Delivering through partnership

Axis Intermodal Limited

Annual Report and Accounts 2014

Who we are

The Axis Intermodal Group comprises businesses based in the UK and Germany, which together manage 13,357 transport assets in the UK and continental Europe.

What we do

The Group specialises in equipment contract hire for the logistics, shipping and supply chain management industries. Acting principally as a manager of transport assets, the Group consists of two operating activities in the UK and continental Europe to deliver flexible, customer-focused services across a range of contract and equipment portfolios.

How we deliver through partnership

We work in close partnership with asset funders, owners and customers to derive maximum value from the transport asset leasing process. Situated in the middle of this process, we manage the whole life of assets from purchase to disposal, as well as cash flows, and balance the interests of suppliers and end-users.

More than just an asset provider, we develop long-term relationships with our clients, assisting them in all matters relating to fleet management, asset maintenance, damage analysis, fuel efficiency and compliance. We have also developed excellent partnerships with financiers, repair specialists, suppliers and manufacturers, meaning we can call on a whole host of specialist third-party providers to enhance our service offer.

Above all, our partnership approach is underpinned by stability. Through our sustainable approach to business, we ensure that the Group is here for the long term, which means we can build strong business relationships and deliver lasting value.

Contents

This year's highlights

Operational highlights

- Divestment of Axis SeaCo Parts in the US and SeaAxis in China, leading to refocusing of business on Axis Fleet Management (UK) and Axis Intermodal Deutschland
- Successful sale of chassis fleet in Germany and closure of the Hamburg office, leading to reduced overheads and consolidation of swapbody business
- Reallocation of management resources to core operations in the UK and Germany
- Axis Fleet Management team strengthened through appointment of New Business Development Director

Financial highlights

- Revenue of £32,756,000
- Profit before interest, tax, depreciation and share-based payments of £3,334,000
- Profit before tax of £2,047,000
- Gearing ratio of 26%

Profit £m

2012	1.8
2013	2.3
2014	2.3

Revenue £m

2012	33
2013	28
2014	33

Net cash £m

2012	1.3
2013	1.7
2014	1.6

Profit before tax £m

2012	1.4
2013	1.9
2014	2.0

Fleet number

2012	18,525
2013	20,933
2014	13,317

EBITDA £m

2012	2.3
2013	2.9
2014	3.3

Group at a glance

The Axis Intermodal Group (the Group) specialises in equipment contract hire for the logistics, shipping and supply chain management industries in the UK and continental Europe. Acting principally as a manager of transport assets, the Group consists of two operating activities in the UK and continental Europe delivering flexible, customer-focused services. Across its many contract and equipment portfolios, the Group is committed to delivering long-term, sustainable growth through strong business partnerships.

The Group

Axis Intermodal Limited was established in December 2003 as the holding company for businesses based in the UK and Germany. In 2007, we reorganised the Group into two operating units, one in the UK and one in Germany, enhancing our offer under a single brand for the benefit of our global customers.

Today, the Group manages 13,357 transport assets in the UK and continental Europe. In Germany, we oversee the contract hire and maintenance of swapbody containers through Axis Intermodal Deutschland GmbH (Axis Germany). In the UK we specialise in the contract hire and maintenance of trucks and trailers through Axis Fleet Management Limited (Axis Fleet Management).

These two companies operate autonomously within the Group. We follow a decentralised business model which enables our companies to respond freely to customer demands and market conditions.

Our UK corporate team manages the flow of finance between the business units, determines Group strategy and coordinates Group-wide communications. The UK office also oversees the Group's HR, legal and IT functions, and ensures the regular and transparent exchange of information between the UK and European management teams.

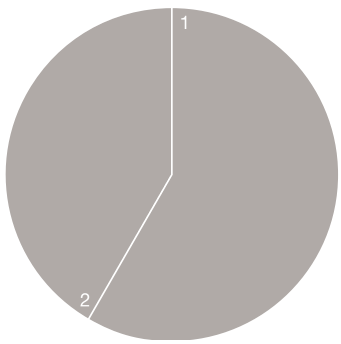
Key strengths

The Group derives real strength from its low-risk approach to business. Through third-party capital funding, outsourcing and light infrastructure our business units are not constrained by heavy debt or overheads, meaning they can respond flexibly, innovatively and creatively to customer demands.

They also have stable operating platforms from which to expand their fleets and grow their market share in the future. This stability ensures that the Group can build lasting business relationships and deliver long-term value to asset owners and customers alike.

Customers come to us because they know we deliver a reliable, high-quality service tailored specifically to their needs. Asset investors back us because they know we provide sustainable value and strong returns.

The very nature of the Group's core business is another source of strength. Since 2008, contract hire and leasing, as opposed to asset ownership, has become increasingly popular in the transport and logistics industries. Since the financial crisis, companies have become cautious about capital expenditure and are renting more now than ever before. This means the Group is well positioned to deliver business continuity and growth long into the future. Indeed, the leasing model is working well in the present climate. Companies are prioritising rental because it enables them to respond more flexibly to demand and to calculate costs more accurately. In 2013/14, the ongoing shift away from ownership continued to favour our operating companies.



Revenue by market
1. UK £19,198,000
2. Europe £13,558,000

Axis Fleet Management

Principal operations

In the UK, road transportation remains the pre-eminent medium for the movement of freight. Axis Fleet Management's core business is truck and road trailer contract hire. As of 31 March 2014, its combined UK rental fleet stood at 1,917 assets.

Key strengths

— Low-risk, infrastructure-light approach to asset management
— Delivers high-quality and competitively-priced services close to the customer

Highlights of the year

— Increased transport assets by 293 units
— Strengthened relationships with Europe's top four third-party logistics companies
— Extended telematics programme to existing and new customer fleets
— Appointed New Business Development Director

Axis Germany

Principal operations

Founded in 1995, Axis Germany is Europe's largest rental company offering contract hire for swapbodies. The total global market for swapbodies comprises 280,000 units, primarily in Germany, Switzerland and Austria. Approximately 70,000 of these units are rented, of which Axis Germany manages 11,440 – a 16%+ market share.

Key strengths

— European market leader for contract hire of intermodal swapbodies
— Established network of reliable third-party depots
— Excellent fleet management control supported by specialised IT system
— Very experienced management team with strong focus on cash flow and profit

Highlights of the year

— Sold chassis fleet and closed Hamburg office to increase focus on core swapbody business
— Consolidated and extended leadership position within European swapbody market
— Signed large contracts with top 10 logistics companies
— Built new relationships with suppliers in Eastern Europe

Chairman’s Statement

2013/14 was a year of stabilisation and expansion for Axis Intermodal. The Group performed well and delivered good results, achieving revenue of over £32 million, slightly down from £33 million in the previous year, reflecting the disposal of non-core businesses, and pre-tax profit of £2,047,000.

It was also a year of structural change. During the year, we took the decision to divest and sell our business entities in the US and China, Axis SeaCo Parts and SeaAxis respectively. This move has allowed us to refocus the business on our high-performing assets in the UK and continental Europe, and to redirect management resources to those areas where we deliver real value.

By reducing our overheads and streamlining our business, the sale of our non-core entities has enabled us to concentrate on trucks and trailers in the UK and intermodal swapbodies in continental Europe, and during 2013/14, we expanded each of these fleets. We also sold our chassis business in Germany in order to consolidate our investments and activities within the European swapbody market.

While growth remains strong across our businesses, there is still uncertainty among clients about the direction of world export markets. Continental Europe remains challenging and the economic outlook there is slow. The UK offers a slightly better picture, but new legislation relating to Euro 6 truck specifications is causing hesitancy and concern. In 2013/14, we worked with clients to manage the transition to Euro 6, helping them achieve compliance with the new regulations while mitigating risks and costs. And with customers still wary of asset ownership and long-term commitments, we continued to promote the advantages of our leasing model in the UK and continental Europe, focusing on efficiency in fleet management and distribution and excellent margin control.

Looking ahead, we see further change coming as China increases its investments in the European transportation markets and we are constantly reviewing global sourcing opportunities to help us remain competitive. In Germany, we have identified new suppliers in Eastern Europe and established a new financial association for the acquisition of swapbodies, which means we can offer competitive prices and gain access to larger tranches of funding. Additionally, our investment focus is now much clearer following the restructuring of our business, and as we accelerate the independence of our UK and German operations I am cautiously optimistic about the year ahead. We have excellent management teams in place to build on our strength in these core business areas. Furthermore, the increase in e-commerce is driving demand in the European Courier, Express and Packaging (CEP) market, and our relationships with suppliers and clients puts us in an excellent position to take advantage of the anticipated uplift in consumer confidence.

The theme of our Annual Report and Accounts this year is 'partnership' – something which underpins everything we do and goes to the heart of our business. In 2014/15, we will continue to work hand-in-hand with our equipment owners and clients to manage their fleets and distribution systems, maintain and repair their assets, and act as a trusted partner through long-term and stable contractual relationships.

Robert J Montague CBE
Executive Chairman

Group Strategic Report

Axis Intermodal Limited (the Group) specialises in equipment contract hire for the logistics, shipping and supply chain management industries around the UK and continental Europe.

At Axis Intermodal, sustainable growth begins with our business model. Through our low-risk approach to business, we aim to achieve long-term commercial success and develop robust professional relationships. We focus on long-term asset management rather than short-term transactions, delivering quality and consistency to our customers and lasting value to our financial partners. In this way, we provide the conditions for strong and stable growth and build loyalty, confidence and trust among our stakeholders.

In order to continue doing business long into the future, the Axis Intermodal Group has based its approach around leasing, outsourcing and infrastructure-light operations. This means we keep our debts and overheads to a minimum and ensure the business is financially sound. It also gives us the flexibility to acquire new assets, respond to customer demands, and provide stability and reassurance over time.

Across its many contract and equipment portfolios, the Group is committed to building strong business relationships and delivering long-term, sustainable growth.

Axis Intermodal Limited was established in December 2003 as the holding company for businesses based in the UK and Germany. In 2007, we reorganised the Group into two operating units, one in the UK and one in Germany, enhancing our offer under a single brand for the benefit of our global customers.

Each of these companies operates autonomously within the Group. We follow a decentralised business model which enables our companies to respond freely to customer demands and market conditions. The companies are supported by our UK corporate team, which manages the flow of finance between the business units, determines Group strategy and coordinates Group-wide communications. The UK office also oversees the Group's HR, legal and IT functions and ensures the regular and transparent exchange of information between all business units.

