

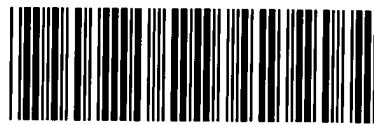
Registration number: 06792340

Mansion House Consulting Limited

Annual Report and Consolidated Financial Statements

For the Year Ended 31 January 2018

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Mansion House Consulting Limited

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Mansion House Consulting Limited

Group information

Directors	E J Werner N A Warren G A Kenny
Company secretary	C L Sood
Company number	06792340
Registered office	35 New Bridge Street London EC4V 6BW
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Mansion House Consulting Limited

Strategic report for the year ended 31 January 2018

The directors of Mansion House Consulting Limited ("the Company") present their strategic report for the year ended 31 January 2018.

Principal activities

The principal activity of the Company and its subsidiaries ("the Group") is to provide business and information technology consultancy services.

Business review

The results of the Group and its key performance indicators are as follows:

	2018 £	2017 £
Turnover	22,618,437	35,543,304
Operating profit	951,682	4,313,440
Profit before taxation for the financial year	960,756	4,360,581

The Balance Sheet on page 9 of the financial statements shows the Group's financial position at the year end. The Balance Sheet on page 10 of the financial statements shows the Company's financial position at the year end. There have been no significant events since the balance sheet date.

The exemptions applied in the preparation of these financial statements are disclosed in note 1 to the financial statements.

Principal risks and uncertainties

Risk Management Process

The Board recognises that it is important to identify and manage both financial and non-financial risks of the Group. Risks are identified on an ongoing basis and are reviewed by the Board on a monthly basis.

A summary of the key risks that could potentially impact the Group are shown below.

Competition related risk

Risk

The overall market has become increasingly competitive in terms of both pricing and quality of service. Our customers have a wider choice of vendors and service models which means pricing has to be competitive and quality of service is key.

Actions to mitigate risk

The Group continues to evolve its business and related operating model to meet changing market requirements and to remain competitive in its pricing, together with being able to continue to deliver the high quality of service as provided on previous projects.

Information security risk

Risk

The Group is reliant on its technological infrastructure to maintain client and resource data. A loss of confidential information or client data could have a material impact on the Group's reputation and, in turn, may impact highly on its operations.

Actions to mitigate risk

The Group maintains an IT security policy which is reviewed on a regular basis to significantly lower any risk of security issues. It has also deployed dedicated internal IT expert staff to monitor and manage the Group's IT, along with SLA governed external IT service providers.

Mansion House Consulting Limited

Strategic report (continued) for the year ended 31 January 2018

Resource related risk

Risk

The Group has a significant dependence on sourcing, training and retaining highly skilled and fit for purpose resources to fulfil market demand for the rapidly evolving areas of specialist technology and IT skills.

Actions to mitigate risk

Where relevant, the Group is implementing staff training plans in order to diversify its resources' knowledge and skills base, and to allow the Group to remain agile and competitive within clients' fast paced technological environments. In turn, this training initiative assists with staff motivation and helps the Group retain a highly skilled resource pool and thereafter meet its clients' demanding delivery expectations.

Financial risk management

Foreign exchange risk

Due to the global nature of the Group's turnover, the Group has a foreign exchange risk depending on the currency in which we contract with our clients and also the currency in which our liabilities are incurred.

In order to try to limit the foreign exchange exposure, wherever possible, it is the Groups policy to align these currencies. Where this is not possible, the Group will look to limit its foreign exchange exposure with spot foreign exchange contracts.

Credit risk

In previous years, the Group has been exposed to a significant concentration of credit risk and has taken steps in the past year to diversify its customer base to limit this risk. The Group has a dedicated finance team who follow up on customer debtor accounts. During the year, there were no doubtful debts identified which require the Group to make a provision against.

Liquidity risk

The Group keeps sufficient bank deposits to be prudent and hence does not have any difficulties in meeting its financial obligations.

