• News Release •

Redde plc
(“Redde” or “Group”)

Issue Date: 7 September 2017

Results for the year ended 30 June 2017

Sustained Year on Year Growth

Redde, a leading provider of mobility, incident management solutions and legal services to motorists, car dealerships, fleet owners and the insurance industry announces full year results:

Financial headlines

- Turnover £472.3m (2016: £379.2m) - Increase of 25% including LFL increase of 19%
- Adjusted* EBIT of £40.2m (2016: £34.5m) - Increase of 16%
- Adjusted* profit before taxation of £40.0m (2016: £34.6m) - Increase of 16%
- Adjusted* basic EPS of 11.26p (2016: 9.64p) - Increase of 16.8%
- Statutory basic EPS of 8.93p (2016: 8.66p) - increase of 3.1% after exceptional lease provisions
- Net cash inflow from operating activities of £47.2m (2016: £42.1m)
- Net operating cash inflow to EBITDA ratio of 91% (2016: 98%)
- Debtor days further reduced to 91 days (2016:94 days)
- Lease financing debt £46.0m funding expanded fleet size (2016: £39.8m)
- Total cash balances of £36.3m (2016: £34.6m)
- Net debt of £9.7m (2016: £5.2m)
- Recommended final dividend for 2017 of 5.60p (2016: 5.15p) - increase of 8.7%
- Total dividends for year of 10.60p (2016: 9.65p) - Increase of 9.8%

Operational headlines

- 21.2% like for like growth in credit hire cases
- Total number of hire days increased by 16.8%
- 14.3% increase in number of all repair cases (excluding FMG)
- Revenue generating fleet utilisation maintained at over 80% on much expanded fleet
- Increase in number of contracts and range of services
- Growing volumes through a combination of new business wins and existing customer growth

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

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

“Redde is a well positioned business with unique capabilities and a growing presence in its markets. This year has seen another solid performance with significant revenue and profit growth mainly from new business take up. The strength and predictability of our income continues to support a full dividend payout and, subject to shareholder approval, this will represent our twelfth consecutive dividend. Since June 2013 the Group, including the recommended final dividend, will have paid out £105m (38p per share) to shareholders and the Group continues to build momentum.

The GPSii strategy (Growth, Profitability & Sustainability) is focussed on growing the value of the business through organic and acquisitive growth as well as improving efficiency through our digital initiatives. Given the work already completed, the Board is confident that the Group will continue to see good levels of growth supported by strong cash flow generation."

Enquiries

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IFRS reconciliation

Management is required to exercise its judgment in the classification of certain items as exceptional and outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or some other adjustment requires judgment on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the normalised performance of the Group between the current and prior year, without the effects of one-off or non-operational items and, given the Group's full distribution dividend policy, better reflects the normalised underlying cash earnings achieved in the year under review to which the directors have regard in determining the amount of any dividend. In exercising this judgment, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results.

Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items (“adjustment items”) described in Note 6. A reconciliation of IFRS to non-IFRS underlying measures is also outlined in the Financial Review and is summarised in a column of the Condensed Consolidated Income Statement.

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 2017 was another year of further significant progress in the Group strategy of focus on Growth, Profitability and Sustainability. Additional new contract wins and increases in the volume of business handled with existing customers was also instrumental in achieving this goal.

Consequently, I am pleased to be able to report to shareholders that the Group achieved an adjusted profit before taxation of £40.0m compared to £34.6m last year, an increase of 15.6%.

Results

Revenues were £472.3m (2016: £379.2m), an increase of £93.1m (24.6%). Revenues include an amount of £98.2m in respect of the fleet and incident management business of FMG which was acquired on 27 October 2015 and whose activities now include the Group's fleet management activities previously carried out by Total Accident Management. Combined sales of these merged businesses for 2016 was £65.4m. Excluding FMG, like for like ("LFL") sales growth was 19.2% driven by a 21.2% growth in the number of credit hires and a 14.3% increase in the total number of repairs undertaken.

The adjusted earnings before interest and taxation ("EBIT") for the year was £40.2m, an increase of 16.4% over the £34.5m achieved last year and included £6.2m (2016: £3.8m) in respect of FMG as outlined above.

There was a net interest charge of £0.2m (2016: adjusted credit of £0.1m) reflecting a reduction of interest income as a result of the fall in bank base rates, lower average cash balances following the cash cost of the acquisition of FMG in October 2015 as well as the full year effect of the costs of committed, but unutilised bank facilities available to the Group since December 2015.

Adjusted profit before tax for the year was therefore £40.0m (2016: £34.6m), an increase of 15.6%.

A charge of £2.4m (2016: £1.6m) in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG) and a £2.0m cost (2016: £0.7m) recorded under IFRS2 in respect of the charge under share based payments on incentive share schemes was incurred in the year.

This year also saw a pre-tax exceptional charge of £3.9m (2016: £nil) in respect of provisions for the Group's plans to mitigate against the holding costs between now and the end date of certain onerous long term leases of premises no longer occupied by the Group.

In 2016 there was a pre-tax exceptional net charge of £1.1m reflecting:

- a charge of £0.3m in respect of reorganisation costs and integration costs on acquisitions;
- a charge of £0.1m in respect of the unwind of discount charges on certain provisions;
- acquisition costs of £0.7m charged as an expense as required by IFRS3.

After the amortisation of intangible assets and the charge for share based payments together with the exceptional items above, statutory profit before tax was £31.8m (2016: £31.3m).

