

# **RDS Driving Services Limited**

**Annual report**

**31 July 2018**



# **RDS Driving Services Limited**

## **Company Information**

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<b>Directors</b>	P Weston I McIntosh
<b>Company secretary</b>	S Clarke
<b>Registered number</b>	07372476
<b>Registered office</b>	Pavilion 6 Coxwold Way Belasis Hall Technology Park Billingham Cleveland TS23 4EA
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE

# **RDS Driving Services Limited**

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# **RDS Driving Services Limited**

## **Strategic report Year ended 31 July 2018**

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### **Introduction**

The principal activity of the company during the year was the provision of driving-related services, including a franchised driving school, provision of driver instructor training services and accounting services.

### **Business review**

The directors were pleased to see the recent successful development of the business continue throughout the year, building further on growing recognition and reputation of the RED brand. This increased recognition both within the industry and the public alike was further enhanced in April when RED was voted "National Driving School of the Year" at the annual 2018 First Car Awards. 2018 saw a further healthy increase in franchisee numbers which was strongly underpinned by an 18% rise in high quality prepaid lesson sales year on year.

Instructor training course sales remained strong and continue to underpin the growth aspirations in franchisee numbers within the driving school for the coming year.

The growth in total turnover was matched with continued vigilance around cost control driving a 28.1% rise in operating profit year on year and improving operating margin by c1% to a healthy 10.7%.

Towards the end of the year we entered a new business sector. Having achieved full DVSA accreditation to train our own Fleet Trainers we commenced marketing a full one stop shop fleet training solution. This is aimed at fleet managers of companies of all sizes to help manage their corporate risk responsibilities in respect of their fleet activities. The directors believe that the structure of the RED business, with a countrywide resource of qualified fleet trainers, is ideally placed to give us a significant competitive advantage in a rapidly growing marketplace. This additional business stream will provide further business opportunities for the franchisee base and is expected to add positively to both turnover and operating profit in the coming years.

### **Principal risks and uncertainties**

The management of the business and execution of the company's strategy are subject to a number of risks and uncertainties. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

#### **Competition risk**

The company operates in a competitive market, particularly with regard to price and service quality, and there is a risk that the company may not meet its customer expectations in these areas. In order to mitigate this risk, market prices are monitored on an ongoing basis and service quality is monitored by the directors regularly to ensure the company has plans in place to continue to provide differentiated value in this important area.

#### **Liquidity risk**

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company monitors liquidity forecasts on a regular basis to ensure that the company has sufficient funds to meet all its potential financial liabilities as they fall due. This is true not only of normal market conditions but also of negative projections against expected outcomes.

The directors also continually assess the balance of capital and debt funding of the company. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the company will continue to be able to operate within its finance facilities.

### **Financial key performance indicators**

The group monitors day-to-day results by reference to key performance indicators such as those noted above, focusing on turnover, key variable costs such as vehicle and staff costs and EBITDA. These indicators are compared to budget at regular management meetings with significant variances investigated.

# **RDS Driving Services Limited**

## **Strategic report (continued)** **Year ended 31 July 2018**

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### **Future developments**

The directors intend to continue to grow the core business activities organically over the coming years, building on all the hard work over recent years from the staff, trainers and franchisees. In addition, as noted above, expansion into the fleet market is expected to develop a long term sustainable income stream diversifying the business into a corporate environment with a client base that will provide repeat business over the long term. This project continues to align with our overall business objective of being the leading provider of services to the driving tuition industry, specifically in the UK.

This report was approved by the board on 21 November 2018 and signed on its behalf by:



**I McIntosh**  
Director

# **RDS Driving Services Limited**

## **Directors' report Year ended 31 July 2018**

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The directors present their report and the financial statements for the year ended 31 July 2018.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,364,930 (2017 - £1,064,326).

The directors do not recommend a final dividend in respect of the year.

### **Directors**

The directors who served during the year were:

P Weston  
I McIntosh

### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors, which remain in force at the date of this report.

### **Disclosure of information to auditor**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 21 November 2018 and signed on its behalf by:



**I McIntosh**  
Director

# **RDS Driving Services Limited**

## **Directors' responsibilities statement Year ended 31 July 2018**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of RDS Driving Services Limited**

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### **Opinion**

We have audited the financial statements of RDS Driving Services Limited ('the company') for the year ended 31 July 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.





