120010

Company statement of cash flows

for the year ended 30 June 2016

	£'000	Year ended 30 June 2016 £'000	£'000	Year ended 30 June 2015 £'000
Cash flows from operating activities				
Profit for the year	**103,335**		73,763	
Tax credit	**(650)**		(575)	
Finance income including exceptional costs	**(743)**		(304)	
Depreciation and impairment credits	**(102,808)**		(37,646)	
Losses on sale of property, plant and equipment	**8**		36	
Share-based payment charges	**608**		387	
Decrease in receivables	**4,431**		29,310	
Increase/(decrease) in payables	**28,913**		(37,648)	
Decrease in provisions	**(1,265)**		(1,168)	
Cash generated from operating activities		**31,829**		26,155
Finance interest received		**877**		712
Net cash from operating activities		**32,706**		26,867
Cash flows from investing activities				
Purchase of subsidiary undertakings				
Proceeds from sale of property, plant and equipment			–	
Net cash generated from operating activities	**(17,577)**			
		(17,577)		–
Cash flows from financing activities				
Proceeds from issue of share capital	**236**		465	
Repayment of borrowings	**(23,505)**		–	
Loan issue costs	**(235)**		–	
Dividends paid	**(28,114)**		(21,109)	
Net cash outflow from financing activities		**(51,618)**		(20,644)
Net (decrease)/increase in cash and cash equivalents		**(36,489)**		6,223
Cash and cash equivalents at beginning of year		**61,003**		54,780
Cash and cash equivalents at end of year		**24,514**		61,003
Cash and cash equivalents consist of:		**24,514**		61,003
Cash at bank and in hand		**24,514**		61,003

Notes to the Company financial statements

28 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been presented in accordance with International Financial Reporting Standards (IFRSs) adopted in compliance with Article 4 of the EU IAS Regulation. The parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except that investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

29 Operating profit

The auditor's remuneration for audit services to the Company was £10,000 (2015: £10,000).

30 Finance income and finance costs

	2016 £'000	2015 £'000
a) Finance income		
Interest receivable	**(877)**	(714)
b) Finance costs		
Unwind of discount on deferred consideration	**–**	408
Loan issue costs charged in the year	**134**	–
	134	408
Total finance income	**(743)**	(306)

31 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Total £'000
Cost			
At 01 July 2014	438	2,816	3,254
Disposals	–	(2,289)	(2,289)
At 30 June 2015	**438**	**527**	**965**
Disposals	–	(32)	(32)
At 30 June 2016	**438**	**495**	**933**
Accumulated depreciation and impairment			
At 01 July 2014	(62)	(2,509)	(2,571)
Charge for the year	(9)	(24)	(33)
Disposals	–	2,253	2,253
At 30 June 2015	(71)	(280)	(351)
Charge for the year	(9)	(23)	(32)
Disposals	–	24	24
At 30 June 2016	**(80)**	**(279)**	**(359)**
Carrying amounts			
At 30 June 2016	**358**	**216**	**574**
At 30 June 2015	367	247	614

The cost of the land element of freehold property is not separable from the cost of the freehold buildings.

32 Subsidiaries

Details of all of the Company's and Group's subsidiaries at 30 June 2016 are as follows:

Subsidiary undertaking	Shares held by Company or Group	Principal activity during the year	Ownership interest %
Helphire Limited	Company	Non-fault accident management and Financing vehicle repairs	100
RunmyCar Limited	Company	Internet marketing	100
Albany Assistance Limited	Company	Sale of legal expenses insurance	100
HHFS Limited	Company	Fleet management	100
Total Accident Management Limited	Company	Accident management services	100
Cab Aid Limited	Company	Vehicle rental	100
Helphire EBT Trustees Limited	Company	Corporate trustee	100
Helphire Legal Services Limited	Company	Provision of claims handling service	100
Principia Law Limited	Group	Solicitors	100
NewLaw Legal limited	Group	Solicitors	100
Group Legal Limited	Group	Employment Law Advice	100
CIQ Limited	Group	Legal Costs Draftsmen	100
NLS Trustees Limited	Group	Corporate trustee	100
NewLaw Trustees Limited	Group	Corporate trustee	100
Rose Bidco Limited	Company	Holding company	100
FMG Group Holdings Limited	Group	Holding company	100
FMG Finance Limited	Group	Holding company	100
FMG Support Group Limited	Group	Holding company	100
FMG Support Limited	Group	Holding company	100
FMG Support (HO) Limited	Group	Holding company	100
FMG Support (FIM) Limited	Group	Fleet incident management	100
The Fleet Management Company Limited	Group	Dormant	100
FMG Support (RRRM) Limited	Group	Roadside rescue recovery management	100
Netrentacar Limited	Group	Dormant	100
FMG Support (Property) Limited	Group	Dormant	100
FMG Legal LLP	Group	Solicitors	100
HAS Accident Management Solutions Limited	Company	Dormant	100
Auxillis Limited (formerly Redde Group Limited)	Company	Dormant	100
03401359 Limited	Company	Dormant	100
Angel Assistance Limited	Company	Dormant	100