There was a net tax charge of £5.0m (2016: £6.0m) and therefore the statutory profit after tax was £26.8m (2016: £25.3m).

Earnings per share (“EPS”)

Statutory basic EPS is 8.93p (2016: 8.66p). Statutory diluted EPS is 8.68p (2016: 8.26p).

The adjusted EPS is 11.26p (2016: 9.64p). The adjusted diluted EPS is 10.95p (2016: 9.20p).

The adjusted figures exclude the impact of amortisation of intangibles, share based payments and exceptional items (‘adjustment items’) described in Note 6.

Dividends

The Board is pleased to propose a final dividend of 5.60p per share, which if approved at the Annual General Meeting to be held on Wednesday 25 October 2017 will be paid on Thursday 02 November 2017 to those shareholders on the register at the close of business on Friday 06 October 2017. The shares will become ex-dividend on Thursday 05 October 2017.

An interim dividend of 5.00p per share was paid on 30 March 2017 and including this the total dividend for the year is 10.6p compared to a total of 9.65p for the interim and final dividends last year, an increase of 9.8%.

Outlook

The new financial year has started well with performance in this short period since the year end being ahead of the corresponding period last year. Given the new business already secured and contract renewals made this year the board continues to be confident for the future.

Our people

The enthusiasm, energy and commitment of our people makes Redde a great place to work which reflects in the service that we provide to customers as evidenced in the positive customer feedback we receive. We were particularly pleased to see that our investment in people was also recognised with FMG being named in February this year in the annual Sunday Times 100 Best Companies to Work For awards and also that our contact centre in Peterlee was again shortlisted for awards in the North East Contact Centre of the Year (over 250 seats) category and was runner-up in the People Development Heroes category.

Well done and thank you to all of our colleagues.

Annual General Meeting

The Group’s Annual General Meeting will be held on Wednesday 25 October 2017.

Avril Palmer-Baunack
Chairman
6 September 2017

Operating and financial review

Operational review

During the year the Group further developed its existing, successful GPS strategy (Growth, Profitability and Sustainability) by including more focus on improvement and integration. We refer to this enhanced strategy as GPSii. In accordance with this strategy the period has seen considerable activity towards fully integrating our operations and commercial offerings, with a range of new initiatives. As a consequence the period has seen more investment in our telephony systems, IT systems and infrastructure to provide both insurance customers and business partners seamless access to the services that the Group provides and this will continue in the new financial year.

These initiatives, as well as developments in our on-line portals, have enhanced the Group's image as a leading partner of choice within our industry. In addition to the improvements that have been delivered in operational efficiency the Group’s use of telematics and partner/customer-accessible web-based portals have been instrumental in enhancing customers’ experiences and have facilitated renewing existing, and securing new, business opportunities with business partners who share our vision for the customer journey.

Several projects to secure synergies from various overlapping aspects of the Group's operations were initiated during the period so that the Group now benefits from Group-wide Human Resources and IT structures and approaches to underlying systems. In addition the various repair teams within the Group and the associated networks of repairers have now been merged under one Group wide structure and the associated, synergistic benefits are starting to be delivered. In addition the Group's fleet management activities formerly carried out under the Total Accident Management brand have been merged within FMG. Other areas of the business continue to be reviewed to seek further opportunities to optimise efficiency and net contribution.

In accordance with the Group's GPSii strategy the Group also continues to focus on sustainability by considering the potential future shape of the market and how to adapt and develop its services to meet its business partners’ changing requirements without losing sight of the growing near-term demand for its services. Increased investment was therefore made in staff and infrastructure during the year to meet this growing demand, the benefits of which will flow through in the future.

The Group continues its efforts to further build its market penetration, presence and cross fertilisation within its distribution channels as well as seeking new relationships based on emerging technologies.

During the year our historical accident management and fleet operations were successfully re-branded under the name of Auxillis. In support of this, and as a result of our ability to offer enhanced technology backed services, additional investment was made in our supporting sales and marketing teams. These initiatives have already stimulated increased interest in the Group's total package of services resulting in an encouraging, developing pipeline of possible new opportunities as the market continues to evolve. This one stop shop approach provides the potential to grow and develop more vehicle incident and accident management services to both business and insurance customers, supporting the Group's position as a leader in vehicle mobility, rapid roadside recovery, repair, legal and other support services. This vision has gained further traction during the year and proposals to potential new customers and existing customers are now being made to include a number of the enlarged Group's services where appropriate and this concept is being well received.

During the year negotiations were successfully completed on a number of contract renewals. Additionally, contracts with new customers were secured which resulted in some start up costs being incurred ahead of revenue. As a result of these business wins the mix of vehicles on the fleet changed and there was an expected reduction in hire length. The combination of these events influenced changes in the resultant margins but produced a better overall result for the Group.

Further progress was made in the year in developing suitable protocol arrangements with insurers and this has contributed to the further reduction in debtor days seen against last year. Such protocols demonstrably provide better outcomes in net cost terms for both parties including the reduction of associated administrative costs.

The Group has continued to build its range of legal services and has also pursued the additional opportunities available to it. In support of this during the year the Group has made investment, and strengthened its teams, in its employment law practice and also in its private client practice dealing with wills, probate and trusts. In addition the Group has seen further growth in those areas of its practice dealing with employers' liability and medical negligence and has increased its professional staff in these areas. By their very nature such cases will take longer to settle than personal injury claims arising from road traffic accidents which now represent a reducing proportion of the Groups business in this area. An additional 'joint venture' ABS was Licensed by the SRA in May 2017 named 'Your Law' which was launched by National Accident Helpline and supported by our NewLaw legal firm. Your Law started trading on 3 July 2017 and represents an exciting growth potential for the Group.