Approved by the Board on 6 September 2018 and signed on its behalf by:



G A Kenny
Director

Mansion House Consulting Limited

Directors' report for the year ended 31 January 2018

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

Future development

The directors are not, at the date of this report, aware of any other major changes in the Company's activities in the next year.

Results and dividends

The directors do not recommend, or propose, a dividend payment during the year (2017: £nil).

Directors of the Company

The directors who held office during the year and to the date of the approval of the financial statements were as follows:

G A Kenny
E J Werner
N A Warren

The Company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Political and charitable donations

The Company made no political donations during the year, however made charitable donations in the year amounting to £3,650 (2017: £14,030).

Going concern

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

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

Auditor

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

Approved by the Board on 6 September 2018 and signed on its behalf by:



G A Kenny
Director

Mansion House Consulting Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 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 Group and parent company will continue in business.

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

Independent auditor's report to the members of Mansion House Consulting Limited

We have audited the financial statements of Mansion House Consulting Limited for the year ended 31 January 2018 set out on pages 7 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the companies Act 2006.

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.



Peter Hine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
6 September 2018

Mansion House Consulting Limited
Consolidated profit and loss account for the year ended 31 January 2018

	Note	2018 £	2017 £
Turnover	2	22,618,437	35,543,304
Cost of sales		<u>(17,146,362)</u>	<u>(25,519,522)</u>
Gross profit		5,472,075	10,023,782
Administrative expenses		<u>(4,520,393)</u>	<u>(5,710,342)</u>
Operating profit	3	951,682	4,313,440
Interest receivable and similar income	6	20,533	51,495
Interest payable and similar expenses	7	<u>(11,459)</u>	<u>(4,354)</u>
Profit before taxation		960,756	4,360,581
Tax on profit	8	<u>(258,636)</u>	<u>(902,808)</u>
Profit for the financial year		<u><u>702,120</u></u>	<u><u>3,457,773</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated statement of other comprehensive income for the year ended 31 January 2018

	2018 £	2017 £
Profit for the financial year	702,120	3,457,773
Total comprehensive income for the year	702,120	3,457,773

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited
(Registration Number: 06792340)
Consolidated balance sheet as at 31 January 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	22,382	59,314
		<u>22,382</u>	<u>59,314</u>
Current assets			
Debtors	12	6,743,831	6,893,835
Cash at bank and in hand	13	604,200	1,202,591
		<u>7,348,031</u>	<u>8,096,426</u>
Creditors: amounts falling due within one year	14	(3,538,786)	(5,083,785)
Net current assets		<u>3,809,245</u>	<u>3,012,641</u>
Total assets less current liabilities		<u>3,831,627</u>	<u>3,071,955</u>
Net assets		<u>3,831,627</u>	<u>3,071,955</u>
Capital and reserves			
Called up share capital	17	1,133	1,133
Share premium		176,187	176,187
Profit and loss account		3,654,307	2,894,635
Total equity		<u>3,831,627</u>	<u>3,071,955</u>

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 6 September 2018 and were signed on its behalf by:



G A Kenny
Director

Company registered number: 06792340

Mansion House Consulting Limited
(Registration Number: 06792340)
Company balance sheet as at 31 January 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	22,382	59,314
Investments	11	2,299,553	2,446,477
		<u>2,321,935</u>	<u>2,505,791</u>
Current assets			
Debtors	12	6,578,884	6,602,046
Cash at bank and in hand	13	467,963	676,774
		<u>7,046,847</u>	<u>7,278,820</u>
Creditors: amounts falling due within one year	14	(3,818,191)	(4,843,995)
Net current assets		<u>3,228,656</u>	<u>2,434,825</u>
Total assets less current liabilities		<u>5,550,591</u>	<u>4,940,616</u>
Net current assets		<u><u>5,550,591</u></u>	<u><u>4,940,616</u></u>
Capital and reserves			
Called up share capital	17	1,133	1,133
Capital redemption reserve		176,187	176,187
Profit and loss account		5,373,271	4,763,296
Total equity		<u><u>5,550,591</u></u>	<u><u>4,940,616</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 6 September 2018 and were signed on its behalf by:



