• News Release •

Redde plc

(“Redde” or “Group”)

Issue Date: 1 September 2016

Results for the Year ended 30 June 2016

Another Year of Strong Growth

Financial headlines

- Turnover £379.2m (2015: £248.7m) - Increase of 53% including LFL increase of 28%
- Adjusted* EBIT of £34.5m (2015: £22.3m) - Increase of 55%
- Adjusted* EBIT of £30.5m excluding acquisitions (2015: £22.3m) - Increase of 37%
- Adjusted* profit before taxation of £34.6m (2015: £22.7m) - Increase of 52%
- Tax charge of £6.0m (2015: tax credit of £1.0m)
- Adjusted* basic EPS of 9.64p (2015: 8.40p) - Increase of 14.8%
- Statutory basic EPS of 8.66p (2015: 8.97p) - Decrease of 3.5%
- Net operating cash inflow from operating activities of £42.1m (2015: £36.8m)
- Net operating cash inflow to EBITDA ratio of 98% (2015: 116%)
- Debtor days further 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: £1.3m adjusted for £41.0m cash spent on acquisition)
- Recommended final dividend for 2016 of 5.15p (2015: 4.25p) - increase of 21.2%
- Total dividends for year of 9.65p (2015: 8.25p excluding special dividend) - Increase of 17.0%

Operational headlines

- 14.3% like for like growth in credit hire cases
- Total number of hire days increased by 15.6%
- 71.7% increase in number of all repair cases (excluding FMG)
- Revenue generating fleet utilisation increased to 83% from 82%
- Increase in number of contracts and range of services
- Protocol case settlement agreements with insurers continuing to grow for mutual benefit
- Growing volumes through a combination of new business wins and existing customer growth
- FMG post acquisition performance exceeding expectations

**Adjusted measures exclude the impact of amortisation of intangibles and exceptional items (‘adjustment items’) described in Note 6.*

Commenting on the Group's results and prospects, Martin Ward, Chief Executive Officer, said:

*“*This is a strong set of results driven through the delivery of our Growth, Profitability and Sustainability (“GPS”) strategy which continues to be our focus. We have seen good levels of LFL growth and the performance of FMG, acquired in October 2015, has been solid. The new period has started well and together with the pipeline of opportunities the board remains confident on the prospects of the Group.*”*

Enquiries

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Notes for Editors:

About Redde plc:

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 Group is one of the market leaders in its fields of business; it delivers accident management solutions to motorists ensuring that they remain mobile until their own vehicles are repaired or until they are put in a position to obtain a replacement and it provides legal services ensuring that they are properly compensated for their injuries and losses. Legal services also include wills and probate, family law and employment law advice.

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

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 £34.6 million compared to £22.7 million 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 6.

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 period 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.

Avril Palmer-Baunack
Chairman
31 August 2016

Operating and Financial Review

Market and Business Models

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 with 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 in note 20.

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 £22.5 million 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 £46.0 million and comprised a number of elements, the effect of which was the payment at completion of approximately £41.0 million in cash and the issue of 3,048,220 new Redde shares with a total value of £5.0 million.

FMG holders of new Redde Shares have waived their 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.

Financial Review

Performance

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).

A summary of the key performance indicators is set out in the table below:

	12 months ended 30 June 2016	12 months ended 30 June 2015	Change
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*	**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%
EBITDA/Operating cash flow conversion %	**98%**	116%	(18)pt
Statutory debtor days	**94**	100	(6) days

* Adjusted measures exclude the impact of amortisation of intangible assets and those items described as exceptional in Note 6.

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 of 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%.

Adjusted EBIT is reconciled to the Income Statement as follows:

	Audited year ended 30 June 2016 £m	**Audited Year ended 30 June 2015 £m**
Adjusted EBIT – continuing operations	**34.5**	**22.3**
Adjustments:		
Autofocus settlements	-	2.9
Restructuring costs following acquisition	(0.3)	-
Amortisation of acquired intangible assets	(1.6)	-
Acquisition and abortive acquisition costs	(0.7)	(0.4)
Share based payments	(0.7)	(0.4)
Statutory EBIT	**31.2**	**24.4**

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 tax

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).

The adjusted figures exclude the effect of the amortisation of intangibles and exceptional items ('adjustment items') described in note 6.

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.

The net debt and cash position can be summarised as follows:

	Audited 30 June 2016 £m	Audited 30 June 2015 £m
Fleet finance leases	**(39.6)**	(28.8)
Other leases and borrowings	**(0.2)**	(0.1)
Total debt	**(39.8)**	(28.9)
Working capital cash balances	**34.6**	27.6
Working capital net debt	**(5.2)**	(1.3)
Cash balances subsequently used on acquisitions	**-**	41.0
Net (debt) / cash	**(5.2)**	39.7
Total cash balances	**34.6**	68.6

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.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are set out in note 20 to this announcement.