Technology

The year saw significant investment in updated technology to support the Group's telephony and Wide Area Network to facilitate further integration of services within the Group and also with insurers and customers. In addition further progress was made in the implementation of on-line access for customers and business partners by way of portals relating to both repair and hire operations.

Advances and investment in the Group's Ingenium technology platform led to the successful launch of Ingenium II, an externally-facing, web-based, incident management solution which allows customers to select specific "self-serve" modules within our fleet management services. The number of innovative and enhanced capabilities Ingenium II has provided in the management of incidents and fleets both for, and by, our customers has been recognised by FMG winning the Fleetworld Industry Award for Innovation in Fleet Management.

During the year new investment was also initiated in technology and infrastructure within our legal businesses to meet anticipated changes in working processes and also to cater for expanding demand for our services and these projects will continue into 2018.

In addition to the above, significant investment was made in all businesses to enhance operational and security controls improving both perimeter protection and internal issue and vulnerability alerting.

Relationships and customer service

Our significant investment in people was also recognised with FMG being named in the annual Sunday Times 100 Best Companies to Work For awards.

Recognition of the Group for providing outstanding customer service was again evident this year at the prestigious North East Contact Centre Awards where, building upon last year's Customer Experience Champion Award, Auxillis was again shortlisted for awards in the Contact Centre of the Year (over 250 seats) category and was runner-up in the People Development Heroes category.

The Group is passionate about customer service delivery and has a strong focus on the resultant net promoter scores. Over the year, the performance feedback on our operational service delivery and customer satisfaction rates continue to grow. We are not complacent and throughout the Group we are continually seeking ways to make incremental improvements to service delivery that makes it easier for our customers and partners to transact with us.

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 event of a downturn, balance the total number and the mix of the fleet in response to changes in mix of the insurer car parc and at the same time to maximise fleet, without incurring ownership costs, in short, peak periods.

The period saw a 16.8% increase in total number of hire days primarily driven by a 21.2% increase in credit hire case volumes. The average number of vehicles held during the year was increased by 19.9% from 6,805 to 8,160 as a result of the need to meet increases in existing and future demand arising from additional contracts. Whilst fleet utilisation was maintained above our 80% target, as a result of the advanced fleet build and a higher proportion of marque for marque contracts, fleet utilisation necessarily reduced to 81.5% compared to 82.9% for last year. The average age of the fleet during the year was however reduced to 9 months from 11 months across a broad spread of manufacturers and models.

Our operational fleet comprised 8,371 vehicles at 30 June 2017 compared to 7,238 at 30 June 2016.

Financial Review

Performance

Management is required to exercise its judgment in the classification of certain items such as exceptional and those other items considered to be outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgment on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the normalised performance of the Group between the current and prior year, without the effects of one-off or non-operational items and, given the Group's full distribution dividend policy, better reflects the normalised underlying cash earnings earned in the year under review to which the directors have regard in determining the amount of any dividend.

In exercising this judgment, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results. For the reasons stated above, adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items (“adjustment items”) and are analysed on the face of the Consolidated Income Statement and in note 6 as well as in this report.

For the year, the Group recorded an adjusted EBIT of £40.2m (2016: £34.5m). The adjusted profit before tax was £40.0m (2016: £34.6m) and the statutory profit before tax was £31.8m (2016: £31.3m).

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

	12 months ended 30 June 2017	12 months ended 30 June 2016	Change
Financial KPIs			
Revenue (£'000)	**472,344**	379,244	24.6%
Gross profit (£'000)	**116,007**	98,276	18.0%
Gross margin	**24.6%**	25.9%	(1.3)pt
Profit before taxation (£'000)	**31,771**	31,305	1.5%
Adjusted profit before taxation*	**40,024**	34,627	15.6%
EBIT (£'000)	**31,921**	31,261	2.1%
Adjusted EBIT* (£'000)	**40,174**	34,500	16.4%
Adjusted EBIT margin*	**8.5%**	9.1%	(0.6)pt
EBITDA ** (£'000)	**51,848**	43,013	20.5%
EBITDA / Operating cash flow conversion %	**91%**	98%	(7)pt
Statutory debtor days	**91**	94	(3) days

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") described in Note 6.
** EBITDA calculation is analysed in the consolidated statement of cash flows

Revenue

Revenues were £472.3m (2016: £379.2m), an increase of £93.1m (24.6%). Revenues include an amount of £98.2m in respect of the fleet management activities of FMG which was acquired on 27 October 2015 and whose activities now include the Group's fleet management activities previously carried out by Total Accident Management. Combined sales of these merged businesses for last year was £65.4m. Excluding these FMG activities LFL sales growth was therefore 19.2%.

Sales growth in our main accident management businesses was 21.2% reflecting a 21.2% LFL growth in the number of credit hires and a 29.6% increase in the total number of repairs undertaken over last year including a 6.2% increase in the number of credit repairs. Excluding FMG the increase in the total number of repairs was 14.3%.

Gross profit, adjusted operating profit and adjusted EBIT

Gross profit was £17.7m higher than last year and overall gross margin was 24.6% (2016: 25.9%) reflecting the increase in the volume of repairs which attract lower margins than hires and also the full year effect of the inclusion of FMG. Excluding the FMG combined fleet management businesses as described above, gross margin was 25.2% (2016: 26.6%).