Key financial information relating to the Group's performance in the year is detailed within the Financial Review.

The Group derives real strength its low-risk approach to business. Through third-party capital funding, outsourcing and light infrastructure, our business units are not constrained by heavy debt or overheads and can respond flexibly to customer demands. They also have stable operating platforms from which to expand their fleets and grow their market share in the future.

This stability ensures that the Group is here for the long term and that it can build strong business relationships and deliver long-term value to asset owners and customers alike. Situated in the middle of the leasing process, we manage the whole life of the assets from purchase to disposal, as well as cash flows, and balance the interests of asset suppliers and end-users. Customers come to us because they know we deliver a reliable, high-quality service tailored specifically to their needs. Asset investors back us because they know we provide sustainable value and strong returns.

The very nature of the Group's core business is another source of strength. Since 2008, contract hire and leasing, as opposed to asset ownership, has become increasingly popular in the transport and logistics industries. Since the financial crisis, companies have become cautious about capital expenditure and are renting more now than ever before, which means the Group is well positioned to deliver business continuity and growth, long into the future.

Indeed, the leasing model is working well in the present climate. Companies are prioritising rental because it enables them to respond more flexibly to demand and to calculate costs more accurately, and in 2013/14, the shift away from ownership continued to provide favourable trading conditions for our main operating companies.

Axis Fleet Management

In the UK, road transportation remains the pre-eminent medium for the movement of freight. Axis Fleet Management's core business is truck and road trailer contract hire. As of 31 March 2014, its combined UK rental fleet stood at 1,907 assets.

Axis Germany

Axis Intermodal Deutschland GmbH (Axis Germany) is the European market leader for the contract hire of intermodal swap bodies. Based in Cologne, Axis Germany manages over 11,000 swap body units. The company operates throughout Germany, Switzerland, Austria and the Benelux countries, with approximately 90% of customers located in Germany. With an established network of third-party depots, Axis Germany holds available swap body stock on an 'as required' basis. And through the specialist refurbishment of equipment, the company is able to maintain a high-quality, competitively-priced fleet in a cost-effective manner.

Despite the prevailing economic climate, the swap body rental market has seen strong growth in recent years. This is largely attributable to the preference for flexible fleet rental over purchase as working capital becomes squeezed, and the increase in online shopping through outlets such as Amazon, which has stimulated demand for CEP parcel deliveries.

Dividends

The Company paid a dividend for the year ending 31 March 2013 of 1.7 pence per Ordinary share on 30 June 2013. No interim dividend was paid during the year. A final dividend for the year ending 31 March 2014 of 1.7 pence per Ordinary share was paid on 28 March, 2014. The declaration and payment of any future dividends and the amount thereof will depend upon the Group's operating results, financial condition, future prospects, profits legally available for distribution and other factors deemed by the directors to be relevant at the time.

Key performance indicators

Utilisation rates are key to the Group's success as, without a significant utilisation of assets, the Group continues to incur significant lease and storage costs which are unable to be passed on to customers. The Board manages this risk by ordering new units only when customers have identified a requirement for those units, and by aiming to obtain significant repeat business from customers. Additionally, as far as possible, the Group aims to enter into contracts with customers which match the term of the Group's underlying lease contract. During the year the utilisation rate of assets was 92% (2013: 91%).

Additional key performance indicators of the business are explained within the Financial Review.

Principal risks and uncertainties

The major risks perceived are foreign currency risk, interest rate and liquidity, all of which are actively managed on an ongoing basis by management. Further details of the Group's financial risk management objectives are given in note 28 of the accounts.

The key business risks of the Group are considered to be the utilisation rate of assets and the financing of new units by funders.

A significant amount of the Group's assets are funded by third parties who have collaboration agreements with the Group. In order to finance new units the Group seeks to obtain financing from these third parties, following which a contract is entered into between the funder and the manufacturer. The Group receives a commission on these funding arrangements. If the collaboration agreements with these third parties were restricted, the Group would need to seek alternative financing. The Group manages this risk by maintaining strong relationships with key funders and manufacturers and by entering into long-term collaboration agreements with the funds.

Other principal risks and uncertainties are detailed within the Financial Review.

Approved by the board of directors and signed on its behalf by:

Nicholas H Smith
Company Secretary
5 June 2014

Axis Fleet Management

Axis Fleet Management

In 2013/14, Axis Fleet Management achieved good revenue growth and explored new business opportunities. The company strengthened relationships with customers and rolled out its telematics package to a range of new customers. And with Group management refocused on the UK and Europe following the sale of businesses in the US and China, the team continued to respond swiftly to market conditions and provide total integrated transport solutions for customers.

Company overview

Axis Fleet Management's core business is truck and trailer contract hire and maintenance in the UK. Specialising in the lease and total management of these assets, the company owns only 6% of its combined fleet, which comprises 842 trucks and 1,065 trailers (as at 31 March 2014).

With transportation in the UK dominated by road, Axis Fleet Management stands slightly apart from the 'intermodal' aspect of the Axis Intermodal Group brand. Indeed, unlike mainland Europe, the UK does not benefit from integrated rail and road networks and road is likely to remain the pre-eminent transport medium, and the main thrust of Axis Fleet Management's operations, for the foreseeable future.

Operating out of one central office in Oxford, Axis Fleet Management employs a small team of 23 full-time staff and outsources its maintenance services to closely monitored third-party depots around the country. This infrastructure-light approach means the company is relatively risk-free and able to deliver high-quality, competitively-priced services closer to the customer.

The company currently has a 92-strong customer base, of which the top 10 provide around 57% of revenue. Its client portfolio includes Europe's top four third-party logistics (3PL) companies and 30 of the top 100 motor transport companies.

Fleet expansion and partnership development

During 2013/14, Axis Fleet Management increased its transport assets by 293 units. With vehicles now evenly split between trucks and trailers, the team focused on keeping its young fleet serviced to exceptionally high standards and ensuring asset availability for customers.

> Our infrastructure-light approach means the company is relatively risk-free and able to deliver high-quality, competitively-priced services closer to the customer.

Axis Fleet Management
continued

Axis Fleet Management received an order for 100 trailers from freight and logistics company Freightliner and continued its close working relationship with DHL. DHL is one of the world's largest logistics providers and in early 2013, Axis Fleet Management was appointed as one of DHL's seven core UK suppliers. Favouring a shift in business model away from asset ownership towards long-term lease and usage, DHL now relies on Axis Fleet Management for high-quality rental assets and efficient fleet management.

In 2013/14, Axis Fleet Management delivered 200 additional trucks to DHL and continued to provide dedicated and proactive customer care through daily service calls and pre-emptive technical solutions. It also provided an additional 50 trucks to Norbert Dentressangle, with whom it has an extensive and ongoing programme of work, and re-signed 50 trailers to Yusen Logistics for a further two years.

Throughout the year the UK team enhanced its partnership-building capabilities, with a view to strengthening existing customer relationships and building new ones. One key development was the appointment of Paul Bordiuk from DHL, who joined the company as New Business Development Director. Paul's principal remit is to create new and sustainable sub-contractor partnerships in 2014 and beyond.

Responding to challenges

In 2013/14, Axis Fleet Management continued to operate in a challenging economic environment. In the current climate, logistics and supply chain companies are still nervous about committing to long-term investment in rental assets, and funding remains a challenge in the UK. However, Axis Fleet Management has developed excellent relationships with major banks and investors/asset funders and worked hard to strengthen these relationships further during the year. As the company's figures show, there is real confidence in Axis Fleet Management's ability to fund and supply new equipment, ensure asset reliability and availability, and to help customers manage their assets over time.

Another key challenge facing the industry is an increasing shortage of accredited LGV drivers. Under new requirements, truck drivers and LGV licence holders must now complete five days of Periodic Driver CPC training within a five-year cycle. The new training criteria covers 'rational driving based on safety regulations', 'application of regulations', and 'health, road and environmental safety, service and logistics'. However, with an ageing industry workforce, LGV test passes are in decline and fewer drivers are applying for the now mandatory Driver Qualification Card.

In response, in 2013/14, Axis Fleet Management continued to promote its telematics package – a web-based tool whose principal aim is to improve fuel efficiency and reduce carbon emissions through improved driver behaviour (see pages 14-15). By fitting telematics boxes in their trucks, Axis Fleet Management helps customers to sharpen drivers' skills and awareness and to discourage bad habits such as harsh acceleration, braking and idling. The company also continued to enhance the driver experience through the provision of comfortable, ergonomic seats and cabs, sensors and safety features and high-quality, fit-for-purpose equipment. Through regular, dealer-only servicing and maintenance Axis Fleet Management also helped to minimise the risk of mechanical faults and breakdowns and ensure optimised performance uptime.

Axis Fleet Management also had to respond to legislative developments around the shift from Euro 5 to Euro 6 truck specifications. The Euro 6 legislation relates to vehicle exhaust emissions and came into effect at the end of 2013. But with a 15% increase in capital costs for the new trucks, and lack of certainty around the implications of the new legislation, many customers require guidance and support during the transition period. Throughout the year the Axis Fleet Management team communicated the changes in legislation and showed customers how to mitigate the increased costs associated with Euro 6. The company also managed fleet availability to ensure it could meet the anticipated acceleration of Euro 5 orders before the manufacture of trucks incorporating this technology ceased on 31 December 2013. Specifically, Axis Fleet Management worked closely with truck manufacturer MAN to keep a strong supply of Euro 5 trucks available for the first half of 2014, helping customers gain a competitive edge on pricing going into the new financial year.

Rounded view and total solutions

Looking ahead to 2014/15, Axis Fleet Management will continue to provide a 'rounded view' of customers' fleets – from the moment of purchase to the point of disposal – via its integrated, three-system approach. With its InspHire fleet management system, Telematics package and MAN fleet maintenance programme, Axis Fleet Management aims to help customers control their assets, improve driver performance, enhance fuel efficiency and provide granularity of detail relating to repair and maintenance items, cost and service history. Specifically, the company will focus on implementing the compliance performance of our customers to make journeys and roads safer.

> “We kept a strong supply of Euro 5 trucks available for the first half of 2014, helping customers gain a competitive edge on pricing going into the new financial year.”

Axis Intermodal Deutschland GmbH (Axis Germany)

2013/14 was a very good year for Axis Germany. The company expanded its fleet, consolidated and extended its leadership position in the European swapbody market and explored the growth potential of the sale-and-leaseback model. The successful sale of its chassis business also enabled Axis Germany to redirect management resources and intensify the focus of its operations on intermodal swapbodies.