## **Independent auditor's report to the members of RDS Driving Services Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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



## **Independent auditor's report to the members of RDS Driving Services Limited (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.

A handwritten signature in black ink, appearing to read 'David Redhead'.

**David Redhead (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle Upon Tyne

21 November 2018

# RDS Driving Services Limited

## Statement of comprehensive income Year ended 31 July 2018

	Note	2018 £	2017 £
<b>Profit and loss account</b>			
Turnover	5	12,728,573	10,906,410
Cost of sales		(6,730,412)	(5,271,958)
<b>Gross profit</b>		<b>5,998,161</b>	<b>5,634,452</b>
Administrative expenses		(5,140,832)	(5,042,234)
Other operating income	6	513,067	477,424
<b>Operating profit</b>	7	<b>1,370,396</b>	<b>1,069,642</b>
Interest receivable and similar income		755	557
Interest payable and similar charges	10	(6,078)	(5,763)
<b>Profit on ordinary activities before taxation</b>		<b>1,365,073</b>	<b>1,064,436</b>
Tax on profit on ordinary activities	11	(143)	(110)
<b>Profit for the financial year</b>		<b>1,364,930</b>	<b>1,064,326</b>

There were no amounts recognised in other comprehensive income for 2018 or 2017.

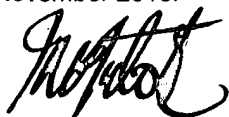
The notes on pages 11 to 20 form part of these financial statements.

# RDS Driving Services Limited

## Balance sheet At 31 July 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	107,236	123,875
		<u>107,236</u>	<u>123,875</u>
<b>Current assets</b>			
Debtors	13	1,152,426	973,160
Cash at bank and in hand		2,191,449	717,805
		<u>3,343,875</u>	<u>1,690,965</u>
Creditors: amounts falling due within one year	14	(2,088,271)	(1,742,056)
<b>Net current assets/(liabilities)</b>		<u>1,255,604</u>	<u>(51,091)</u>
<b>Total assets less current liabilities</b>		<u>1,362,840</u>	<u>72,784</u>
Provisions for liabilities	15	-	(100,000)
Accruals and deferred income	16	(613,552)	(588,426)
<b>Net assets/(liabilities)</b>		<u><u>749,288</u></u>	<u><u>(615,642)</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1	16,458,835
Other reserves	18	-	3,059,042
Profit and loss account	18	749,287	(20,133,519)
		<u><u>749,288</u></u>	<u><u>(615,642)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2018.



**I McIntosh**  
Director

Company registered number: 07372476

The notes on pages 11 to 20 form part of these financial statements.

# RDS Driving Services Limited

## Statement of changes in equity Year ended 31 July 2018

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 August 2016</b>	<b>16,458,835</b>	<b>3,059,042</b>	<b>(21,197,845)</b>	<b>(1,679,968)</b>
Profit for the year	-	-	1,064,326	1,064,326
<b>At 1 August 2017</b>	<b>16,458,835</b>	<b>3,059,042</b>	<b>(20,133,519)</b>	<b>(615,642)</b>
Profit for the year	-	-	1,364,930	1,364,930
Shares cancelled during the year (note 17)	(16,458,834)	-	16,458,834	-
Transfer to profit and loss account (note 18)	-	(3,059,042)	3,059,042	-
<b>At 31 July 2018</b>	<b>1</b>	<b>-</b>	<b>749,287</b>	<b>749,288</b>

The notes on pages 11 to 20 form part of these financial statements.

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

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### 1. General information

RDS Driving Services Limited is engaged in the provision of driving related services, including a franchised driving school, provision of driver instructor training and accounting services.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this report.

### 2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*' ('FRS 102') and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to certain financial instruments disclosures, remuneration of key management personnel disclosures and from preparing a cash flow statement. The consolidated financial statements of the company's parent, Driving Success Limited, include the equivalent financial instruments and key management personnel remuneration disclosures and a consolidated cash flow statement.

#### 3.3 Revenue

Turnover comprises revenue recognised from the provision of services during the year, including franchise and instructor training fees, professional fees, booking fees and management charges to third parties. Revenue is measured as the fair value of consideration received or receivable, excluding incentives, discounts, value added tax and other sales taxes.

Turnover is recognised as, or over the period that services are provided. Payments received in advance of services being provided are recorded as deferred income until such time as the revenue can be recognised.