EBITDA was £51.8m (2016: £43.0m).

The adjusted EBIT was £40.2m (2016: £34.5m) includes an amount of £6.2m in respect of the fleet management activities of FMG as described above (2016: £3.8m representing 8 months).

Adjusted EBIT margin was 8.5% (2016: 9.1%). The reduction in percentage margin principally reflects the full year effect of the acquisition of FMG last year as well as increased levels of fault repairs at lower margins and also increased investment in infrastructure to facilitate future growth.

Adjusted EBIT is reconciled to the Income Statement as follows:

	Audited year ended 30 June 2017 £m	**Audited year ended 30 June 2016 £m**
Adjusted EBIT – continuing operations	**40.2**	**34.5**
Adjustments:		
Amortisation of acquired intangible assets	(2.4)	(1.6)
Share based payments	(2.0)	(0.7)
Leasehold property provisions	(3.9)	-
Restructuring costs following acquisition	-	(0.3)
Acquisition and abortive acquisition costs	-	(0.7)
Statutory EBIT	**31.9**	**31.2**

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 £1.5m (2016: £1.3m).

Net finance income

There was a net interest charge of £0.2m (2016: adjusted credit of £0.1m) reflecting a reduction of interest income as a result of the fall in bank base rates, lower average cash balances following the payment of £41.0m for the acquisition of FMG in October 2015 as well as the full year effect of the costs of committed, but unutilised, bank facilities available to the Group since December 2015.

Adjusted profit before tax

Adjusted profit before tax of £40.0m (2016: £34.6m) is an increase of £5.4m (15.6%) over last year.

Amortisation of intangibles, share based payments and exceptional items

A charge of £2.4m (2016: £1.6m) in respect of amortisation of intangible assets (acquired by virtue of the purchase of FMG), was incurred and a £2.0m cost (2016: £0.7m) was recorded under IFRS2 in respect of the charge for share based payments on incentive share schemes.

This year also saw a pre-tax exceptional charge of £3.9m (2016: £nil) in respect of provisions made for the Group's plans to mitigate against the holding costs between now and the end date of certain onerous long term leases of premises no longer occupied by the Group including additional space vacated during the year.

In 2016 there was a pre-tax exceptional net charge of £1.1m reflecting:

- a charge of £0.3m in respect of reorganisation and integration costs following the acquisition of FMG;
- acquisition costs of £0.7m charged as an expense as required by IFRS3;
- a charge of £0.1m in respect of the unwind of discount charges on certain provisions.

The tax effect of all of the above was a credit of £1.2m (2016: credit of £0.5m).

Statutory profit before and after taxation

After the amortisation of intangible assets, a charge for share based payments and this year's charge for exceptional items above, the statutory profit before tax was £31.8m (2016: £31.3m).

There was a net tax charge of £6.2m (2016: £6.0m) and therefore the statutory profit after tax is £26.8m (2016: £25.3m).

Earnings per share – basic and diluted

Statutory basic EPS is 8.93p (2016: 8.66p). Statutory diluted EPS is 8.68p (2016: 8.26p).

The adjusted EPS is 11.26p (2016: 9.64p). The adjusted diluted EPS is 10.95p (2016: 9.20p).

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

Dividends

An interim dividend of 5.00p per share was paid on 30 March 2017.

A final dividend of 5.60p per share has been recommended by the Board (2016: 5.15p), an increase of 8.7%. This dividend, if approved at the Annual General Meeting to be held on Wednesday 25 October 2017, will be paid on Thursday 2 November 2017 to those shareholders on the Register at the close of business on Friday 06 October 2017 making a total dividend for the year of 10.60p compared to a total of 9.65p for the interim and final dividends last year, an increase of 9.8%.

Balance sheet

Statutory debtor days at 30 June 2017 stand at 91 days and compare to 94 days at 30 June 2016.

Revenue generated debtors at 30 June 2017 were £117.4m and compare to £105.8m at 30 June 2016, an increase of 11.0%. Trade creditors increased to £69.1m compared to £60.7m at 30 June 2016 an increase of 13.8%.

The Group also increased its investment in fleet numbers to service new contracts and in response to underlying increased demand. Together with a greater use of attractively priced hire purchase and vehicle leasing finance arrangements during the period, this resulted in an increase of £6.8m in the net value of vehicles held as fixed assets under finance leases compared to 30 June 2017.

Net assets at 30 June 2017 were £159.0m (2016: £160.3m).

Cash flow

Cash generated from operating activities was £51.1m (2016: £44.1m). After other net outflows in respect of interest and taxation net cash flow from operating activities was £47.2m (2016: £42.1m).

Net operating cash flow to EBITDA was 91% (2016: 98%).

Net debt, cash and financing

Cash balances were £36.3m at 30 June 2017 and compare to £34.6m at 30 June 2016.

As outlined in the operational review during the year the total number of vehicles on the fleet at the year end was increased by 15.6% to service the much increased volume of hire days. As a consequence fleet finance debt was £46.0m at 30 June 2017, an increase of £6.4m (15.8%) compared to £39.6m at 30 June 2016.

Net debt at 30 June 2017 was therefore £9.7m and compares with net debt of £5.2m at 30 June 2016.