Company overview

Axis Germany is the European market leader for the contract hire of intermodal swapbodies. Based in Cologne, Axis Germany manages 11,440 swapbody units, which is around 16% of the global swapbody rental fleet. The company operates throughout Germany, Switzerland, Austria and the Benelux countries, with approximately 90% of customers located in Germany. With an established network of third-party depots, Axis Germany holds available swapbody stock on an 'as required' basis, and through the specialist refurbishment of equipment, the company is able to maintain a high-quality fleet in a cost-effective manner.

In 2010, Axis Germany established a business specialising in the contract hire and maintenance of container chassis and curtainsider trailers. With a sales team based in Hamburg and Cologne, the business was run together with partners in the Netherlands and Scandinavia. In 2013/14, the company decided to sell this part of its business and close the Axis Hamburg office. This was partly due to reduced funding opportunities in the chassis market, but was also a strategic move to reduce overheads and enable the company to concentrate all its energies and resources on the European swapbody market. The deal was completed in November 2013, at a profit, putting the company in a strong position for the year ahead.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Axis Germany
continued

Fleet expansion, service enhancement and partnership development

The general growth within Axis Germany's business helped the company extend its market leadership in Europe. The company succeeded in signing large contracts with some of the top 10 companies in the German logistics industry. It also entered negotiations with one top firm for a major sale-and-leaseback deal involving several thousand swapbody units and a full repair and maintenance package. The sale-and-leaseback model – whereby Axis Germany acquires a customer's fleet, then leases it back to the customer and maintains it – holds great potential for both parties. Firstly, the customer receives cash payment and benefits from transparent fixed fees for a comprehensive repair and maintenance service. Secondly, Axis Germany is also able to provide maximum flexibility for the customer, who doesn't have to expend any time, money or resources on fleet purchase, maintenance or management.

In addition to developing the company's sale-and-leaseback offer, throughout the year Axis Germany worked hard to improve and expand its service and repair programme. It signed a number of new service and repair contracts and more than 50% of its fleet is currently run under full service and repair management.

For one leading logistics company alone, Axis Germany now maintains more than 2,000 swapbodies under contract.

Excellent service and supplier partnerships underpin these aspects of the business. Axis Germany sources high-quality swapbodies, components and equipment from long-term suppliers and uses a trusted network of service specialists and repair shops. In 2013/14, the company built new business partnerships with suppliers in Eastern Europe who can provide complete swapbody units to the exceptionally high standards customers have come to expect at competitive prices.

Despite the prevailing economic climate in Europe, the swapbody rental market has seen strong growth in recent years, particularly in Germany.

Company restructure and trading conditions

The sale of the Axis Intermodal Group's businesses in the US and China led, in 2013/14, to a sharp refocusing of the business on its original core assets: Axis Fleet Management and Axis Germany. With the Group's Head Office and senior management now dealing solely with operations in the UK and continental Europe, during the year Axis Germany felt the benefit of increased resources, support and strategic focus.

Despite the prevailing economic climate in Europe, the swapbody rental market has seen strong growth in recent years, particularly in Germany. This is largely attributable to the preference for flexible fleet rental over purchase and the increase in online shopping – through outlets such as Amazon – which has stimulated demand for parcel deliveries.

Indeed, since 2000, the Courier, Express and Parcel (CEP) market has experienced a 57% increase in load-volume and 60% increase in turnover. In 2013/14, parcel deliveries in Europe totalled 2.65 billion, and one of the leading logistics companies in Germany began building a new warehouse with capacity to handle 50,000 packages an hour.

Experts predict continued strong growth in the years ahead, and with swapbodies playing a major role in the delivery of parcels to homes in Europe, Axis Germany looks well placed to take advantage of these developments. The company already derives around 70% of its business from the CEP market, and this figure could well rise in the near future.

Delivering value

Looking ahead, Axis Germany will continue to deliver lasting value to customers by drawing on its key strengths: a highly motivated and experienced team, a strong sales structure and excellent reputation in the market. The team will focus on providing flexible transport solutions and will use its purchasing power and refinancing capacity to invest in its fleet for the future. The company aims to build on its strong position and achieve further growth, focusing in particular on the ongoing strong growth of the CEP market share where, over the next few years, a yearly increase of 6% is expected.

With regard to Axis Germany's excellent re-financing structure, the company will offer larger sale-and-leaseback deals as the preference among customers is to rent instead of own. Additionally, Axis Germany offers a full service and repair package, and over 50% of the fleet is running under these conditions.

Sustainability

At Axis Intermodal, sustainability begins with our business model. Through our low-risk approach to business, we aim to achieve long-term commercial success and develop robust professional relationships. We focus on long-term asset management rather than short-term transactions, delivering quality and consistency to our customers and lasting value to our financial partners. In this way we provide the conditions for strong and stable growth and build loyalty, confidence and trust among our stakeholders.

We are also committed to sustainable business practices and environmentally-friendly manufacturing methods and materials. Across our fleets, our teams of experts also help customers maximise fuel efficiency and minimise vehicle emissions, thereby contributing to a low-carbon future for the transport sector.

Environmental sustainability

We know that economic activity and social wellbeing are intrinsically linked to the transportation of goods. However, it is important that the industry tries to minimise the environmental impact of the worldwide movement of freight. Where possible, our companies try to source environmentally-sustainable materials and follow responsible purchasing policies.

Another key area of focus is, of course, carbon emissions. The transport sector consumes roughly 28% of the world's energy and currently accounts for 23% of energy-related global carbon dioxide (CO2) emissions. What's more, according to a report from the Intergovernmental Panel on Climate Change (IPCC), the quantity of transport emissions is likely to double by 2050. In the UK, to help customers address this issue and reduce their operating costs, Axis Fleet Management fits all its trucks with telematics packages.

These web-based tools enable customers to improve the fuel efficiency of their vehicles by monitoring driver behaviour. There is a range of factors that influence a vehicle's performance, from weather and geography (which you can't control), through to bad driving habits. In fact, through changes in driving/operating style, drivers can improve their fuel performance by about 20%, resulting in savings of around £5-6,000 a year per vehicle.

By installing telematics boxes in their trucks, Axis Fleet Management offers customers a unique opportunity to get the best out of their drivers. Telematics ‘eco-style’ reports are offered free of charge for the first 12 months. During this time, Axis Fleet Management supplies customers with data and shows them how to act on this information to deliver driving/operating improvements, fuel efficiency and cost savings. The company’s reporting capacity also covers tyre damage and general wear and tear, and this information is always relayed to the customer transparently with no hidden cost agenda.

Although slightly more expensive than standard box trailers, customers using the Axis ‘Air Cutter’® trailer – developed by Axis Fleet Management in collaboration with manufacturer Don Bur – need only achieve a 1-1.5% improvement in fuel efficiency to cover the purchase price difference. And as each Axis ‘Air Cutter’® delivers a minimum 5% fuel efficiency improvement (worth around £2,660 a year and saving almost 7,000 kg of CO2 per vehicle), the long-term benefits clearly outweigh the short-term cost.

With tough market conditions set to continue into 2014/15 and beyond, and with fuel prices at the heart of many transport companies’ problems, Axis Fleet Management is committed to helping customers reduce their operating costs through fuel efficiency.

By combining telematics-equipped trucks and ‘Air Cutter’® trailers, the company believes it can help customers make significant savings and develop the long-term thinking, behaviours and value that create sustainable business success.

Sustainability in 2013/14

In 2013/14, Axis Fleet Management continued to promote its telematics offer in the UK and now fits telematics on around 60% of all vehicles. The company rolled out a number of trials with customers, leading to over 50 vehicles within the SDL fleet incorporating telematics technology, and whole-fleet adoption for JMD Haulage. It also worked closely with DHL to refine its bespoke telematics solution and provide more transparent eco-reporting.

Towards the end of the year, Axis Fleet Management decided to implement a new type of air deflector system to aid air flow and reduce drag on trucks and trailers. Designed to improve fuel efficiency, the Hatcher Air Management System delivered a 14% fuel efficiency saving compared to standard OEM air kits during tests carried out in summer 2013. It is now being fitted as standard on all Axis Fleet Management vehicles.

In this way, Axis Fleet Management continues to push boundaries in the pursuit of the most cost-efficient and environmentally-friendly transport solutions for customers.

Report of the Directors

The following information has not been included in the Directors' Report as it has been included within the Strategic Report under s414C(11) of the Companies Act 2006:

- Review of business;
- Principle risks and risk management; and
- KPIs.

Directors

The directors who served during the year were:

Robert J Montague CBE (Executive Chairman)
Stephen J Ball (Group Finance Director)
Heiner Mangels (Managing Director, Germany) – resigned 16 July, 2013
David Potter (Managing Director, UK Truck & Trailer Division) – resigned 16 July, 2013
Nicholas Smith (Group Legal Director & Company Secretary)
Stephen Dexter (Non-Executive Director) – resigned 14 June, 2013

Except as otherwise indicated, all such directors served throughout the period.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Consolidated accounts

The consolidated accounts have been prepared in accordance with the basis of preparation set out in note 2 to the accounts. The Group's objectives and policies for managing the exposure to relevant financial risks, including the use of applicable financial instruments, is set out in note 28 to the consolidated accounts.

Going concern

The directors have considered the going concern status of the Group and consider that the Group has adequate resources to meet its liabilities, as and when they fall due, for the foreseeable future.

In making this assessment the directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements, which take account of possible changes in trading performance based on various assumptions that the directors consider are reasonable, given their knowledge of the business.

Further details are given in note 2 of the accounts.

Auditor

The auditor, James Cowper LLP, is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

Report of the Directors
continued

Statement as to disclosure of information to the Auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

— so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and

— he has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Approved by the board of directors and signed on its behalf by:

Nicholas H Smith
Company Secretary
5 June 2014

Financial Review

Income Statement
Year ended 31 March 2014

	Year ended 31 March 2014 £000	*Restated Year ended 31 March 2013 £000
Revenue	32,756	28,064
Profit before interest, tax, depreciation and share-based payments	3,334	2,932
Net interest	(272)	(286)
Depreciation	(1,013)	(638)
Profit before tax and share-based payments	2,049	2,008
Share-based payment charge	(2)	(75)
Profit before tax	2,047	1,933
Tax	(399)	(556)
Profit after tax	1,648	1,377
Profit for discontinued operations	39	182
Profit for the year	1,687	1,559

* Certain amounts here do not correspond to the 2013 financial statements and reflect adjustments as detailed in note 21 to the accounts.