Other amounts receivable under contractual arrangements with third parties are included in other operating income and are recognised when there are no further contractual obligations to be delivered and the company is entitled to receive payment.

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

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### 3. Accounting policies (continued)

#### 3.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of fixed assets, over their expected useful lives as follows:

Leasehold improvements	-	Term of the lease
Fixtures and fittings	-	10 - 33% straight line
Computer equipment	-	10 - 33% straight line

#### 3.5 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities, such as trade and other debtors and creditors, cash and bank balances, borrowings from banks and other third parties, and loans to or from related parties, including fellow group companies.

All financial instruments are due within one year and are measured, initially and subsequently, at the transaction price.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

#### 3.6 Leases

All of the company's leasing arrangements are operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

#### 3.7 Employee benefits

##### **Short-term benefits**

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

##### **Defined contribution pension plan**

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# **RDS Driving Services Limited**

## **Notes to the financial statements Year ended 31 July 2018**

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### **3. Accounting policies (continued)**

#### **3.8 Taxation**

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

#### **3.9 Provisions for liabilities**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are charged as an expense to the profit and loss account in the period in which the company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the present value of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

#### **3.10 Client monies**

The company holds monies from customers of the franchised driving school in respect of pre-paid lesson bookings, for onward remittance to franchisees following the provision of services to those customers by the franchisees. The monies are retained in designated client accounts held by the company and merchant services provider, which are segregated from the company's own funds and which do not represent an asset of the company. Accordingly, such client accounts and the corresponding liability are not included in the company's financial statements.



# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

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### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Significant judgments in applying the entity's accounting policies*

##### **Revenue recognition**

Due to the nature of the company's business and the services provided, payments are received from or on behalf of customers and third parties which may not represent revenue to the company at inception, or which the company receives on behalf of third parties, subject to their performance under the contractual terms. In applying its revenue recognition policy, as detailed in note 3.3, the company considers the contractual terms relevant to each income stream and treats amounts received accordingly. Revenue is recognised only to the extent that the company considers it is contractually entitled to the income, the related contractual or constructive obligations have been met, it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

#### *Key sources of estimation uncertainty*

The company makes estimates and assumptions about future events and, as such, the resulting accounting estimates may differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### **Deferred income**

Revenue for the provision of instructor training services is recognised over the average duration which trainees take to complete the associated training in order to qualify as an approved driving instructor. The appropriate deferral period is estimated based on historical experience, which has regard for pass rates and the proportion of training agreements which lapse due to non-completion. Should the actual period for successful completion of instructor training be shorter or longer, on average, than was estimated at the balance sheet date, deferred income will be over or under-stated accordingly. The deferral period is reassessed each year and adjusted if appropriate.

##### **Instructor training incentives**

The company offers incentive arrangements to certain trainees in connection with its instructor training services such that training fees received may become repayable, or future franchise fees may be reduced, under certain circumstances which are agreed when the instructor training contract is entered into. Provision is made for the best estimate of future obligations in respect of such incentive schemes based on historical experience, which has regard for past achievement of the criteria under which incentives are provided. Should the actual achievement rates be higher or lower than estimated at the balance sheet date, the related future obligations will be higher or lower accordingly. Amounts provided are reassessed each year taking into account amounts paid and any other changes in management's best estimate of future obligations under the incentive arrangements and adjusted as appropriate.

##### **Provisions**

The company makes provision for dilapidation costs under its property leases and for other lease termination costs in respect of its vehicle fleet. These provisions require management's best estimate of the costs that will be incurred, based on the contractual requirements and historical experience.

Other estimates included within these financial statements include depreciation charges and asset impairments (for example against irrecoverable debtors). None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

### 5. Turnover

The whole of the turnover is attributable to the provision of services within the United Kingdom.

### 6. Other operating income

	2018 £	2017 £
Other operating income	<u>513,067</u>	<u>477,424</u>

Other operating income comprises amounts due to the company under a third party agreement.

### 7. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	48,096	27,066
Operating lease rentals	3,027,357	2,352,762
Impairment of trade debtors, net of reversals	13,000	13,000
Audit fees payable to the company's auditor	<u>16,000</u>	<u>16,000</u>

### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,690,713	2,569,087
Social security costs	269,535	259,239
Employer contributions to defined contribution pension schemes	54,186	44,611
	<u>3,014,434</u>	<u>2,872,937</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Administration	17	17
Operations	74	73
	<u>91</u>	<u>90</u>

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

### 9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	<u>198,974</u>	<u>195,306</u>

During the year retirement benefits were not accruing to any directors (2017- none) in respect of defined contribution pension schemes.