G A Kenny
Director

Company registered number: 06792340

Mansion House Consulting Limited

Consolidated statement of changes in equity for the year ended 31 January 2018

	Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 February 2016	1,133	176,187	3,039,629	3,216,949
Profit for the financial year	-	-	3,457,773	3,457,773
Total comprehensive income for the year	-	-	3,457,773	3,457,773
Transactions with owners, recorded directly in equity				
Acquisition of shares in group undertaking (see note 19)	-	-	(3,900,000)	(3,900,000)
Equity settled share based payment transactions	-	-	297,233	297,233
Balance at 31 January 2017	1,133	176,187	2,894,635	3,071,955
Profit for the financial year	-	-	702,120	702,120
Total comprehensive income for the year	-	-	702,120	702,120
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	57,552	57,552
Balance at 31 January 2018	1,133	176,187	3,654,307	3,831,627

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Company statement of changes in equity for the year ended 31 January 2018

	Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 February 2016	1,133	176,187	2,763,243	2,940,563
Profit for the financial year	-	-	1,702,820	1,702,820
Total comprehensive income for the year	-	-	1,702,820	1,702,820
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	297,233	297,233
Balance at 31 January 2017	1,133	176,187	4,763,296	4,940,616
Profit for the financial year	-	-	552,423	552,423
Total comprehensive income for the year	-	-	552,423	552,423
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	57,552	57,552
Balance at 31 January 2018	1,133	176,187	5,373,271	5,550,591

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated cash flow statement for the year ended 31 January 2018

	2018	2017
	£	£
Cash flows from operating activities		
Profit for the financial year	702,120	3,457,773
Adjustments for:		
Depreciation, amortisation and impairment	43,825	49,894
Foreign exchange losses	(34,160)	(3,998)
Tax charge	258,636	910,402
Increase in trade and other debtors	156,774	(344,796)
(Decrease)/increase in trade and other creditors	(924,187)	(785,514)
Tax paid	(1,014,543)	(567,319)
Options	57,551	297,233
Net cash (used in)/generated from operating activities	(753,984)	3,013,675
Cash flows for investing activities		
Acquisition of tangible fixed assets	(6,893)	(7,873)
Investment in subsidiary	-	(3,900,000)
Net cash used in investing activities	(6,893)	(3,907,873)
Net decrease in cash and cash equivalents	(760,877)	(894,198)
Cash and cash equivalents at 1 February	1,202,591	1,505,022
Effect of exchange rate fluctuations on cash held	34,735	13,796
Impact of financing arrangement	127,751	577,971
Cash and cash equivalents at 31 January	604,200	1,202,591

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018

1. Accounting policies

Mansion House Consulting Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 06792340 and the registered address is 35 New Bridge Street, London, EC4V 6BW.

Accounting convention and standards

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £, unless stated otherwise.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review and Directors' Report. The Group has considerable financial resources, including significant cash reserves, as well as access to unused banking facilities, and good visibility of its medium term contractual commitments with its key customers. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future for a period of not less than 12 months from the date of these financial statement. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Revenue recognition

Turnover represents revenue recognised by the group in respect of services supplied during the year. It is presented net of VAT and any early settlement discounts.

Turnover includes amounts that are provided to customers on a time and materials basis and those provided to customers who have entered into a managed service agreement. For managed services, revenue is recognised on a pro rata basis over the term of the contract. Revenue from time and materials contracts is recognised once the services have been performed. Any amounts not billed to a customer where the group has fulfilled its service obligation is recognised as accrued income.

Foreign currency

The Group's financial statements are presented in pounds sterling.