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

	Audited 30 June 2017 £m	**Audited 30 June 2016 £m**
Fleet finance leases	**(46.0)**	(39.6)
Other leases and borrowings	**-**	(0.2)
Total fixed asset financing debt	**(46.0)**	(39.8)
Cash balances	**36.3**	34.6
Net debt	**(9.7)**	(5.2)

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
6 September 2017

Stephen Oakley
Chief Financial Officer
6 September 2017

Consolidated income statement
For the year ended 30 June 2017

	Note	**Year ended 30 June 2017 Adjusted* £'000**	**Year ended 30 June 2017 Adjustment items* £'000**	**Year ended 30 June 2017 £'000**	Year ended 30 June 2016 Adjusted * £'000	Year ended 30 June 2016 Adjustment items* £'000	Year ended 30 June 2016 £'000
Revenue		**472,344**	**-**	**472,344**	379,244	-	379,244
Cost of sales		**(356,337)**	**-**	**(356,337)**	(280,968)	-	(280,968)
Gross profit		**116,007**	**-**	**116,007**	98,276	-	98,276
Administrative expenses	**6**	**(77,335)**	**(8,253)**	**(85,588)**	(65,057)	(3,239)	(68,296)
Operating profit – continuing operations		**38,672**	**(8,253)**	**30,419**	33,219	(3,239)	29,980
Share of results of associates	**12**	**1,502**	**-**	**1,502**	1,281	-	1,281
EBIT		**40,174**	**(8,253)**	**31,921**	34,500	(3,239)	31,261
Net finance (costs) / income	**7**	**(150)**	**-**	**(150)**	127	(83)	44
Profit before taxation		**40,024**	**(8,253)**	**31,771**	34,627	(3,322)	31,305
Tax charge	**8**	**(6,200)**	**1,240**	**(4,960)**	(6,455)	460	(5,995)
Profit for the year		**33,824**	**(7,013)**	**26,811**	28,172	(2,862)	25,310
Profit for the year attributable to:							
Equity holders of the Company		**33,824**	**(7,013)**	**26,811**	28,056	(2,862)	25,194
Non Controlling Interests		**-**	**-**	**-**	116	-	116
Profit for the year		**33,824**	**(7,013)**	**26,811**	28,172	(2,862)	25,310
Earnings per share (pence)							
Basic	**1**	**11.26**	**(2.33)**	**8.93**	**9.64**	**(0.98)**	**8.66**
Diluted	**1**	**10.95**	**(2.27)**	**8.68**	**9.20**	**(0.94)**	**8.26**

* Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items ("adjustment items") described in Note 6.

Condensed consolidated statement of comprehensive income
For the year ended 30 June 2017

Unaudited	**Year ended 30 June 2017 £'000**	Year ended 30 June 2016 £'000
Profit for the year	**26,811**	25,310
Other comprehensive income	**-**	-
Total comprehensive income for the year, attributable to:		
Equity holders of the Company	**26,811**	25,194
Non-controlling interests	**-**	116
Total comprehensive income for the year	**26,811**	25,310

Consolidated statement of changes in equity
For the year ended 30 June 2017

	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 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
Shares to be issued	-	-	5,155	-	5,155	-	5,155
Dividends paid in the year	-	-	-	(28,114)	(28,114)	-	(28,114)
Changes in non-controlling interest	-	-	-	(166)	(166)	(109)	(275)
Share-Based Payments	-	-	-	684	684	-	684
Balance at 30 June 2016	304	73,769	-	86,213	160,286	-	160,286
Profit for the year	-	-	-	26,811	26,811	-	26,811
Total comprehensive income for the year	-	-	-	26,811	26,811	-	26,811
Issue of Ordinary Shares	-	11	-	-	11	-	11
Dividends paid in the year	-	-	-	(30,158)	(30,158)	-	(30,158)
Share-Based Payments	-	-	-	2,004	2,004	-	2,004
Balance at 30 June 2017	**304**	**73,780**	**-**	**84,870**	**158,954**	**-**	**158,954**

Consolidated statement of financial position
as at 30 June 2017

	Note	**2017** £'000	2016 £'000
Non-current assets			
Goodwill		**85,990**	85,990
Intangible assets	*11*	**18,917**	21,307
Property, plant and equipment (including vehicles)	*13*	**55,515**	47,605
Interests in associates	*12*	**1,361**	796
Deferred tax asset		**4,236**	5,871
		166,019	161,569
Current assets			
Trade and other receivables	*14*	**142,852**	126,872
Cash and cash equivalents		**36,344**	34,647
		179,196	161,519
Total assets		**345,215**	323,088
Current liabilities			
Trade and other payables	*15*	**(131,386)**	(116,218)
Obligations under finance leases		**(20,683)**	(21,242)
Provisions		**(1,318)**	(1,242)
		(153,387)	(138,702)
Net current assets		**25,809**	22,817
Non-current liabilities			
Obligations under finance leases		**(25,377)**	(18,631)
Deferred tax liability		**(4,991)**	(5,469)
Long-term provisions		**(2,506)**	-
		(32,874)	(24,100)
Total liabilities		**(186,261)**	(162,802)
Net assets		**158,954**	160,286
Equity			
Share capital	*16*	**304**	304
Share premium account	*16*	**73,780**	73,769
Retained earnings		**84,870**	86,213
Total Equity		**158,954**	160,286