The above figures have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Revenue in the group has increased by 16.7%.

Interest cover (based on profit before interest, tax and share-based payments), improved to 9 times (2013: 8 times).

Balance Sheet
31 March 2014

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Property, plant and equipment	5,367	4,870
Deferred tax asset	–	8
Trade receivables and inventories	5,268	8,302
Cash at bank and in hand	2,432	2,158
Trade and other payables	(4,211)	(7,625)
Debt – short-term	(2,112)	(1,414)
Long-term debt and provisions	(3,380)	(2,645)
Net assets before goodwill	3,364	3,654
Goodwill	3,519	3,519
Net assets	6,883	7,173

Gearing has increased to 26% from 18%.

Financial Review
continued

Key performance indicator summary table:

The Directors consider the following details to represent financial and non-financial key performance indicators:

Gearing

Gearing is the ratio of debt to equity finance, and is a tool to show how the business is financed.

Interest cover

Interest cover represents the number of times that the group's profit before interest and taxation covers net interest expense for the period.

	Year ended 31 March 2014	Year ended 31 March 2013
Gearing	26%	18%
Interest cover	9 times	8 times

Non-Financial
Year ended 31 March 2014

Fleet numbers

The reduction of 7,586 units is due to the disposals of two subsidiaries in the year, and a component of another subsidiary. The units in the UK increased during the year, which gives the business access to future revenues, and as such helps management in its decision making.

	Year ended 31 March 2014	Year ended 31 March 2013
Swap bodies	11,440	14,267
Marine container equipment	–	3,939
Trailers	1,065	2,250
Trucks	842	477
Total	13,347	20,933

Employees

As the table below shows, the Axis business is suitably structured between management and more technical, logistics skills, which significantly support management activities and decisions.

	2014	2013
Sales and customer services	32	38
Management and administration	26	26
	58	64

Foreign exchange

The group is exposed to fluctuations in the value of both the Euro and US Dollar. Overseas trading results have been translated using a Euro exchange rate of 1.210 and a US Dollar exchange rate of 1.664. (2013: Euro 1.184 and US Dollar 1.632).

Dividend

The Directors declared and paid a dividend payment of £1,007,775 (1.7p per share) at the year end, in respect of the year ended 31 March 2014. A dividend of £985,250 (1.7p per share) was paid during the year in respect of the year ended 31 March 2013.

Stephen Ball
Group Finance Director
5 June 2014

Independent Auditors' Report to the Shareholders of Axis Intermodal Limited

We have audited the Group and parent Company financial statements (the "financial statements") of Axis Intermodal Limited for the year ended 31 March 2014, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the statement of Financial Position, the statement of Cash Flows and the related notes set out on pages 10 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

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

Respective responsibilities of the directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/auditscopeukprivate.

Unqualified opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRS adopted for use in the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Alexander Peal BSc(Hons) FCA DChA
(Senior Statutory Auditor)
for and on behalf of
James Cowper LLP
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
OX2 9GG

Date: 4 July 2014

Consolidated Income Statement
for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £000	*Restated Year ended 31 March 2013 £000
Continuing operations			
Revenue	3	32,756	28,064
Cost of sales		(24,060)	(19,579)
Gross profit		8,696	8,485
Analysis of administrative expenses:			
Other administrative expenses		(5,398)	(5,569)
Depreciation	5	(1,013)	(638)
Foreign exchange	5	36	16
Total administrative expenses		(6,375)	(6,191)
Profit from operations		2,321	2,294
Finance costs	7	(46)	(39)
Finance lease interest	7	(226)	(247)
Profit before tax and share-based payment charges		2,049	2,008
Share-based payment charge	24	(2)	(75)
Profit before tax		2,047	1,933
Tax on profit on ordinary activities	8	(399)	(556)
Profit for the year from continuing operations		1,648	1,377
Discontinued operations			
Profit for the year from discontinued operations		39	182
Profit for the year		1,687	1,559

* Certain amounts here do not correspond to the 2013 financial statements and reflect adjustments as detailed in note 21 to the accounts.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2014

Group	Share Capital £000	Share Premium £000	Share-based payments reserve £000	Revaluation reserve £000	Other reserve £000	Translation reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2012	2,898	1,091	95	32	180	(229)	1,455	5,522
Profit for the year	–	–	–	–	–	–	1,561	1,561
Exchange differences on translation of overseas operations	–	–	–	–	–	15	–	15
Share-based payment adjustments	–	–	75	–	–	–	–	75
Balance at 31 March 2013	2,898	1,091	170	32	180	(214)	3,016	7,173
Profit for the year	–	–	–	–	–	–	1,687	1,687
Exchange differences on translation of overseas operations	–	–	–	–	–	(20)	–	(20)
Eliminated on disposal	–	–	–	(32)	–	–	–	(32)
Shares Issued	66	–	–	–	–	–	–	66
Dividends paid year ended 31 March 2013	–	–	–	–	–	–	(985)	(985)
Dividends paid year ended 31 March 2014	–	–	–	–	–	–	(1,008)	(1,008)
Share-based payment adjustments	–	–	2	–	–	–	–	2
Balance at 31 March 2014	2,964	1,091	172	–	180	(234)	2,710	6,883

The other reserve balance brought forward relates to the premium on shares issued on 7 July 2005, as part consideration relating to the acquisition of Axis Fleet Management Limited.

Company	Share Capital £000	Share Premium £000	Share-based payments reserve £000	Revaluation reserve £000	Other reserve £000	Translation reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2012	2,898	1,091	77	–	180	–	294	4,540
Profit for the year	–	–	–	–	–	–	614	614
Share-based payment adjustments	–	–	77	–	–	–	–	77
Balance at 31 March 2013	2,898	1,091	154	–	180	–	908	5,231
Profit for the year	–	–	–	–	–	–	1,436	1,436
Shares Issued	66	–	–	–	–	–	–	66
Dividends paid year ended 31 March 2013	–	–	–	–	–	–	(985)	(985)
Dividends paid year ended 31 March 2014	–	–	–	–	–	–	(1,008)	(1,008)
Share-based payment adjustments	–	–	(6)	–	–	–	–	(6)
Balance at 31 March 2014	2,964	1,091	148	–	180	–	351	4,734

Consolidated Statement of Recognised Income and Expense
for the year ended 31 March 2014

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Movement on share-based payment reserve	2	75
Share issue	66	–
Dividends paid	(1,993)	–
Revaluation of fixed assets	(32)	–
Exchange differences on translation of foreign operations	(20)	15
Net income/(expense) recognised directly in equity	(1,977)	90
Profit for the year	1,687	1,561
Total recognised income and expense for the year	(290)	1,651

Consolidated Balance Sheet
for the year ended 31 March 2014

	Note	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Non-current assets					
Goodwill	11	3,519	–	3,519	–
Investment in subsidiary undertakings	10	–	7,921	–	8,047
Property, plant and equipment	12	5,367	37	4,870	–
Deferred tax assets	16	–	–	8	–
		8,886	7,958	8,397	8,047
Current assets					
Trade and other receivables	13	5,151	672	7,881	307
Amounts owed by group companies	13	–	–	–	110
Inventories		–	–	339	–
Assets held for resale		117	–	82	–
Cash at bank and in hand	14	2,432	370	2,158	55
		7,700	1,042	10,460	472
Total assets		16,586	9,000	18,857	8,519
Equity					
Share capital	19	2,964	2,964	2,898	2,898
Share premium	20	1,091	1,091	1,091	1,091
Share-based payment reserve		172	148	170	154
Revaluation reserve		–	–	32	–
Other reserve		180	180	180	180
Translation reserve		(234)	–	(214)	–
Retained earnings		2,710	351	3,016	908
Total equity		6,883	4,734	7,173	5,231
Non-current liabilities					
Provisions	16	283	–	39	–
Customer deposits		304	–	269	–
Amounts owed to group companies	18	–	3,117	–	3,153
Obligations under finance leases	17	2,793	–	2,337	–
		3,380	3,117	2,645	3,153
Current liabilities					
Trade and other payables	15	3,996	122	7,571	82
Current tax liabilities		215	174	54	53
Obligations under finance leases	17	1,259	–	982	–
Borrowings and bank overdrafts	14	853	853	432	–
		6,323	1,149	9,039	135
Total liabilities		9,703	4,266	11,684	3,288
Total equity and liabilities		16,586	9,000	18,857	8,519

The financial statements were approved by the board of directors and authorised for issue on 5 June 2014.
They were signed on its behalf by:

Stephen Ball
Group Finance Director
5 June 2014

Consolidated Cash Flow Statement
for the year ended 31 March 2014

	Note	Group Year ended 31 March 2014 £000	Company Year ended 31 March 2014 £000	Group Year ended 31 March 2013 £000	*Restated Company Year ended 31 March 2013 £000
Profit before taxation from continuing operations		2,047	1,610	1,933	668
Profit/(loss) before tax from discontinued operations		39	–	256	–
Adjustments for:					
Depreciation		1,013	–	654	–
(Profit)/loss on disposal of property, plant and equipment		120	–	(476)	–
(Profit)/Loss on disposal of subsidiaries		(498)	(865)	–	–
Interest expense		272	105	308	20
Share-based payment		2	(6)	75	77
Operating cash flows before movements in working capital		2,995	844	2,753	765
(Increase)/decrease in receivables		2,730	(255)	(1,915)	182
(Increase)/decrease in inventories		339	–	15	–
(Increase)/decrease in assets for resale		(35)	–	(82)	–
Increase/(decrease) in payables		(3,540)	4	–	(751)
Cash generated by operations before interest and taxation		2,489	593	1,182	196
Interest paid		(272)	(105)	(308)	(20)
Income taxes paid		4	(55)	(413)	(24)
Net cash inflow from operating activities		2,221	433	462	151
Investing activities					
Proceeds on disposal of property, plant and equipment		587	–	1,563	–
Purchases of property, plant and equipment		(700)	(37)	(105)	–
Proceeds from disposal of subsidiaries		993	993	–	–
Net cash from investing activities		880	956	1,458	–
Financing activities					
Dividends paid		(1,993)	(1,993)	–	–
Raising share capital		66	66	–	–
Repayment of bank loans		–	–	(83)	–
Repayment of obligations under finance leases		(1,451)	–	(1,434)	–
Net cash used in financing activities		(3,378)	(1,927)	(1,517)	–
Net increase/(decrease) in cash and cash equivalents		(277)	(538)	403	151
Cash and cash equivalents at beginning of year		1,726	55	1,333	(97)
Effect of foreign exchange rate changes		130	–	(10)	–
Cash and cash equivalents at end of year	14	1,579	(483)	1,726	55

* Certain amounts here do not correspond to the 2013 financial statements and reflect adjustments as detailed in note 21 to the accounts.

