

# MSI Group Limited

Annual Report

For the period ended 31 March 2017

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Company Registration No. 06019984 (England and Wales)

# MSI Group Limited

## Company Information

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<b>Directors</b>	N J Simpson S D Littlefield J Plassard
<b>Secretary</b>	N J Simpson
<b>Company number</b>	06019984 (England and Wales)
<b>Registered office</b>	18-19 Bickles Yard 151-153 Bermondsey Street London SE1 3HA
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
<b>Business address</b>	3 <sup>rd</sup> Floor, East Cotton Centre Hays Lane London SE1 2QE

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# MSI Group Limited

## Contents

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	<b>Page</b>
Strategic report	1-2
Directors' report	3
Directors' Responsibilities Statement	4
Independent auditors' report	5
Consolidated Statement of Comprehensive Income	6
Statement of financial position (Group & Company)	7-8
Statement of changes in equity	9
Consolidated cashflow statement	10
Notes to the financial statements	11-22

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# MSI Group Limited

## Strategic report For the period ended 31 March 2017

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The directors submit their Strategic Report for the 15-month period ended 31 March 2017.

### **Review of the business**

The Group decided to change the financial reporting date to 31 March to fall into line with the NHS year end.

Following the implementation of 3 rounds of NHS agency rate caps, the Group faced a challenging backdrop but nevertheless was able to increase turnover to £75.3m (2015: £56m) on a like for like basis in the 15-month period.

Gross margin was £8.4m (2015: £7.2m) which represented a reduction in gross margin percentage from 12.8% to 11.1%. Gross margin includes a like for like increase in direct wages costs of 58% which reflects the Group's continued investment in infrastructure and new sales areas.

Profit before tax was £306k (2015: £2.4m) and, whilst this was below forecast, the board consider that the 2017 results are acceptable given the challenging backdrop and the continued investment and are confident of increased profitability in the year ahead.

The board continue to monitor a comprehensive set of Key Performance Indicators ("KPIs") to ensure that progress is being made in accordance to plan and to identify any arrears where improvement can be made. Relevant financial KPIs are set out above.

To underline the confidence in the future business activity, the Group agreed to buy back all the shares of the minority shareholder, at a cost of £1.1m, thereby increasing the shareholding of the major shareholder.

The group's financial position at the period end remains strong with net current assets of £349k (2015: £1,267k) and net assets of £663k (2015: £1,476k).

### **Principal risks and Uncertainties**

There are various potential risks and uncertainties, which might impact the group's future performance. Both the Board and senior management consider and assess such risks on an ongoing basis.

As well as short-term receivables and trade payables that arise directly from operations, the group's financial instruments comprise cash and borrowings. The objective of holding financial instruments is to raise finance for the group's operations and manage related risks. The group's activities expose it to a number of risks including price risk, credit risk and liquidity risk and exchange rate risk.

Price risk – as with all companies, the group is exposed to price risk. This exposure is mitigated by pricing competitively and maintaining a high quality compliance function reviewing our candidate base.

## MSI Group Limited

### Strategic report (continued) For the period ended 31 March 2017

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Credit risk – the Group is exposed to risk from credit sales; however, there is a policy to minimise any risk by assessing new customer's credit risk and monitoring existing customer's creditworthiness. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet date.

Liquidity risk – the directors monitor the liquidity and cash flow risk of the group by review of monthly cash flow projections. The group has agreed loan limits with its bankers and has an invoice discounting facility to help manage fluctuations in cash flow which is monitored regularly.

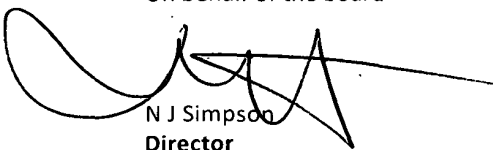
#### Future Developments

The Group is forecasting increased profitability in 2017/18 and the years beyond on the back of the continued investment and new sales areas developed with turnover and profits expected to increase significantly.

All sales functions and support areas have been reviewed and strategies developed for the best outcomes which may involve further investment, streamlining or process mapping for efficiency gains.