Consolidated statement of cash flows
for the year ended 30 June 2016

	Note	£'000	£'000	£'000	£'000
			2017		2016
	Note	**£'000**	**£'000**	£'000	£'000
Cash flows from operating activities					
Profit for the year		**26,811**		25,310	
Tax charge / (credit)		**4,960**		5,995	
		31,771		31,305	
Income from associates	*12*	**(1,502)**		(1,281)	
Finance expense / (income)	*7*	**150**		(127)	
Fleet finance lease interest	*7*	**1,538**		1,474	
Depreciation of tangible fixed assets	*13*	**11,318**		8,650	
Amortisation of intangible assets	*6, 11*	**2,390**		1,593	
Losses on sale of property, plant and equipment		**320**		715	
Property lease provisions	*6*	**3,859**		-	
Share-based payment charges	*6*	**2,004**		684	
EBITDA		**51,848**		43,013	
Increase in receivables		**(12,845)**		(31,539)	
Increase in payables		**13,334**		33,871	
Decrease in provisions		**(1,277)**		(1,265)	
Cash generated from operating activities			**51,060**		44,080
Bank interest received		**109**		275	
Fleet finance lease interest		**(1,538)**		(1,474)	
Interest element of non-fleet finance lease rentals		**(15)**		(12)	
			(1,444)		(1,211)
Taxation (paid) / received			**(2,395)**		(796)
Net cash from operating activities			**47,221**		42,073
Cash flows from investing activities					
Acquisitions of business combinations net of cash acquired		**-**		(13,383)	
Distributions from associates		**938**		492	
Deposits held under escrow		**(3,000)**		-	
Purchase of property, plant and equipment		**(3,400)**		(2,032)	
Proceeds from sale of plant and equipment		**24,542**		16,407	
Net cash inflow from investing activities			**19,080**		1,484
Cash flows from financing activities					
Proceeds from issue of share capital	*16*	**11**		236	
Dividends paid	*9*	**(30,158)**		(28,114)	
Loan issue costs		**-**		(235)	
Repayment of borrowings	*18*	**-**		(23,505)	
Finance lease principal repayments	*18*	**(34,457)**		(25,918)	
Net cash used in financing activities			**(64,604)**		(77,536)
Net increase / (decrease) in cash and cash equivalents			**1,697**		(33,979)
Cash and cash equivalents at beginning of year			**34,647**		68,626
Cash and cash equivalents at end of year			**36,344**		34,647
Cash and cash equivalents consist of:					
Cash at bank and in hand			**36,344**		34,647
Total			**36,344**		34,647

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:

	2017 Number	2016 Number
Number of shares		
Weighted average number of shares for the purposes of EPS	**300,395,219**	290,809,792
Effect of 2013 executive share options scheme shares	**14,554**	28,946
Effect of 2016 executive share option scheme shares	**3,618,650**	2,420,052
Effect of 2014 SAYE scheme	**954,072**	1,072,726
Effect of 2015 SAYE scheme	**322,600**	316,165
Effect of 2016 SAYE schemes	**21,868**	-
Effect of 2016 SAYE schemes	**97,480**	-
Effect of B shares in issue	**3,565,380**	10,410,910
Weighted average number of shares for the purposes of diluted EPS	**308,989,823**	305,058,591

There were 303,978,408 ordinary shares of 0.1p each in issue as at 30 June 2017.

2 Segmental information

The activities of the Group are managed by the Executive Board, “the 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. IFRS 8 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 operating segments within the main reportable segment, two of which would qualify for separate reporting under IFRS8 based on their size. Due to growth in these two operating segments relative to the rest of the Group, the number of operating segments has reduced from three in the previous year. These operating segments are aggregated into one reportable segment as permitted under IFRS 8 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 2017 or 2016 but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 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 continuing to review the impact of IFRS 15 but it is not currently 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 which, based upon leases presently held by the Group, is likely to increase Group EBITDA and Group net interest charges by similar amounts with an immaterial effect on profits before taxation. The amounts to be included under the standard into fixed assets and net debt respectively will be more definitively assessed nearer the time and is dependant upon lease agreements that will be in existence at that point.

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, share based payments and exceptional items

Management is required to exercise its judgment in the classification of certain items such as exceptional and those other items considered to be outside of the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item or other adjustments requires judgment on its nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance.

Throughout this report reference is therefore made to adjusted results and measures. The directors believe that the selected adjusted measures allow management and other stakeholders to better compare the performance of the Group between the current and prior year, without the effects of one-off or non-operational items and, given the Group's full distribution dividend policy, better reflects the normalised underlying cash earnings earned in the year under review to which the directors have regard in determining the amount of any dividend.

In exercising this judgment, the directors have taken appropriate regard of IAS 1 "Presentation of financial statements" as well as guidance issued by the European Securities and Markets Authority on the reporting of non-adjusted results. Adjusted measures exclude the impact of the amortisation of intangibles, share based payments and exceptional items (“adjustment items”) as shown below. A reconciliation of IFRS to non-IFRS underlying measures is also outlined in the Financial Review and the Condensed Consolidated Income Statement.