Martin Ward
Chief Executive Officer
31 August 2016

Stephen Oakley
Chief Financial Officer
31 August 2016

Consolidated income statement
For the year ended 30 June 2016

	Note	Year ended 30 June 2016 Adjusted* £'000	Year ended 30 June 2016 Adjustment items* £'000	Year ended 30 June 2016 £'000	Year ended 30 June 2015 Adjusted * £'000	Year ended 30 June 2015 Adjustment items* £'000	Year ended 30 June 2015 £'000
Revenue		**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	**6**	**(65,057)**	**(3,239)**	**(68,296)**	(54,616)	(770)	(55,386)
Operating profit – continuing operations		**33,219**	**(3,239)**	**29,980**	21,972	(770)	21,202
Other income		**-**	**-**	**-**	-	2,890	2,890
Share of results of associates	**12**	**1,281**	**-**	**1,281**	314	-	314
EBIT		**34,500**	**(3,239)**	**31,261**	22,286	2,120	24,406
Net finance income / (costs)	**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 (pence)							
Basic	**1**	**9.64**	**(0.98)**	**8.66**	8.40	0.57	8.97
Diluted	**1**	**9.20**	**(0.94)**	**8.26**	7.92	0.54	8.46

***** Adjusted measures exclude the impact of amortisation of intangibles and exceptional items ('adjustment items') described in Note 6.

Condensed Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

Unaudited	**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		**85,990**	59,231
Intangible assets	*11*	**21,307**	-
Property, plant and equipment (including vehicles)	*13*	**47,605**	31,682
Interests in associates	*12*	**796**	232
Deferred tax asset		**5,871**	10,850
		161,569	101,995
Current assets			
Trade and other receivables	*14*	**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	*15*	**(116,218)**	(65,025)
Obligations under finance leases		**(21,242)**	(14,663)
Provisions		**(1,242)**	(1,689)
		(138,702)	(81,377)
Net current assets		**22,817**	71,580
Non-current liabilities			
Obligations under finance leases		**(18,631)**	(14,288)
Deferred tax liability		**(5,469)**	(1,022)
Long-term provisions		**-**	(819)
		(24,100)	(16,129)
Total liabilities		**(162,802)**	(97,506)
Net assets		**160,286**	157,446
Equity			
Share capital	*16*	**304**	296
Share premium account	*16*	**73,769**	65,103
Shares to be issued	*16*	**-**	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

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	*12*	**(1,281)**		(314)	
Finance income	*7*	**(127)**		(441)	
Fleet finance lease interest	*7*	**1,474**		1,054	
Depreciation of tangible fixed assets	*13*	**8,650**		6,109	
Amortisation of intangible assets	*11*	**1,593**		-	
Losses on sale of property, plant and equipment		**715**		424	
Share-based payment charges	*6*	**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	*16*	**236**		465	
Dividends paid	*9*	**(28,114)**		(21,109)	
Loan issue costs		**(235)**		-	
Repayment of borrowings	*18*	**(23,505)**		(350)	
Finance lease principal repayments	*18*	**(25,918)**		(11,532)	
Net cash used in financing activities			**(77,536)**		(32,526)
Net (decrease) / increase in cash and cash equivalents			**(33,979)**		10,288
Cash and cash equivalents at beginning of year			**68,626**		58,338
Cash and cash equivalents at end of year			**34,647**		68,626
Cash and cash equivalents consist of:					
Cash at bank and in hand			**34,647**		68,626
Total			**34,647**		68,626

Notes to the Financial Information

1 Earnings per share

The calculation of the basic and diluted earnings per ordinary share is based on the following share volume information:

	2016 Number	2015 Number
Number of shares		
Weighted average number of shares for the purposes of EPS	**290,809,792**	281,330,456
Effect of 2013 executive share options scheme shares	**28,946**	2,163,239
Effect of 2016 executive share option scheme shares	**2,420,052**	-
Effect of 2014 SAYE scheme	**1,072,726**	1,506,053
Effect of 2015 SAYE scheme	**316,165**	-
Effect of B shares in issue	**10,410,910**	10,409,785
Effect of shares to be issued as deferred consideration	**-**	2,885,544
Weighted average number of shares for the purposes of diluted EPS	**305,058,591**	298,295,077

There were 293,536,715 ordinary shares of 0.1p each in issue as at 30 June 2016.

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.

3 Status of audit

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2016 or 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

4 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.

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

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.

5 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.

6 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. Such items are disclosed separately on the face of the consolidated income statement.

Adjusted profit

As discussed in the Operational and Financial Review, in order to provide a comparable view of the underlying performance of the Group, the adjusted profit has been presented in the condensed consolidated income statement. Adjusted profit excludes the impact of those items described as exceptional, as discussed in more detail below.