Notes to the Financial Statements

1. General information

Axis Intermodal Limited (the "Company" together with its subsidiaries, the "Group") is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the Group's operations and its principal activities are set out in note 4 and in the Report of Directors.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

2. Significant accounting policies

Basis of preparation

The financial statements of the Company and Group have been prepared on a going concern basis, under the historical cost convention and in accordance with applicable International Financial Reporting Standards ("IFRS"), as adopted by the European Union and International Financial Reporting Interpretations Committee interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included a separate income statement in these financial statements. The parent company's profit for the year was £1,436,434 (2013: £613,736). An audit fee of £10,100 was paid in respect of the parent company audit (2013: £9,500).

These financial statements are presented in pound sterling because this is the presentational currency of the Company and the Group, and also represents the primary economic environment in which the Company and Group operate. Foreign operations are included in accordance with the policies set out below. The accounting period for both the company and group is a year.

Going concern

The Group's business activities, performance and position are set out in the Report of the Directors and in the Financial Review. In addition, note 28 includes the Group's financial risk management and objectives as well as an analysis of the Group's key risks and uncertainties.

Additionally, the key business risks to which the Group are exposed are described in the Report of the Directors.

In light of the current economic climate, the directors have prepared forecasts for a period of at least a year from the date of approval of these financial statements, which take account of possible changes in trading performance based on various assumptions that the directors consider are reasonable, given their knowledge of the business, and indicate that the Group is able to operate within its funding constraints.

In light of the above, the directors are confident that the Group has adequate resources to meet its liabilities, as and when they fall due, for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

Accounting estimates and judgements

The preparation of financial statements in conformance with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

Key estimates are made around the impairment of goodwill, and key management judgements are made regarding revenue recognition on commission and judgement of long-term balances held within a subsidiary, as being part of the net investment in that asset. Additionally, management make judgements regarding the use of tax losses and recognition of a deferred tax asset.

Investment in subsidiary undertakings

Investments of the Company in the shares of subsidiary undertakings are stated at cost less any provision for impairment where, in the opinion of the directors, there has been impairment in value of any such investment.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries), made up to the period end.

Intra-group transactions, balances, income and expenses, gains and losses are eliminated fully on consolidation.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Basis of consolidation continued

Control is achieved where Axis Intermodal Limited has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition), is credited to profit or loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Net Investment in subsidiary

A loan between Axis Intermodal Deutschland GmbH and Axis Intermodal Limited has been recognised as a component of the net investment in Axis Intermodal Deutschland GmbH, which results in gains and losses arising on translation of the balance sheet recognised directly through equity on consolidation.

Revenue recognition

Revenue (excluding value added taxes), comprises contract hire income receivable from third parties relating to swapbodies, trailers, chassis, trucks and marine containers calculated on a daily rate basis, the supply of maintenance and repair management services, and fees chargeable to the transport and logistics industries. Revenue is recognised once the Group has fulfilled its obligations in connection therewith, net of discounts and other sales-related taxes.

Revenue is recognised on commissions receivable when, in management's opinion, the Group's obligation to place an order for an asset has passed. There is sometimes a delay between transfer of the Group's obligations, in connection with placing the order, and a contractual obligation arising, due to the nature of global contract negotiations.

Where obligations pass in advance of invoicing, this is recognised as accrued income. Where the effect of time value of money is material, accrued income is discounted using the company's estimated weighted average cost of capital.

Revenues for the supply of maintenance and repair management services are recognised on a straight-line basis over the period for which services are contractually agreed by the Group.

Any excess of income invoiced over revenue recognised in the income statement for the period in respect of such services is recognised as deferred income.

Property, plant and equipment

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

Depreciation is provided on the cost of assets less any residual value over their estimated useful lives, using the straight-line method, as follows:

— Office furniture and equipment	4 to 6 years
— Contract hire equipment and vehicles	5 to 20 years (or until guaranteed/underwritten residuals)

The residual value and the useful life of each asset are reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable asset and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a subsidiary, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Where the consideration paid for an acquisition is lower than the fair value of the net identifiable assets and liabilities, the difference is accounted for as negative goodwill and released to the income statement on acquisition.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When assessing future cash flows, management makes key assumptions in the following areas:

- contract term
- customer renewal
- discount rate
- fleet increases
- cost savings
- revenue increases

Details to specific assumptions in relation to impairment of goodwill at the period end can be found in note 10.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit), is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit), is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of previous revaluation gains, with any residual impairment recognised as an expense.

With the exception of goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit), is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit), in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Management has taken a view that annual growth in the UK and German business will remain at a constant rate over the next five years.

Leases

a) The Group as a lessor

All contracts to lease assets to customers are classified as operating leases, as the Group does not transfer risk and reward of ownership to customers.

Operating lease assets are included within property, plant and equipment and depreciated over their useful lives, in accordance with the accounting policy for contract hire equipment and vehicles.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Leases continued

a) The Group as a lessor continued

All rental income (net of any lease incentives), is recognised in the income statement on a straight-line basis over the lease term.

b) The Group as a lessee

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

Assets held under finance leases are included in the balance sheet at fair value or, if lower, at the present value of the minimum lease payments, each determined at inception of the lease less depreciation and impairment losses.

These assets are depreciated over the shorter of the asset's useful life and the lease term.

The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Leases where the third party lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Management reviews all potential customers, and obtains credit reports, in order to reduce the risk of onerous leases. At the start of the lease, Axis obtains a deposit from the customer, and customer activity is reviewed on an ongoing basis.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling (the presentational currency of the Group), at the rates ruling at the date of the transactions. The functional currency of UK entities is sterling. The functional currency of Axis Intermodal Deutschland GmbH is the Euro and the functional currency of SeaCo Parts International Inc. is the US dollar.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date.

Gains and losses arising on retranslation in respect of monetary assets and liabilities are included in the net profit or loss for the period.

Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. When deemed part of the net investment, translation gains or losses are taken through equity on consolidation. Gains or losses arising on translation of balances deemed to represent components of the parent companies net investment in a foreign subsidiary, are recognised directly in equity on consolidation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Retirement benefit costs

The Group contributes to various personal pension plans schemes. The Group offers a stakeholder scheme for its employees, but no members have joined.

The Group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expenses when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is appropriate.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Short-term employee benefit costs

The undiscounted amount of short-term benefits attributable to services that have been rendered in the period are recognised as an expense. Any difference between the amount of cost recognised and cash payments made is treated as a liability or prepayment as appropriate.

Share-based payments

The Group issues share options to its employees. The Group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006.

The Group issues equity-settled share-based payments to certain employees in return for their services. These services are determined indirectly by reference to the fair value of the instruments granted. Equity-settled share-based payments are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, updated at each balance sheet date.

Fair value of the equity-settled share-based payments is measured by use of a Black Scholes model.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial period to which it relates.

Trade receivables

Trade receivables are recognised initially at fair value, and subsequently measured at their amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at original effective interest rate. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial liability represents the obligation to transfer economic benefits as a result of past transactions or events.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the company's equity holders.

Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs), and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Bank borrowings continued

Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the income statement on an accruals basis using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Taxation

The charge for current tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date. United Kingdom Corporation Tax is calculated at 23 percent (2013: 24 percent) of the estimated assessable profit for the year. The Company provides in full for deferred tax in respect of taxation deferred by timing differences between treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination), of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are declared and approved.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Non-current assets held for sale

On initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation.

Gains and losses on subsequent re-measurement are also included in profit or loss for the relevant period.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Inventories

Inventories comprise parts held for sale in the Group's US subsidiary.

Inventories are included in the accounts at the lower of cost and net realisable value.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns which are different from those of the segments operating in other economic environments.

Reserves

The translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the net assets of overseas operations.

Share-based payment reserve

Amounts contained within the share-based payment reserve are made up of equity-settled share-based payment transactions.

Other reserve

The brought forward balance of the other reserve relates to the premium on shares issued on 7 July 2005, as part consideration relating to the acquisition of Tailored Hire Limited (now Axis Fleet Management Limited), an additional £32,886 related to the write-up of fixed assets acquired on a bargain purchase option at the end of a lease term was added to the other reserve in 2011-12. The subsidiary this relates to was disposed of in the year and the balance written off.

Notes to the Financial Statements
continued

2. Significant accounting policies continued

Recent accounting developments

The Group and Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to, and effective for, the Group and Company's financial statements for the year beginning 1 April 2012.

— Amendments to IFRS 7 Financial Instruments: Disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:-

	Effective Date Periods commencing on or after
– IAS 32 Offsetting financial assets and liabilities	1 January 2014
– FRS 102 The Financial Reporting Standard applicable in the UK	1 January 2015
– IFRS 9 Financial Instruments	1 January 2015

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the net assets or results of the Group or Company.

3. Revenue

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

	Year ended 31 March 2014 £000	*Restated Year ended 31 March 2013 £000
Rendering of services	30,859	23,895
Commission income	238	2,462
	31,097	26,357
Other operating income	1,659	1,707
	32,756	28,064

* Certain amounts here do not correspond to the 2013 financial statements and reflect adjustments as detailed in note 21 to the accounts.

Other operating income relates to insurance recharge income in Axis Intermodal Deutschland GmbH relating to costs incurred on behalf of customers.

Notes to the Financial Statements
continued

4. Geographical and business segments

Geographical segments

The Group is organised primarily on a geographical basis. The Group's operations and assets are located in the United Kingdom, Europe (excluding UK), and Rest of World. There were no trading transactions between geographical locations during the year.