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Taxation

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

1. Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in interest-bearing borrowings.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

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 cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Computer equipment	3 years
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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

1. Accounting policies (continued)

Intangible assets

Development

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Expenses

Operating lease

Leased assets are depreciated over the shorter of the lease term and their useful lives.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

2. Turnover

The table below sets out the turnover for the Group's geographical areas of operation. All revenues are derived from the Group's sole industry segment being consultancy services.

By geographical market

	2018 £	2017 £
United Kingdom	21,391,945	30,186,507
Rest of European Union	25,284	750,030
Rest of World	1,201,208	4,606,767
	<u>22,618,437</u>	<u>35,543,304</u>

3. Operating profit

Operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets (note 10)	43,824	49,891
Audit of these financial statements	45,000	47,150
Audit of Company's subsidiaries	8,300	11,000
Amounts receivable by the Group's auditors in respect of tax services	10,100	11,100
Amounts receivable by the Group's auditors in respect of all other services	7,500	7,500
Operating lease charges	466,002	448,582
Foreign exchange differences	(34,160)	(3,998)
Amortisation of intangible assets (note 9)	-	3
	<u>-</u>	<u>3</u>

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

4. Employees

The average number of persons (including directors) employed during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration	44	32
Fee earning staff	31	59
	75	91
	75	91

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	5,078,966	6,476,686
Social security	615,177	695,272
Other pension costs	250,869	121,400
	5,945,012	7,293,358
	5,945,012	7,293,358

5. Directors' remuneration

	2018 £	2017 £
Directors' remuneration	118,815	111,235
Company contribution to a defined contribution scheme	40,000	35,000
	158,815	146,235
	158,815	146,235

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £85,597 (2017: £85,312), and company pension contributions of £40,000 (2017: £41,667) were made to a defined contribution scheme on his behalf. The directors have determined that they themselves are the key management personnel of the Group and, therefore, no separate key management personnel note has been included in the notes to the financial statements.

	Number of directors	
	2018 No.	2017 No.
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	1	1
	1	1
	1	1

6. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	20,533	51,495
Total interest receivable and similar income	20,533	51,495
	20,533	51,495

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

7. Interest payable and similar expenses

	2018 £	2017 £
Other interest payable	11,459	4,354
Total interest payable and similar charges	11,459	4,354

8. Taxation

Total tax expense recognised in profit and loss account

	2018 £	2017 £
Current tax:		
- UK Corporation tax on profits for the year	243,846	958,775
- Adjustments in respect of prior periods	12,212	(8,871)
- Double taxation relief	(1,247)	-
Foreign tax		
- Current tax on income for the year	9,348	9,225
- Foreign taxation	1,247	-
Total current tax	265,406	959,129
Deferred tax:		
- Originating and reversal of timing differences	(6,770)	(55,408)
- Impact of change in tax rate	-	(913)
Total deferred tax (note 15)	(6,770)	(56,321)
Total tax	258,636	902,808

Reconciliation of effective tax rate

Tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 January 2018 of 19.16% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	960,756	4,360,581
Corporation tax at the standard rate in the UK of 19.16% (2017: 20%)	184,097	872,117
Effects of:		
- Expenses not deductible for tax purposes	45,078	66,998
- Adjustments to tax charge in respect of prior years	12,212	(8,871)
- Foreign tax / credit	3,525	(36,966)
- Other differences leading to an increase in tax charge	12,863	665
- Deferred tax rate change	861	8,865
Total tax expense included in profit and loss	258,636	902,808

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

8. Taxation (continued)

Factors that may affect future tax charges

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 January 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

9. Intangible fixed asset - Group and Company

Intangible fixed asset - Group

	Development costs £
Cost	
At 1 February 2017	89,000
At 31 January 2018	89,000
Amortisation	
At 1 February 2017	89,000
At 31 January 2018	89,000
Net book value	
At 31 January 2018	-
At 31 January 2017	-