All subsidiaries are incorporated in England and Wales (with the exception of NLS Trustees Limited which is incorporated in Scotland) and operate in the United Kingdom and are fully consolidated within the Group results. For limited companies all shares are ordinary.

Notes to the Company financial statements
continued

32 Subsidiaries continued

The movement in investments in subsidiaries during the year was as follows:	£'000
Cost	
At 01 July 2014	208,972
Additions	15,999
At 30 June 2015	224,971
Additions	–
At 30 June 2016	**224,971**
Impairment	
At 01 July 2014	140,518
Credit for the year	(37,679)
At 30 June 2015	102,839
Credit for the year	(102,839)
At 30 June 2016	**–**
Net book value At 30 June 2016	**224,971**
At 30 June 2015	122,132

In line with its review of goodwill, discussed in note 11, the Company reviewed its investments in subsidiaries. The Company has applied the same cash flows to its main trading entity (Helphire Limited) with the same assumptions as in note 11 on the basis that this entity represents materially all the future cash flows of the Group. A credit of £102.8m (2015: credit of £37.7m) has been booked to investments during the year.

33 Trade and other receivables

	2016 £'000	2015 £'000
Amounts owed by subsidiary undertakings	**81,229**	40,266
Other debtors	**3**	2
Prepayments	**1,287**	851
VAT recoverable	**535**	212
	83,054	41,331

34 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**1,037**	639
Other taxation and social security	**572**	611
Accruals and deferred income	**2,912**	2,761
Amounts owed to subsidiary undertakings	**43,204**	15,415
	47,725	19,426

35 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates substantively enacted at the balance sheet date of 20% from 1 April 2015, 19% from 1 April 2017 18% from 1 April 2020 (2015: 20%).

	(Liability) Accelerated tax depreciation £'000	Asset tax losses £'000
At 01 July 2014	–	600
Credit to income	–	560
At 30 June 2015	–	1,160
Credit to income	–	140
At 30 June 2016	**–**	**1,300**

36 Financial instruments

The Company follows the same accounting policies and manages its capital and risks in the same way as the Group. Please refer to note 24 for further details.

Categories of financial instruments

	2016 £'000	2015 £'000
Financial assets		
At amortised cost:		
Amounts owed by subsidiary undertakings	**81,229**	40,266
Cash and cash equivalents	**24,514**	61,003
Financial liabilities		
At amortised cost:		
Trade payables	**1,037**	639
Amounts owed to subsidiary undertakings	**43,204**	15,415

Financial risk management objectives

The Company monitors and manages its financial risks, which include interest rate risk, credit risk and liquidity risk. Interest rate swaps are used to manage interest rate risk where considered appropriate. The use of financial derivatives is governed by the Company's policies, approved by the Board of Directors, which provide written rules on the use of financial derivatives. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and where considered appropriate by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit for the year ended 30 June 2016 would have increased/decreased by £0.2m (2015: £0.3m). This is mainly attributable to the Company's exposure on variable rate deposits.

Notes to the Company financial statements
continued

36 Financial instruments continued

Interest rate swap contracts

There were no outstanding interest rate swap contracts in existence at 30 June 2016 (2015: nil).

Credit risk management

Credit risk for cash placed on deposit is controlled by the use of approved financial institutions.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecast and actual cash flows.

Maturity of financial assets

The expected maturity for all the Company's non-derivative financial assets is less than one month, which remains unchanged from the previous year. This has been based on the undiscounted contractual maturities of the financial assets. No material interest is expected to accrue on the interest bearing instruments, which represent cash deposits.