2014	United Kingdom £000	Europe £000	Rest of World £000	Consolidated £000
Revenue				
External sales and total revenue	19,198	13,558	–	32,756
Result				
Segment result and operating profit	2,551	(222)	(10)	2,319
Operating profit				2,319
Interest receivable				–
Finance costs				(46)
Finance lease interest				(226)
Profit before tax				2,047
Tax				(399)
Profit after tax				1,648

Other information	United Kingdom £000	Europe £000	Rest of World £000	Consolidated £000
Capital additions	2,499	19	–	2,518
Depreciation and amortisation	1,004	9	–	1,013
Share-based payment	1	(3)	–	(2)
Balance sheet				
Assets				
Segment assets	14,396	2,190	–	16,586
Liabilities				
Segment liabilities	7,446	2,257	–	9,703

2013 Restated	United Kingdom £000	Europe £000	Rest of World £000	Group £000
Revenue				
External sales and total revenue	12,358	15,706	–	28,064
Result				
Segment result and operating profit	1,503	716	–	2,219
Operating profit				2,219
Interest receivable				–
Finance costs				(39)
Finance lease interest				(247)
Profit before tax				1,933
Tax				(556)
Profit after tax				1,377

Notes to the Financial Statements
continued

4. Geographical and business segments continued

Other information	United Kingdom £000	Europe £000	Rest of World £000	Consolidated £000
Capital additions	1,898	5	1	1,904
Depreciation and amortisation	561	93	–	654
Balance sheet				
Assets				
Segment assets	14,045	4,210	602.00	18,857
Liabilities				
Segment liabilities	8,069	3,403	212	11,684

Business segments

For management purposes, during the year the group was organised into three business activities being the supply of transport and logistics equipment, truck and trailer hire, and sea container hire. These business activities are the basis on which the group reports its secondary segment information.

The following table provides an analysis of the Group's sales by business activity, irrespective of the location of the goods/services:

	Sales revenue by business activity Year ended	
	Year ended 31 March 2014 £000	31 March 2013 £000
Supply of transport and logistics equipment:		
Swap bodies	13,558	15,706
Trucks and trailers	19,198	12,358
Marine containers	–	–
	32,756	28,064

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the business activity in which the assets were located:

	Carrying amount of segment net assets		Capital additions by business activity
	2014 £000	2013 £000	2014 £000
Supply of transport and logistics equipment:			
Swap bodies	2,940	2,047	19
Trucks and trailers	3,943	4,381	2,514
Marine containers	–	745	–
	6,883	7,173	2,533

Notes to the Financial Statements
continued

5. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	2014 £000	*Restated 2013 £000
Net foreign exchange (gain)/loss	(36)	(16)
Depreciation of property, plant and equipment		
– owned assets	21	36
– leased assets	992	602
Lease rentals:		
– contract hire equipment and vehicles	21,829	16,694
Share-based payment – charge	2	75
Staff costs (see note 6)	4,347	4,224
(Profit)/Loss on disposal of subsidiaries	(498)	–
(Profit)/Loss on disposal of property, plant and equipment	(495)	(476)
Auditors' remuneration	29	27

* See note 21

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below.

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Audit services:		
Statutory audit of the parent company and Group	10	10
Other services:		
Statutory audit of subsidiaries	12	
Tax services:		
Other services not covered above	7	17
	29	27

Included in auditor's remuneration is £10,100 in respect of the parent company audit fee (2013: £9,500).

Tax compliance costs relate to the preparation and submission of returns in the UK.

Notes to the Financial Statements
continued

6. Staff costs

The average number of employees during the period, was as follows;

	2014 Number	2013 Number
Sales and customer services	32	38
Management and administration	26	26
	58	64

	£000	£000
Their aggregate remuneration comprised:		
Wages and salaries	3,906	3,850
Social security costs	414	320
Other retirement benefit costs	27	54
	4,347	4,224

	£000	£000
Remuneration in respect of directors was as follows:		
Emoluments	1,474	1,019
Directors fees	595	–
Retirement benefits	18	14
	2,087	1,033

	£000	£000
Remuneration of the highest paid director (including pension contributions)	1,068	321

No pension contributions (2013: £nil) were paid in respect of the highest paid director and the highest paid director did not exercise any share options during the year (2013: £nil).

7. Finance costs

	2014 £000	Restated 2013 £000
Interest on bank overdrafts and loans	34	19
Other interest payable	12	20
Total borrowing costs	46	39
Interest on obligations under hire purchase agreements	226	247

8. Tax

Analysis of charge in the year (continuing operations)	2014 £000	2013 £000
Current tax:		
– United Kingdom taxation	185	59
– Overseas taxation	(30)	149
	155	208
Deferred tax (see note 15)	244	348
Taxation	399	556

The standard rate of corporation tax in the UK is 23% (2013: 24%). No tax was charged on the former subsidiary in the United States or the subsidiary in Germany.

Notes to the Financial Statements
continued

8. Tax continued

The movement for the period can be reconciled to the profit before tax in the Income Statement as follows:

Reconciliation of the tax expense	2014 £000	2013 £000
Profit on ordinary activities before tax	2,047	2,192
Tax at the UK corporation tax rate of 23% (2013: 24%)	471	526
Effect of:		
Expenses not deductible for tax purposes	11	35
Income not allowable for tax purposes	(48)	–
Difference in taxation rate in overseas subsidiary undertaking	16	63
Losses in current year carried forward	2	5
Marginal relief	(1)	–
Utilisation of losses	(270)	(325)
Difference in timing of allowances	(27)	(26)
Foreign tax	–	5
Other short-term timing differences	1	–
Current taxation (continuing operations)	155	283

9. Dividends

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2013	985	–
Final dividend for the year ended 31 March 2014	1,008	–
	1,993	–

10. Fixed asset investments of the Company and Group operating companies detail

Shares held by the Company in the Group subsidiary undertakings at cost:

Cost and net book value:	2014 £000	2013 £000
At 1 April 2013	8,047	8,047
Disposals during the year	(126)	–
At 31 March 2014	7,921	8,047

The subsidiaries held by the Company (and included in the Group) consist of:

Name of subsidiary	Place of incorporation ownership (or registration) and operation	Proportion of voting interest %	Proportion of for power held %	Formed/ acquired	Nature of business
Axis Intermodal Deutschland GmbH	Germany	100	100	05-Aug-00	Contract hire
Axis Fleet Management Ltd	United Kingdom	100	100	10-Jul-01	Contract hire
Axis Fleet Management Leasing Ltd	United Kingdom	100	100	24-Jan-12	Contract hire

All group companies have a 31 March year end.

Notes to the Financial Statements
continued

11. Goodwill

	Axis UK £000	Axis GmbH £000	Total £000
At 1 April 2013 and at 31 March 2014	2,260	1,259	3,519

Goodwill has arisen from the acquisition of various companies, and is recognised when the value of acquisition exceeds the value of the net assets of the acquisition.

An impairment review of goodwill is undertaken on an annual basis, or more frequently if there are indications that goodwill may be impaired. It is tested by comparing the carrying amount against the discounted cash flow projections of the cash-generating unit. At 31 March 2014 the carrying amount was less than the projected cash flows, therefore no impairment is considered to have occurred.

In 2014 the cash-generating units were deemed to be Axis Intermodal Deutschland GmbH, Axis Fleet Management Limited and Axis Intermodal Limited.

Assumptions

Management, using their knowledge of the business, have assumed that the Axis UK and Axis Germany businesses will grow at an average minimum growth rate of 5% from 2015 until 2019, based on the length of hire contracts, and the expected rate of renewal.

Due to managements' plans to increase the size of the fleet in Axis UK and Axis GmbH during 2014, sales growth in 2015 has been increased accordingly. An assumption regarding gross profit margins of the cash-generating units has been made, based on the introduction of new management agreements which reduce the utilisation risk of the Group. The average profit margin used is 12% and 6.5% respectively (excluding depreciation and interest on hire purchase obligations).

Additionally, management have assumed that average operating costs as a percentage of sales will be 13% and 11% respectively. Note that this percentage excludes head office costs which are allocated across the cash-generating units.

In order to calculate the net present value of future cash flows, a discount rate of 8% has been used, which represents the group's average cost of capital during the year.

Future revenues from new operating leases incepted in the new period have been forecasted based on existing units.

Deferred tax has not been provided on goodwill.

Notes to the Financial Statements
continued

12. Property, plant and equipment – Group

Group	Contract hire equipment and vehicles £000	Office furniture and equipment £000	Total £000
Cost			
At 31 March 2012	6,871	179	7,050
Additions	1,894	10	1,904
Exchange differences	30	13	43
Revaluation	1	–	1
Disposals	(2,010)	–	(2,010)
At 31 March 2013	6,786	202	6,988
Additions	2,436	95	2,531
Exchange differences	–	2	2
Disposals	(1,672)	(37)	(1,709)
At 31 March 2014	7,550	262	7,812
Accumulated depreciation			
At 31 March 2012	2,240	127	2,367
Charge for the year	631	23	654
Exchange differences	13	6	19
Eliminated on disposals	(922)	–	(922)
At 31 March 2013	1,962	156	2,118
Charge for the year	993	20	1,013
Exchange differences	(1)	3	2
Eliminated on disposals	(660)	(28)	(688)
At 31 March 2014	2,294	151	2,445
Net book value			
At 31 March 2014	5,256	111	5,367
At 31 March 2013	4,824	46	4,870

The carrying amount of the Group's contract hire equipment and vehicles includes an amount of £4,474,005 in respect of assets held under finance leases, on which depreciation charged in the period was £783,660.

The leases for the assets held under finance leases are secured on the assets themselves.

Notes to the Financial Statements
continued

12a. Property, plant and equipment – Company

Company	Motor Vehicles £000	Total £000
Cost		
As at 31 March 2013	–	–
Additions	37	37
As at 31 March 2014	37	37
Accumulated depreciation		
As at 31 March 2013 and 31 March 2014	–	–
Net book value		
At 31 March 2014	37	37

13. Trade and other receivables

Trade and other receivables of the Group and Company comprise the following:

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade receivables	2,197	37	4,469	149
Other receivables	1,436	616	2,471	113
Prepayments and accrued income	1,518	19	941	155
	5,151	672	7,881	417

Trade receivables at the balance sheet date comprise amounts receivable from the sale of goods and services of £2,222,184 (2013: £4,382,853).

No amounts are due from group companies to the Company (2013: £109,916).

The fair value is included at the amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. For trade and other receivables, fair value approximates the carrying value.

Impairments make adequate provision for the expected credit risk. Concrete cases of default lead to the derecognition for the respective receivables.

No estimates or assumptions are applied in determining this fair value. Accrued income relates to commission income recognised on the placing of equipment orders.