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

9. Intangible fixed asset - Group and Company (continued)

Intangible fixed asset - Company

	Development costs £
Cost	
At 1 February 2017	89,000
At 31 January 2018	89,000
Amortisation	
At 1 February 2017	89,000
At 31 January 2018	89,000
Net book value	
At 31 January 2018	-
At 31 January 2017	-

10. Tangible fixed assets - Group and Company

	Computer equipment £
Cost	
At 1 February 2017	218,990
Additions	6,892
At 31 January 2018	225,882
Depreciation	
At 1 February 2017	159,676
Charge for the year	43,824
At 31 January 2018	203,500
Net book value	
At 31 January 2018	22,382
At 31 January 2017	59,314

Mansion House Consulting Limited
Notes to the financial statements for the year ended 31 January 2018 (continued)

11. Fixed asset investments - Company

	Shares in group undertakings £
Cost	
At 1 February 2017	4,007,012
At 31 January 2018	4,007,012
Provisions	
At 1 February 2017	(1,560,535)
Impairment	(146,924)
At 31 January 2018	(1,707,459)
Net book value	
At 31 January 2018	2,299,553
At 31 January 2017	2,446,477

The subsidiary undertaking MHC Holdings (US) Ltd is exempt from the Companies Act 2006 requirements relating to the audit of its individual financial statements by virtue of Section 479A of the Act as this Company has guaranteed MHC Holdings (US) Ltd under Section 479C of the Act.

The direct investments of the Company are in Mansion House Consulting PTE. Limited and MHC Holdings (US) Limited. During the year the Company received total dividends of £nil (2017: £nil) from its subsidiaries.

Principal subsidiaries

Set out below is a list of all subsidiaries of the Company as at 31 January 2018.

Country of incorporation or registration	Company	Type of business	Class of shares held	Proportion of share capital held percent	
				Direct	Indirect
Singapore	Mansion House Consulting PTE. Ltd ¹	Trading Company	Ordinary	100%	-
UK	MHC Holdings (US) Ltd ²	Holding Company	Ordinary	100%	-
US	Mansion House Consulting Inc ³	Trading Company	Ordinary	-	100%

Trading companies provide management consultancy services.

¹ Registered office: 10 Hoe Chiang Road, #07-07 Keppel Towers, Singapore, 089315

² Registered office: 35 New Bridge Street, London, EC4V 6BW

³ Registered office: 108 West 13th St, Wilmington, New Castle, 19081, USA

Mansion House Consulting Limited
Notes to the financial statements for the year ended 31 January 2018 (continued)

12. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	2,892,789	3,733,814	2,788,405	3,522,141
Amounts owed by group undertakings	-	-	-	134,398
Other debtors	722,177	296,940	721,604	292,800
Directors' current account (see note 19)	1,320,676	348,341	1,320,676	468,136
Prepayments and accrued income	1,761,538	2,474,859	1,701,548	2,144,690
Deferred tax asset (see note 15)	46,651	39,881	46,651	39,881
	6,743,831	6,893,835	6,578,884	6,602,046

Amounts owed by group undertakings are unsecured and due for payment on demand.

13 Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	604,200	1,202,591	467,963	676,774

14. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans and overdrafts	705,721	577,971	705,721	577,971
Trade creditors	724,007	1,042,413	692,802	884,311
Amounts owed to group undertakings	-	-	364,685	108,453
Other creditors	60,240	40,858	60,240	40,858
Corporation tax	218,161	966,723	212,710	955,517
Other tax and social security costs	513,211	743,760	513,246	720,532
Accruals and deferred income	1,317,446	1,712,060	1,268,787	1,556,353
	3,538,786	5,083,785	3,818,191	4,843,995

Amounts owed to group undertakings are unsecured, repayable on demand and incur interest at market rates.