	2017 £'000	2016 £'000
Administration costs - Amortisation and share based payments:		
a) Amortisation of acquired intangible assets	**(2,390)**	(1,593)
b) Share based payments	**(2,004)**	(684)
Total amortisation of acquired intangible assets and share based payments	**(4,394)**	(2,277)
Exceptional items comprise the following:		
c) Property lease provisions	**(3,859)**	-
d) Reorganisation and integration costs	**-**	(311)
e) Acquisition costs	**-**	(651)
Impact of exceptional items on operating profit	**(3,859)**	(962)
f) Finance costs - Discount on provisions and deferred consideration	**-**	(83)
Total exceptional items	**(3,859)**	(1,045)
Total adjustments to operating profits	**(8,253)**	(3,239)
Total adjustments to finance costs	**-**	(83)
Total adjustments to profit before taxation	**(8,253)**	(3,322)
Tax effect of the above	**1,240**	460
Impact on profit after tax for the year	**(7,013)**	(2,862)

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 in 2015 and these assets are being amortised over 10 and 5 years respectively. Such amortisation is included in adjustment items as it is related to the acquisitions of businesses and does not involve ongoing cash expenditure in the normal operations of the Group. The charge for the year amounts to £2.4m (2016: £1.2m) (Note 11), and the tax effect was a credit of £0.5m (2016: credit of £0.2m).

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 £2.0m for the year (2016: £0.7m). Such charges are included in adjustment items as they do not represent a cash cost of operations, have no effect on the net assets of the Group and given that unissued options are already included in the statutory diluted earnings per share calculations these costs are removed to avoid double counting in arriving at such diluted earnings per share.

c) Property lease provisions

The Group presently is subject to a number of onerous long term leases of certain properties no longer occupied by the Group. Additional space was also vacated during the year as part of a reorganisation. Provision has been made to reflect the net holding cost of these leases between now and the end date of those leases taking into account the Group's plans for mitigation of these lease costs and a pre-tax exceptional charge of £3.9m (2016: £nil) has been made in this respect, and the tax effect was a credit of £0.7m (2016: £nil).

d) Reorganisation and integration costs

Last year the Group integrated the operations of Total Accident Management Limited with that of the FMG group of companies. This restructuring gave rise to redundancy costs and other costs associated with the restructuring totalling £0.3m for that year.

e) Acquisition costs

The charge for last year in accordance with the requirements of IFRS3 represents acquisition costs, and relates to legal and professional fees incurred during the acquisition of the FMG group of companies, and amounted to £0.7m.

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 for last year represents the unwinding of this discount.

7 Finance income and finance costs

	2017 £'000	2016 £'000
a) Finance income		
Interest receivable	**(109)**	(275)
b) Finance costs		
Interest on obligations under finance leases	**1,552**	1,487
Loan facility arrangement costs and non utilisation fees	**245**	135
	1,797	1,622
Reclassification of interest on obligations under finance leases and fleet facilities to cost of sales	**(1,538)**	(1,474)
Finance costs payable before exceptional costs	**259**	148
Net finance cost / (income) before exceptional costs	**150**	(127)
c) *Exceptional Finance Costs*		
Unwind of discount on provisions and deferred consideration (note 6 (f))	**-**	83
Total net finance cost / (income)	**150**	(44)

8 Tax

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profit for the year	**3,861**	1,006
Adjustments in respect of prior years	**(58)**	(39)
Total current tax charge	**3,803**	967
Deferred tax		
Previously unrecognised tax losses and temporary differences	**(1,000)**	(208)
Origination and reversal of temporary differences	**2,160**	5,113
Adjustments in respect of prior years	**13**	27
Impact of change in tax rate	**(16)**	96
Total deferred tax charge	**1,157**	5,028
Total tax charge on profit on ordinary activities	**4,960**	5,995

At the balance sheet date the Group had unused trading losses and other timing differences of £47.1m (2016: £63.2m) available for offset against future trading profits. A deferred tax asset has been recognised in respect of £22.8m (2016: £30.2m) of this amount to reflect the foreseeable forecast utilisation of tax losses and unutilised capital allowances carried forward. No deferred tax asset has been recognised in respect of the remaining £24.3m (2016: £33.0m) due to the risks associated with long term projections of future taxable profits.

Deferred tax asset not provided in full on temporary differences under the liability method using a tax rate of 19.0% (2016: 20.0%).

	Asset Tax losses Carried forward £'000	Asset Accelerated tax depreciation £'000	Asset Other timing differences £'000	Asset Total £'000
At 30 June 2017	**1,089**	**3,406**	**152**	**4,647**
At 30 June 2016	1,238	5,298	154	6,690

9 Dividends

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

	2017 £'000	2016 £'000
Special dividend in respect of Autofocus of 1.00p paid on 30 July 2015	**-**	2,854
Final dividend for 2015 of 4.25p paid on 05 November 2015	**-**	12,193
Interim dividend for 2016 of 4.50p paid on 24 March 2016	**-**	13,067
Final dividend for 2016 of 5.15p paid 3 November 2016	**14,960**	-
Interim dividend for 2017 of 5.00p paid on 30 March 2017	**15,198**	-
Total dividends paid in the year	**30,158**	28,114

The above does not include the recommended final dividend of 5.60p per share for 2017 which if approved at the AGM to be held on 25 October 2017 will be paid on 02 November 2017.

10 Goodwill

	£'000
Cost	
At 01 July 2015	113,549
On acquisition (note 17)	26,759
At 30 June 2016 and 30 June 2017	140,308
Accumulated impairment losses	
At 01 July 2015, 30 June 2016 and 30 June 2017	(54,318)
Net book value	
At 30 June 2017	**85,990**
At 30 June 2016	85,990

The directors last reviewed the carrying value of goodwill on 30 June 2016 and the key elements of this review are contained in Note 11 to the Annual Report and Accounts for the year to 30 June 2016. The directors have undertaken a further review of the carrying value of goodwill as at 30 June 2017 and have concluded that no adjustment is necessary.