Maturity of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2016						
Non-interest bearing	**44,241**	**–**	**–**	**–**	**–**	**44,241**
Variable interest rate instruments	**–**	**–**	**–**	**–**	**–**	**–**
	44,241	**–**	**–**	**–**	**–**	**44,241**
2015						
Non-interest bearing	16,054	–	–	–	–	16,054
Variable interest rate instruments	–	–	–	–	–	–
	16,054	–	–	–	–	16,054

Fair value of financial instruments

The fair value of financial assets and liabilities held at amortised cost is considered by the directors not to be materially different from their carrying amounts at the balance sheet date.

37 Related party transactions

Related Party Transactions to 30 June 2016

Subsidiary undertaking	2016 Management Charges £'000	2016 Interest charges £'000	2016 Charges to Group from subsidiaries £'000	2016 Payments/ (receipts) against working capital £'000
Helphire Limited	**18,470**	**–**	**(588)**	**(55,033)**
Albany Assistance Limited	**7,808**	**132**	**(115)**	**(28)**
Helphire Legal Services Limited	**2,665**	**336**	**(21)**	**(27)**
Total Accident Management Limited	**1,298**	**21**	**(38)**	**1**
Principia Law Limited	**359**	**–**	**(2)**	**(496)**
Cab Aid Limited	**991**	**18**	**(47)**	**402**
Runmycar Limited	**5**	**2**	**–**	**–**
New Law Legal Limited	**27**	**61**	**–**	**(2,000)**
Group Legal Limited	**–**	**70**	**–**	**(69)**
CIQ Limited	**–**	**–**	**–**	**(36)**
Rose Bidco Limited	**–**	**–**	**–**	**39,009**
	31,623	**640**	**(811)**	**(18,277)**

Related Party Transactions to 30 June 2015

Subsidiary undertaking	2015 Management charges £'000	2015 Interest charges £'000	2015 Charges to Group from subsidiaries £'000	2015 Payments/ (receipts) against working capital £'000
Helphire Limited	17,182	7	221	20,307
Albany Assistance Limited	6,642	527	9	(41,992)
HHFS Limited	–	10	–	(616)
Helphire Legal Services Limited	2,703	603	253	(19,919)
Total Accident Management Limited	1,422	206	–	(22,181)
Principia Law Limited	387	–	115	(405)
Cab Aid Limited	813	27	1	(3,999)
Runmycar Limited	5	2	12	–
New Law Legal Limited	77	228	–	(3,633)
Group Legal Limited	–	70	–	–
CIQ Limited	–	–	–	34
	29,231	1,680	611	(72,404)

Notes to the Company financial statements
continued

37 Related party transactions continued

Receivables and Payables:

Subsidiary undertaking	2016 Amounts owed by subsidiary Receivables £'000	2016 Amounts owed by subsidiary Payables £'000	2015 Amounts owed by subsidiary Receivables £'000	2015 Amounts owed by subsidiary Payables £'000
Helphire Limited	**–**	**(34,006)**	3,145	–
Albany Assistance Limited	**4,224**	**–**	–	(3,573)
HHFS Limited	**–**	**(663)**	–	(663)
Helphire Legal Services Limited	**35,110**	**–**	32,157	–
Total Accident Management Limited	**–**	**(4,698)**	–	(5,980)
Cab Aid Limited	**–**	**(1,439)**	–	(2,803)
HAS Accident Management Solutions Limited	**–**	**(2,396)**	–	(2,396)
Runmycar Limited	**321**	**–**	314	–
Principia Law Limited	**276**	**–**	416	–
NewLaw Legal	**887**	**–**	2,799	–
Group Legal Limited	**1,402**	**–**	1,401	–
CIQ Limited	**–**	**(2)**	34	–
Rose Bidco Limited	**39,009**	**–**	–	–
	81,229	**(43,204)**	40,266	(15,415)

Shareholder information, financial calendar and advisors

Company enquiries

General shareholder enquiries about the Company and requests for copies of the Group's literature, Annual Report or Interim Statements should be directed to the Company Secretary at the Company's head office at:

Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Internet

Visit the Company's website at **www.redde.com** for:

- Current share Price
- Latest news
- Additional information about the Company
- Latest Annual and Interim Reports

Shareholding enquiries

Queries about personal shareholdings (e.g. lost certificates, dividend payments or change of personal details) should be directed to the Company's registrars, Capita IRG plc, whose details are set out in the Advisors section opposite.

Registered office

Redde plc
Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Company number

03120010

Financial calendar

2016

25 February – Interim results announcement
24 March – Interim dividend for 2016
01 September – Final results announcement
26 October – Annual General Meeting
03 November – Final dividend for 2016

2017

February – Interim results announcement
March – Interim dividend for 2017
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2017

Advisors

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