### 10. Interest payable

	2018 £	2017 £
Bank interest payable	<u>6,078</u>	<u>5,763</u>

### 11. Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK Corporation tax on profits for the year	<u>143</u>	<u>110</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.67%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>1,365,073</u>	<u>1,064,436</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.67%)	<u>259,364</u>	<u>209,329</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,311	599
Utilisation of unrecognised tax losses	(260,532)	(209,818)
<b>Total tax charge for the year</b>	<u>143</u>	<u>110</u>

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

### 11. Taxation (continued)

#### Factors that may affect future tax charges

At the end of the year the company had UK corporation tax losses available to carry forward of approximately £15,315,000 (2017 - £16,647,000).

There existed potential deferred tax assets of £2,628,553 (2017 - £2,841,887), principally in respect of the losses carried forward, which the directors have not recognised until their recovery can be assessed with reasonable certainty.

### 12. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 August 2017	19,405	234,541	253,946
Additions	-	31,457	31,457
At 31 July 2018	19,405	265,998	285,403
<b>Depreciation</b>			
At 1 August 2017	2,401	127,670	130,071
Charge for the year	3,896	44,200	48,096
At 31 July 2018	6,297	171,870	178,167
<b>Net book value</b>			
At 31 July 2018	13,108	94,128	107,236
At 31 July 2017	17,004	106,871	123,875

### 13. Debtors

	2018 £	2017 £
Trade debtors	153,087	122,243
Prepayments and accrued income	999,339	850,917
	1,152,426	973,160

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

### 14. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,124,093	963,002
Amounts owed to group undertakings	141,815	666
Corporation tax	143	110
Other taxation and social security	297,101	265,024
Other creditors	259,862	208,329
Accruals and deferred income	265,257	304,925
	<u>2,088,271</u>	<u>1,742,056</u>

### 15. Provisions

	£
At 1 August 2017	100,000
Credit to profit and loss account in the year	(43,792)
Utilised in year	(56,208)
At 31 July 2018	<u>-</u>

Provisions consist of amounts recognised in respect of property dilapidations and other lease termination costs.

### 16. Accruals and deferred income

	2018 £	2017 £
Deferred instructor costs	<u>613,552</u>	<u>588,426</u>

### 17. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 (2017 - 16,458,835) Ordinary shares of £1	<u>1</u>	<u>16,458,835</u>

# RDS Driving Services Limited

## Notes to the financial statements Year ended 31 July 2018

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### 17. Share capital (continued)

In March 2018 the company reduced its issued share capital to one ordinary £1 share by cancelling and extinguishing 16,458,834 Ordinary £1 shares. The amount by which the share capital was reduced has been credited to the profit and loss reserve.

There is a single class of Ordinary shares in issue. There are no restrictions on the distribution of dividends or the repayment of capital.

### 18. Reserves

#### Other reserves

Other reserves arose from accrued and unpaid interest on investor loan notes which was waived by the investors in February 2015. It was transferred to the profit and loss reserve during the year.

#### Profit and loss account

The profit and loss account represents the company's cumulative profits and losses net of cumulative dividends paid and other adjustments. Other adjustments in 2018 were a credit of £16,458,834 on reducing the company's issued share capital, and a transfer of £3,059,042 from other reserves.

### 19. Contingent liabilities

The company, together with its fellow group undertakings, is party to a security and cross guarantee arrangement in respect of group banking facilities. These arrangements incorporate a fixed and floating charge over the assets of the company and of its group headed by Driving Success Limited to collectively guarantee repayment of their indebtedness to the bank. The aggregate amount outstanding at the balance sheet date to which this security relates was £nil (2017 - £nil).

### 20. Commitments under operating leases

Future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Within one year	2,699,750	1,860,060
After one year and before five years	1,094,826	823,395
	<u>3,794,576</u>	<u>2,683,455</u>

### 21. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group.

# **RDS Driving Services Limited**

## **Notes to the financial statements** **Year ended 31 July 2018**

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### **22. Controlling party**

The immediate and ultimate parent undertaking and the only group to consolidate these financial statements is Driving Success Limited. Copies of the Driving Success Limited consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is considered to be Kelso Place Asset Management LLP, a limited liability partnership incorporated in England and Wales.