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

	30 June 2017 £'000	30 June 2016 £'000
Auxillis	**18,950**	18,950
NewLaw	**40,281**	40,281
FMG	**26,759**	26,759
	85,990	85,990

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 and 30 June 2017	**21,900**	**1,000**	**22,900**
Amortisation			
At 01 July 2016	(1,460)	(133)	(1,593)
Charge for year	(2,190)	(200)	(2,390)
At 30 June 2017	**(3,650)**	**(333)**	**(3,983)**
Net book value			
At 30 June 2017	**18,250**	**667**	**18,917**
At 30 June 2016	20,440	867	21,307

12 Interests in associates

The Group's interest in associates comprises of minority participations in five (2016: 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 but does not control.

	2017 £'000	2016 £'000
Carrying amount of interests in associates	**1,361**	796
Group's share of:		
Profit from continuing operations	**1,502**	1,281
Other Comprehensive income	**-**	-
Total share of profits	**1,502**	1,281

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 2017.

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 2016	2,725	784	49,488	12,097	65,094
Additions	–	34	41,393	2,663	44,090
Disposals	–	(6)	(32,939)	(4,611)	(37,556)
At 30 June 2017	**2,725**	**812**	**57,942**	**10,149**	**71,628**
Accumulated depreciation and impairment					
At 01 July 2016	(115)	(475)	(6,888)	(10,011)	(17,489)
Charge for the period	(61)	(55)	(10,077)	(1,125)	(11,318)
Disposals	–	3	8,152	4,539	12,694
At 30 June 2017	**(176)**	**(527)**	**(8,813)**	**(6,597)**	**(16,113)**
Carrying amounts					
At 30 June 2017	**2,549**	**285**	**49,129**	**3,552**	**55,515**
At 30 June 2016	2,610	309	42,600	2,086	47,605
Leased assets included above:					
At 30 June 2017	**–**	**–**	**48,239**	**551**	**48,790**
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 2017 were 91 days (2016: 94 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	**114,637**	102,904
Other receivables	**198**	119
Accrued income	**2,577**	2,790
Total receivables for debtor day calculation purposes	**117,412**	105,813
Disbursements recoverable in Legal Businesses	**14,267**	13,423
Amounts due from associates	**50**	21
Taxation recoverable	**134**	-
Prepayments	**10,990**	7,615
	142,852	126,872

15 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**69,100**	60,707
Other taxation and social security	**7,184**	7,023
Accruals and deferred income	**40,479**	35,210
Disbursements payable in Legal Businesses	**10,148**	9,685
Other creditors	**2,638**	3,297
Corporation tax	**1,837**	296
	131,386	116,218

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 2016	293,536,715	294	10,410,910	10
Conversion of B shares	10,410,910	10	(10,410,910)	(10)
Exercise of SAYE share options	12,078	-	-	-
Exercise of executive share options	18,705	-	-	-
In issue at 30 June 2017 fully paid	**303,978,408**	**304**	**-**	-

Date	Reason	Number	Average price	Total £'000	Share Capital £'000	Share Premium £'000
08 August 2016	Exercise of SAYE Options	2,380	48.30p	1	-	1
10 August 2016	Exercise of SAYE Options	275	126.94p	-		-
12 October 2016	Exercise of SAYE Options	3,354	48.30p	1		1
24 October 2016	Exercise of SAYE Options	2,992	126.94p	4		4
07 November 2016	Exercise of SAYE Options	3,077	53.92p	2		2
	Total exercise of SAYE options	**12,078**		**8**	**3**	**8**
11 April 2017	Exercise of Executive Share Options	18,705	14.25p	3	-	3
	Total exercise of Executive share options	**18,705**		**3**	**-**	**3**
	Total shares issued	**30,083**		**11**	**-**	**11**

17 Acquisitions during the year ended 30 June 2016

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 now considered to final.

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 2016 £'000	Acquisitions in year £'000	Cash flow £'000	Non cash changes £'000	**30 June 2017 £'000**
Cash and cash equivalents	34,647	-	1,697	–	**36,344**
Debt due within one year	-	-	-	-	**-**
Debt due after more than one year	-	-	-	-	**-**
	-	-	-	-	**-**
Finance leases	(39,873)	-	34,457	(40,644)	**(46,060)**
	(39,873)	-	34,457	(40,644)	**(46,060)**
Net debt	(5,226)	-	36,154	(40,644)	**(9,716)**

	2017 £'000	2016 £'000
Increase / (decrease) in cash and cash equivalents in the year	**1,697**	(33,979)
Cash inflow from decrease in borrowings and lease financing	**34,457**	49,423
Change in net cash / debt resulting from cash flows	**36,154**	15,444
New finance leases	**(40,644)**	(36,711)
Net debt acquired on acquisitions	**-**	(23,634)
Movement in net debt in the year	**(4,490)**	(44,901)
Net (debt) / cash at start of the year	**(5,226)**	39,675
Net debt at end of the year	**(9,716)**	(5,226)

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 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 partners 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, leasing companies 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 to 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 amount of business conducted by the Group under 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 previously 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 continued to undertake a significant amount of its business under 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 function 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 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 may be brought from time to time.

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. The legal businesses have been diversifying and undertaking a greater volume of significant injury cases which would not be affected to the same extent by these reforms.

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 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 managing LIBOR risk via fixed interest rate arrangements including interest hedging arrangement where appropriate.

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 2019, 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 2017 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