	2016 **£'000**	2015 £'000
Administration costs - Amortisation of acquired intangible		
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) Share based payments	**(684)**	(408)
c) Reorganisation and integration costs	**(311)**	-
d) Acquisition costs	**(651)**	(362)
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 11) as a result of the acquisition of FMG (note 17) and these assets are being amortised over 10 and 5 years respectively. The charge for the period amounts to £1.6m (note 11) and the tax effect was a credit of £0.5m.

b) 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).

c) 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.

d) 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.

e) Other Income - Autofocus 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 - Unwind of discount on Deferred Consideration and provisions

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.

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 facility arrangement costs amortised/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 6 (f))	**83**	502
Total net finance (income) / cost	**(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 and reversal 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)

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.

At the balance sheet date the Group had 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 future taxable profits.

Deferred tax asset not provided in full on temporary differences under the liability method using a tax rate of 20.0% (2015: 20.0%).

	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

9 Dividends

Ordinary share dividends paid in the year to 30 June 2016 can be summarised as follows:

	2016 £'000	2015 £'000
Final dividend for 2014 of 3.50 pence paid on 06 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 05 November 2015	**12,193**	-
Interim dividend for 2016 of 4.50 pence paid on 24 March 2016	**13,067**	-
Total dividends paid in the year	**28,114**	21,109

The above does not include the recommended final dividend of 5.15 pence per share for 2016 which if approved at the AGM to be held on 26 October 2016 will be paid on 03 November 2016.

10 Goodwill

	£'000
Cost	
At 01 July 2014 and 30 June 2015	113,549
On acquisition (note 17)	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

The Directors last reviewed the carrying value of Goodwill on 30 June 2015 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2015. The Directors have undertaken a further review of the carrying value of Goodwill including that relating to FMG on substantially the same basis and have concluded that no adjustment is necessary.

The allocation of Goodwill to the Group's CGU's is as follows:

	30 June 2016 £'000	30 June 2015 £'000
Helphire	**18,950**	18,950
NewLaw	**40,281**	40,281
FMG	**26,759**	-
	85,990	59,231

11 Intangible assets

	Customer relationships £'000	Computer software £'000	Total £'000
Cost			
At 01 July 2015	-	-	-
On acquisition (note 17)	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.

12 Interests in associates

The Group's interest in associates comprises of minority participations in four (2015: four) 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 as at 30 June 2016.

13 Property, plant and equipment (including vehicles)

	Freehold property £'000	Leasehold improve-ments £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 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 17)	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 2015	(71)	(445)	(5,963)	(12,955)	(19,434)
Charge for the period	(44)	(63)	(7,706)	(837)	(8,650)
Disposals	–	33	6,781	3,781	10,595
On acquisition (note 17)	–	-	–	–	–
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**
Leased assets included above:					
At 30 June 2016	**–**	**–**	**41,412**	**229**	**41,604**

14 Trade and other receivables

Net trade receivables comprise claims due from insurance companies and self insuring organisations as well as amounts invoiced for the provision of services to customers. 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.

	2016 £'000	2015 £'000
Net trade receivables	**102,904**	67,229
Other receivables	**119**	144
Accrued income	**2,790**	1,047
Total receivables for debtor day calculation purposes	**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

15 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	**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.

16 Share capital and share premium account

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:

	Ordinary shares of 0.1p		B shares of 0.1p each	
	Number	£'000	Number	£'000
In issue at 30 June 2015	285,390,229	286	10,410,910	10
Issued for deferred consideration	2,889,874	3	-	-
Issued for acquisitions	3,048,220	3	-	-
Exercise of SAYE share options	6,832	-	-	-
Exercise of executive share options	2,201,560	2	-	-
In issue at 30 June 2016 fully paid	**293,536,715**	**294**	**10,410,910**	**10**

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**

17 Acquisitions in the year

FMG was acquired on 27 October 2015 for £22.5 million 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 £46.0 million and comprised a number of elements, satisfied by the payment at completion of approximately £41.0 million in cash and also the issue of 3,048,220 new ordinary Redde shares with a total value of £5.0 million in respect of the FMG shares and loan notes. Included in the above cash payment was a cash payment of £2.5 million in respect of additional working capital balances on completion.

	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 liability	(4,580)
Net assets acquired	**(4,304)**
Consideration:	
Cash paid on completion	17,455
Consideration paid in shares	5,000
Net 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.

18 Cash flow information

a) Analysis and reconciliation of net debt

	01 July 2015 £'000	Acquisitions in year £'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 cash / (debt)	39,675	(19,164)	10,974	(36,711)	**(5,226)**

	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 cash / 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 cash / debt in the year	**(44,901)**	(1,882)
Net cash at start of the year	**39,675**	41,557
Net (debt) / cash at end of the year	**(5,226)**	39,675

b) Cash impact of exceptional items

The net cash flow impact of the exceptional items explained in Note 6 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).

19. 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 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.

20. 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 bilateral 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 further 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.

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.

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.

21. Full financial statements

The Group's full financial statements for the year ended 30 June 2016 will be posted to shareholders shortly and will be delivered to the Registrar of Companies in due course. A copy will be available shortly on the Group's website: http://www.redde.com/investors/reports-and-presentations.aspx