Notes to the Financial Statements
continued

14. Borrowings

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Cash at bank and in hand	2,432	370	2,158	55
Bank overdrafts	(853)	(853)	(432)	–
Cash and cash equivalents	1,579	(483)	1,726	55
The borrowings are repayable as follows:				
On demand or within one year	853	853	432	–
In the second to fifth year	–	–	–	–
After five years	–	–	–	–
	853	853	432	–

Analysis of borrowings by currency:	Sterling £000	Euros €000	US Dollar $000	Total £000
31 March 2014				
Bank overdrafts	853	–	–	853
	853	–	–	853
31 March 2013				
Bank overdrafts	–	–	653	432

The weighted average interest rates paid were as follows:	Group and Company 2014 %	Group and Company 2013 %
Bank overdrafts	3.5%	3.8%
Bank loans	4.5%	4.5%

Bank loans are arranged at fixed rates, negotiated annually, thus exposing the group to limited cash flow interest rate risk. The other principal features of the Group's borrowings are as follows:

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 3.5% (2013: 3.75%) per annum and are determined based on 3.0% plus the bank's base rate.

At 31 March 2014, the Group had available £1,278,845 (2013: £1,090,020) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

At the balance sheet date, the Company had committed to a mortgage debenture, date 12 May 2009, over all of the Company's assets and a Composite Cross Guarantee, dated 12 May 2009, between Axis Fleet Management Limited and Axis Intermodal Limited. Further, there is a Specific Counter Indemnity, dated 3 November 2009, limited to £150,000.

15. Trade and other payables – current

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade payables	1,645	37	3,632	39
Social security and other taxes	846	29	353	30
Other payables	998	41	3,289	1
Accruals and deferred income	507	14	297	12
	3,996	122	7,571	82

Notes to the Financial Statements
continued

16. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a UK tax rate of 20% (2013: 24%).

Deferred tax asset – Group and Company

At 31 March 2014 and 2013, the Company held no deferred tax assets.

	2014 £000	2013 £000
Deferred tax assets	–	8

Tax losses – Group and Company

At 31 March 2014 and 2013, the Company had no unused tax losses, and the Group had unused tax losses as follows:

	2014 £000	2013 £000
United Kingdom	–	1,288
United States	–	243
	–	1,531

Deferred tax liability– Group and Company

The provision for deferred taxation consists of the tax effect of timing differences in respect of excess taxation. allowances over depreciation on property, plant and equipment.

Deferred tax losses available in the UK have been offset against the potential deferred tax liability arising on timing differences in respect of excess taxation allowances over depreciation on property, plant and equipment.

	2014 £000	2013 £000
Potential deferred tax liability arising on timing differences	283	327
UK tax losses available	–	(288)
Deferred tax liability at 31 March 2014	283	39
Movement within Income Statement during the period	244	(348)

17. Obligations under finance leases – Group and Company

	Minimum lease payments		Present value of lease payment	
Amounts payable under finance leases:	2014 £000	2013 £000	2014 £000	2013 £000
Within one year	1,444	1,179	1,259	982
In the second to fifth years	3,204	2,776	2,793	2,337
After five years	33	–	–	–
	4,680	3,955	4,052	3,319
Less: future finance charges	(629)	(636)	–	–
Present value of lease obligations	4,052	3,319	4,052	3,319
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,259)	(982)	(2,793)	(982)
Amount due for settlement after 12 months	2,793	2,337	1,259	2,337

The Company had no obligations under finance leases at 31 March 2014 and 2013.

It is the Group's policy to lease certain of its assets under finance leases. The average lease term is 5 years.

For the year ended 31 March 2014, the average effective borrowing rate was 6.8% (2013: 8.68%). Interest rates are fixed at the contract date.

Notes to the Financial Statements
continued

17. Obligations under finance leases – Group and Company continued

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All subleases are designed to match the term of the finance lease. Therefore, future minimum sublease payments are expected to be at a minimum the value of the group's future obligations under those leases.

Security is held on future rental receipts in the form of customer deposits.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

18. Liabilities – amounts falling due after one year

	Group 2014 £000	2014 Company £000	2013 Group £000	2013 Company £000
Amounts owed to other Group companies	–	3,117	–	3,153

19. Share capital – Group and Company

	2014 £000	2013 £000
Authorised:		
80 million ordinary shares of 5p each	4,000	4,000
Issued and fully paid:		
59,280,880 ordinary shares of 5p each	2,964	2,898

At 31 March 2014, all group shares were held within the Company, and 8,090,000 share options (2013: 9,565,000) were outstanding in favour of directors, and 1,125,000 (2013: 1,915,000) were outstanding in favour of employees which were issued at an average exercise price of 5.1p (2013: 5.7p) per share and exercisable at any time between August 2013 and September 2022 depending on the respective grant dates. See note 22 for further details. At the year end, 1,325,000 share options were exercised at 5p per share, resulting in an increase in share capital of £66,250.

All ordinary shares have equal rights.

20. Share premium – Group and Company

	Total £000
At 1 April 2013 and at 31 March 2014	1,091

21. Discontinued operations

During the year, the Group sold two subsidiaries, details of which are provided in this note below. In accordance with IFRS5, the operations of these subsidiaries have been presented in a separate part of the income statement.

The comparatives have also been restated and the details of the restatement are provided below.

On 31 August 2013, the board decided to sell the specialist marine container division of Axis. On the 19 September 2013, the Group closed the sale with a private investor. As a result, the entire marine container component was sold.

The results of Sea Axis Limited for the period are presented below:

	2014 £000	2013 £000
Revenue expenses	1,585	3,664
Expenses	(1,539)	(3,384)
Income taxes	–	(74)
Profit/(loss) after tax	46	206

Notes to the Financial Statements
continued

21. Discontinued operations continued

On 30 June 2013, the board decided to sell the US subsidiary, which distributed refrigerated container machinery and diesel generator parts. On 15 August 2013, the Group closed the sale with a private investor. The results of Axis SeaCo Parts for the period are presented below:

	2014 £000	2013 £000
Revenue Expenses	522	1,719
Expenses	(529)	(1,743)
Income taxes	–	–
Profit/(loss) after tax	(7)	(24)

22. Contingent liabilities

There were no contingent liabilities at 31 March 2013 or 31 March 2014.

23. Operating lease arrangements

At 31 March 2014, the Company had no operating lease commitments, and the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 £000	2013 £000
Within one year	1,319	8,732
In the second to fifth years inclusive	11,785	13,822
After five years	67	237
	13,171	22,791

Operating lease payments represent payments to funders for the use of assets purchased on Axis's behalf.

The company and group as lessor

The leases shown in the lease commitments detail above will have associated revenues that will come due as follows:

	2014 £000	2013 £000
Within one year	1,328	12,564
In the second to fifth years inclusive	15,598	20,309
After five years	117	396
	17,043	33,269

The Company is not a lessor. However, the Group hires equipment to the supply chain management and logistics industry worldwide, on a contract hire basis (i.e. supply of equipment and its maintenance).

Contract hire and commission income earned during the year was £37.6 million (2013: £33.4 million).

It is the Group's policy to lease its assets held under operating leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All subleases are designed to match the term of the operating lease. Therefore future minimum sublease payments are expected to be at a minimum the value of the groups future obligations under those leases. Security is held over the lessees' charges in the form of deposits.

All lease obligations are denominated in sterling.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under operating leases are secured by the lessors' charges over the leased assets.

Disclosure of management of risks can be found in note 28.

Notes to the Financial Statements
continued

24. Share-based payments

During the year, the Company and Group operated the Intermodal Resource Approved Option Scheme (with Unapproved Schedule), (the "Option Scheme"), to incentivise employees.

The Company and Group have applied the requirements of IFRS 2, Share-based Payment to all the options and warrants granted after November 2002 and which had not vested on 1 January 2006.

Option Scheme

The Option Scheme provides for a grant price equal to the market value of the Company's shares on the date of grant, as agreed with HMRC Shares and Assets Valuation Division. The vesting period is three years from the date of the grant. If any of the options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options are exercised.

All options are equity settled.

	2014		2013	
	Options	Weighted average exercise price (in £)	Options	Weighted average exercise price (in £)
Outstanding at 1 April	11,480,000	0.0520	10,805,000	0.0500
Granted during the period	–	0.0800	795,000	0.0800
Exercised during the period	(1,325,000)	0.0500	–	–
Lapsed during the period	(940,000)	0.0650	(120,000)	0.0500
Outstanding at 31 March	9,215,000	0.0520	11,480,000	0.0520

The options outstanding at 31 March 2014 had a weighted average remaining contractual life of 6.8 years (8.3 years in 2013).

The fair value of the options was calculated using the Black Scholes model. The inputs were as follows:

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Risk free rate
18 August 2010	£0.0030	£0.0275	£0.0500	39.2442%	3 years	5.0100%
21 January 2011	£0.0040	£0.0275	£0.0500	39.2442%	3 years	5.3900%
17 August 2011	£0.0438	£0.0800	£0.0500	40.0000%	4 years	5.0000%
13 September 2012	£0.0300	£0.0800	£0.0800	40.0000%	4 years	4.2500%

Expected volatility was determined by calculating the standard deviation of daily continuously compounded returns of peer group companies' (listed on AIM and operating in the Transport and Plant and Equipment Leasing industries), share prices calculated back from the date of grant and adjusted, based on management's best estimate, for the effects of non-transferability, exercise expected life used in the model has restrictions, and behavioural considerations.

The Company recognised a write-back of £5,759 and the Group recognised a write-off of £1,683 (2013: Company charge – £77,226, Group charge – £77,226, Group write-back – £2,123) related to equity-settled share-based payment transactions.

In calculating the IFRS 2 charge, management has assumed no dividend yield at the date of grant for all options.

At the period end, all of the share options were exercisable at less than the share price. In the view of management, there is a possibility that some of these options will be exercised, but a percentage will lapse due to staff turnover.

Of options granted in earlier periods, 1,200,000 are exercisable now, 7,750,000 will become exercisable in August 2014 and 275,000 will become exercisable in September 2015. Management estimates the lapse rate on these options to be 11 percent.

Notes to the Financial Statements
continued

25. Retirement benefit schemes

Defined contribution schemes

The Company and Group contribute towards some employees' own pension schemes.

The total cost charged to the income statement of £37,347 (2013: £54,373) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2014, contributions of £550 (2013: £4,133) due in respect of the current reporting period had not been paid over to the schemes.

26. Events after the balance sheet date

There have been no post balance sheet events.

27. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. See note 18 for amounts payable by the Company to Group companies.