Mansion House Consulting Limited
Notes to the financial statements for the year ended 31 January 2018 (continued)

15. Deferred tax (asset)/liability

Deferred tax assets and liabilities

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
At 1 February 2017	(39,881)	16,440	(39,881)	16,440
Released during the year	(6,770)	(56,321)	(6,770)	(56,321)
At 31 January 2018	<u>(46,651)</u>	<u>(39,881)</u>	<u>(46,651)</u>	<u>(39,881)</u>
	2018 £	2017 £	2018 £	2017 £
Accelerated capital allowances	3,805	10,084	3,805	10,084
Short term timing differences	(50,456)	(49,965)	(50,456)	(49,965)
	<u>(46,651)</u>	<u>(39,881)</u>	<u>(46,651)</u>	<u>(39,881)</u>

16. Share based payment

Employee share scheme

The Company operates an Employee Share Option Scheme for the purposes of recruiting, incentivising and retaining its employees. Options are granted at the sole discretion of the business and are only granted to employees. The exercise price of the options is equal to the market price of the shares on the date of the grant which is derived from a valuation of the Company. The right to exercise the options vests on an Exit Event or at the Boards absolute discretion. The contractual life of each option granted is ten years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the years:

	Number of options 2018 £	Weighted average exercise price 2018 £	Number of options 2017 £	Weighted average exercise price 2017 £
Outstanding at the beginning of the year	36,700	17.73	27,500	10.80
Granted during the year	16,761	28.94	10,000	36.00
Forfeited during the year	(5,500)	(14.19)	(800)	(7.95)
Outstanding at the end of the year	<u>47,961</u>	<u>22.13</u>	<u>36,700</u>	<u>17.73</u>

On 25 April 2017, 2,000 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 24 April 2027 and the exercise price is £42.50 per share.

On 25 April 2017, 4,761 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 24 April 2027 and the exercise price is £0.01 per share.

On 9 October 2017, 9,000 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 8 October 2027 and the exercise price is £40.00 per share.

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

16. Share based payment (continued)

On 16 November 2017, 1,000 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 15 November 2027 and the exercise price is £40.00 per share.

Exercise of the options is subject to vesting conditions and these options remain outstanding at the balance sheet date.

The fair value of the share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options has been included in the accounts.

The total expense recognised in the Profit and Loss Account for the year is £57,552 (2017: £297,233).

17. Share capital - Group and Company

	2018	2017
	£	£
Allotted and fully paid		
80,000 'A' Ordinary shares of £0.01 each	800	800
18,413 (2017: 18,413) 'B' Ordinary shares of £0.01 each	184	184
1,000 (2017: 1,000) 'C' Ordinary shares of £0.01 each	10	10
13,858 (2017: 13,858) 'D' Ordinary shares of £0.01 each	139	139
	1,133	1,133
	1,133	1,133

18. Operating leases

Non-cancellable operating lease rentals are payable as follows:

Land and buildings

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Less than one year	109,400	306,600	109,400	306,600
	109,400	306,600	109,400	306,600
	109,400	306,600	109,400	306,600

During the year £466,002 (2017: £448,582) was recognised as an expense in the profit and loss account in respect of operating leases.

There were no contractual commitments to purchase tangible or intangible fixed asset at 31 January 2018 (2017: £nil).

Mansion House Consulting Limited

Notes to the financial statements for the year ended 31 January 2018 (continued)

19. Related party disclosures

At 31 January 2017 Mr E Werner, a director, owed the Company £450,304. He was advanced further sums in the year of £432,466, with an interest rate payable of 3%. At 31 January 2018, £899,632 remained outstanding. During the period Mr Werner was charged interest of £16,862 (2017: £39,050) in respect of these loan.

At 31 January 2017 Mr G Kenny, a director, owed the Company £17,832. He was advanced further sums in the year of £397,039, with an interest rate payable of 3%. At 31 January 2018, £421,044 remained outstanding. During the period Mr Kenny was charged interest of £6,173 (2017: £16,788) in respect of these loans.

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

20. Ultimate parent Company

The Company has no single ultimate controlling party.

The Group headed by Mansion House Consulting Limited is the largest and smallest group in which the results of the Company are consolidated.