Nicholas Smith has an interest in 10% of the equity in the ultimate holding company of Unitas Services Limited (USL), which entered into a transaction with Axis Intermodal Deutschland GmbH (Axis Germany) in November 2006, pursuant to which USL arranged and structured the sale and lease-back by Axis Germany of the swapbodies then comprising its swapbody fleet to a German KG fund, with Axis Germany leasing back those swapbodies via a third party, Unitas Finance (Ireland) Limited (UFIL). Lease rentals payable to UFIL during the year ended 31 March 2014 were, 2014: £nil (2013: £184,543).

As at 31 March 2013, Sphere Investments Limited, a company which is owned and controlled by Stephen Ball (Director), owed the Group £733,370 and €1,261,110. During the year, these balances had been repaid.

At the year end, the Group had a balance due of €603,559 from Axis Intermodal Group Limited, a company which is owned and controlled by Stephen Ball and Robert Montague.

Axis Intermodal Deutschland GmbH made rental payments during the year amounting to €8,261,368 relating to swapbodies. These payments were made to Axis Intermodal Capital GmbH, which facilitates investor programmes on behalf of CH2 Logistica Portfolioverwaltung GmbH & Co. KG. The full amount received by Axis Intermodal Capital GmbH was paid to the owners of the swapbodies. Axis Intermodal Capital GmbH is owned and controlled by Robert Montague and Stephen Ball.

During the year, a consulting fee of €75,783 was paid by Axis Intermodal Deutschland GmbH (Axis Germany) to Sphere Holdings Limited, a company which is owned and controlled by Stephen Ball, a director.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2014 £000	Year ended 31 March 2013 £000
Short-term employee benefits	2,087	1,033
Post-employment benefits	–	–
Share-based payment – charge	2	75
Short-term employee benefits	2,089	1,108

28. Financial risk management

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade receivables and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Notes to the Financial Statements
continued

28. Financial risk management continued

Credit risk

Credit risk is the risk that the counterparty will fail to discharge their obligation.

The Group's principal financial assets are bank balances and cash and trade and other receivables, which represent the group's maximum exposure to credit risk in relation to financial assets. At 31 March 2014, cash and cash equivalents represented £1,649,043 (2013: £1,726,620) and therefore do not constitute any credit risk.

The Group's credit risk is primarily attributable to its trade receivables. The average credit period taken on sales of goods is 22 days (2013: 48 days). This has been calculated by dividing total debtors by total sales and multiplying by 365. No interest is charged on the receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Summary of financial assets

	2014		2013	
	Trade receivables £000	Other receivables £000	Trade receivables £000	Other receivables £000
Neither past due nor impaired	1,613	1,436	2,958	2,471
Past due but not impaired	877	–	1,511	–
Impaired	7	–	100	–
Gross	2,497	1,436	4,569	2,471

Summary of financial assets past due

	2014		2013	
	Trade receivables £000	Other receivables £000	Trade receivables £000	Other receivables £000
Past due up to 30 days	806	–	1,315	–
Past due 31 to 60 days	33	–	67	–
Past due greater than 61 days	39	–	129	–
Total	877	–	1,511	–
Fair value of collateral held	304	–	269	–

Assets which have been impaired relate to debts during the year which have been identified as irrecoverable. There are no amounts held as customer deposits relating to impaired assets (2013: £nil).

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group's short-term cash and cash equivalents are deposited with a high credit rated commercial bank (typically credit rating of A+ or higher).

New customers are subject to an initial credit assessment using external credit reference agencies, and trade references are confirmed. These credit limits are reviewed on an ongoing basis and subject to senior management oversight. In the majority of cases, a deposit of one month's rental is held. At the period end the fair value of this was £304,842 (2013: £268,742). The payment position of past due trade receivables is monitored daily and actively managed.

The debtor profile at the period end relates to limited companies, and therefore are not a high credit risk.

Notes to the Financial Statements
continued

28. Financial risk management continued

Liquidity risk

As regards liquidity, the Group's policy has been that, to ensure continuity of funding, the company will have little or no borrowings and any borrowings will be scheduled for repayment over several years.

At 31 March 2014, the Group had no borrowings. Short-term flexibility is achieved by overdraft facilities.

The Group guarantees a sufficient liquidity at all times by efficient cash management, and by engaging only with creditworthy customers.

The Group does not engage in speculative activity, and avoids using complex financial instruments.

Exposure to banks and other credit institutions must meet high credit ratings as assessment by international credit rating agencies.

Floating rate financial liabilities

Sterling-denominated borrowings bear interest at rates related to the sterling base rate. The Euro-denominated borrowings bear interest at rates related to the Euro base rate.

Fixed rate financial liabilities

The fixed rate financial liabilities amount to £4,084,500 (2013: £3,319,653), with an average interest rate of 6.80% (2013: 8.68%), with a weighted average repayment term of 18 months (2013: 16 months).

Interest rate risk

The Group's policy on interest rate risk management requires that the amount of net borrowings at fixed rates increases with the ratio of forecast net interest payable to trading profit.

This policy is consistent with prior periods.

The Group finances its operations through a mixture of equity capital and borrowings and borrows in the desired currencies at both fixed and floating rates of interest.

By splitting the balance sheet information between floating and fixed rate financial instruments (including debtors and creditors), and by currency, the quantitative requirements should be met.

Interest rate risk profile of financial assets and financial liabilities at 31 March 2014:

Financial assets	No rate applied £000	Floating rate £000	Fixed rate £000	Total £000
Sterling	12,844	1,182	–	14,026
Euro	1,144	1,415	–	2,559
USD	–	–	–	–
	13,988	2,598	–	16,585

Financial liabilities	No rate applied £000	Floating rate £000	Fixed rate £000	Total £000
Sterling	2,955	853	4,052	7,860
Euro	1,844	–	–	1,844
USD	–	–	–	–
	4,799	853	4,052	9,703

Notes to the Financial Statements
continued

28. Financial risk management continued

Interest rate risk profile of financial assets and financial liabilities at 31 March 2013:

Financial assets	No rate applied £000	Floating rate £000	Fixed rate £000	Total £000
Sterling	11,583	622	–	12,205
Euro	2,427	1,532	–	3,959
USD	2,689	4	–	2,693
	16,699	2,158	–	18,857

Financial liabilities	No rate applied £000	Floating rate £000	Fixed rate £000	Total £000
Sterling	2,445	432	3,319	6,196
Euro	3,403	–	–	3,403
USD	2,085	–	–	2,085
	7,933	432	3,319	11,684

Sensitivity analysis

	GBP Libor	EUR Libor	USD Libor	Total
A realistic change in interest rates	+ 1%	+ 1%	+1%	
Group accounts sensitivity to an increase in interest rates	£000	£000	£000	£000
Effect on income statement	(9)	–	–	(9)
Effect on equity	(9)	–	–	(9)

	GBP Libor	GBP Libor	USD Libor	Total
A realistic change in interest rates	– 1%	– 1%	– 1%	
Group accounts sensitivity to a decrease in interest rates	£000	£000	£000	£000
Effect on income statement	9	–	–	9
Effect on equity	9	–	–	9

Foreign currency risk

The Company has a significant overseas subsidiary which operates in Europe and whose revenues and expenses are denominated in Euros.

Foreign currency transaction exposure is not hedged.

The Company and Group's policies are to match local currency income with local currency costs.

Intra-group trading transactions are matched centrally, and intra-group payment terms are managed to reduce risk. The Company and Group seek to denominate borrowings in currencies of its principal assets and cash flows. These are sterling and Euros.

This policy is consistent with prior periods.

Notes to the Financial Statements
continued

28. Financial risk management continued

Analysis of financial instruments

Financial assets of the group consist of loans and receivables.

All financial liabilities held are at amortised cost.

Financial instruments held by the Group and their fair value at 31 March 2014 were as follows:

	Sterling £000	Euro £000	USD £000	Book and fair value £000
Short-term debtors	3,997	988	–	4,986
Cash at bank and in hand	1,182	1,415	–	2,598
Non-financial assets	8,846	156	–	9,003
	14,026	2,560	–	16,586
Financial liabilities				
Short-term creditors	2,317	1,691	–	4,008
Bank loans and overdrafts	853	–	–	853
Obligations under finance leases	3,638	413	–	4,052
Non-financial liabilities	637	153	–	790
	7,447	2,256	–	9,703

Financial instruments held by the Group and their fair value at 31 March 2013 were as follows:

Financial assets	Sterling £000	Euro £000	USD £000	Book and fair value £000
Short-term debtors	3,456	2,408	2,017	7,881
Cash at bank and in hand	622	1,532	4	2,158
Non-financial assets	8,126	19	673	8,818
	12,204	3,959	2,694	18,857

Financial liabilities				
Short-term creditors	2,293	3,250	2,054	7,597
Bank loans and overdrafts	–	–	432	432
Obligations under finance leases	3,319	–	–	3,319
Non-financial liabilities	152	153	31	336
	5,764	3,403	2,517	11,684

There is no material difference between book values and fair values calculated by discounting cash flows at prevailing interest rates.

Sensitivity analysis

Exchange rates applied as at 31 March 2014

	EUR
1 Pound sterling	1.210

Notes to the Financial Statements
continued

28. Financial risk management continued

Exchange rates applied as at 31 March 2013

	EUR
1 Pound sterling	1.1864
Market movements over the period	
Market high	1.2160
Market low	1.1511
Market average	1.1854

Reasonable movement of Euro and USD	
Euro strengthening	1%
Euro weakening	1%

Effect on income statement and equity **Gain or (loss) in GBP**	£
Euro strengthening	29,701
Euro weakening	(29,112)

The directors do not consider any of the potential exposures, as disclosed above, to have a significant effect on the Group.

29. Capital management

The Groups' objectives when managing capital are to safeguard the group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowing' and 'trade and other payables' as shown in the consolidated balance sheet), less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Table of managed equity	2014 £000	2013 £000
Total borrowings	4,905	3,751
Less: cash and cash equivalents (note 14)	(2,432)	(2,158)
Net debt	2,473	1,593
Total equity	6,883	7,173
Total capital	9,356	8,766
Gearing ratio	26.43%	18.17%

For a reconciliation of movements in equity see the Consolidated Statement of Changes in Equity.

30. Controlling party

The Company is under the control of its directors by virtue of their direct and indirect shareholding.

Company information

Company registered number

4980247

Country of domicile

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Registered and head office

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Company Secretary

Nicholas Smith

Directors

Robert J Montague CBE
(Executive Chairman)

Stephen Ball
(Finance Director)

Nicholas Smith
(Legal Director)

Bankers

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