With the expansion of our head office facilities the group has sufficient capacity to deliver 2017/18 growth expectations and the board remains positive in the healthcare recruitment sector outcomes for the coming future. The board considers the additional attention and focus of the NHS regulatory bodies provide a positive business opportunity as the group is compliant with the major NHS frameworks and has committed to complying with the agency rate caps.

On behalf of the board



N J Simpson  
Director

20 December 2017

# MSI Group Limited

## Directors' report For the period ended 31 March 2017

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The directors submit their report and the financial statements of MSI Group Limited for the 15-month period ended 31 March 2017.

### **Principal activity**

The principal activity for both company and group during the period was that of recruitment consultancy.

### **Directors**

The following directors have held office since 1 January 2016:

N J Simpson  
S D Littlefield  
J Plassard

### **Strategic report**

Information on future developments and financial instruments is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1 and 2 under s414c (11) of the Companies Act 2006.

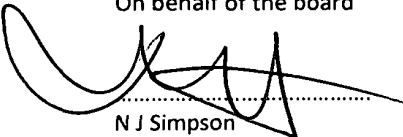
### **Auditor**

The auditor, RSM UK Audit LLP Chartered Accountants, has indicated its willingness to continue in office.

### **Statement of disclosures to auditor**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



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N J Simpson  
Director

20 December, 2017

## MSI Group Limited

### Directors' responsibilities in the preparation of the financial statements For the period ended 31 March 2017

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The directors are responsible for preparing the Strategic Report and 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 the company and of the profit or loss of the group and the company for that period.

In preparing those 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company 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 group and 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 MSI Group Limited

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### Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 and of the group's profit for the period 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.

### 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 <http://www.frc.org.uk/auditscopeukprivate>

### 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 period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, 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 group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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.

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out 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. 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 (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Richard Coates (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP Statutory Auditor  
Chartered Accountants  
25 Farringdon Street, London EC4A 4AB

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22 December 2017

## MSI Group Limited

### Consolidated Statement of Comprehensive Income For the period ended 31 March 2017

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	Notes	15 months to 31.03.17	12 months to 31.12.15
		£'000	£'000
<b>Turnover</b>	2	<b>75,309</b>	56,033
Cost of sales		<u>(66,959)</u>	<u>(48,874)</u>
<b>Gross profit</b>		<b>8,350</b>	7,159
Administrative expenses		<u>(7,740)</u>	<u>(4,578)</u>
<b>Operating profit</b>		<b>610</b>	2,581
Interest payable and similar charges	3	<u>(304)</u>	<u>(180)</u>
<b>Profit before taxation</b>	4	<b>306</b>	2,401
Tax	6	<u>(44)</u>	<u>(522)</u>
<b>Profit for the financial period</b>		<u><b>262</b></u>	<u>1,879</u>

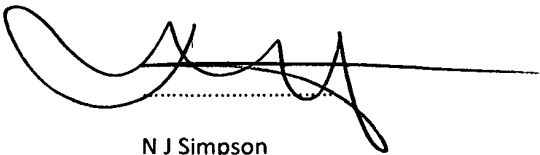
# MSI Group Limited

## Consolidated Statement of financial position

As at 31 March 2017

	Notes	31.03.17 £'000	31.12.15 £'000
<b>Fixed assets</b>			
Tangible assets	8	<u>338</u>	<u>233</u>
		<b>338</b>	<b>233</b>
<b>Current assets</b>			
Debtors	9	<b>10,439</b>	11,064
Cash at bank and in hand		<u>-</u>	<u>1,386</u>
		<b>10,439</b>	<b>12,450</b>
<b>Creditors: amounts falling due within one year</b>	10	<u>(10,090)</u>	<u>(11,183)</u>
<b>Net current assets</b>		<u><b>349</b></u>	<u><b>1,267</b></u>
<b>Total assets less current liabilities</b>		<b>687</b>	<b>1,500</b>
<b>Provision for liabilities</b>	11	<b>(24)</b>	<b>(24)</b>
<b>Net assets</b>		<u><b>663</b></u>	<u><b>1,476</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	<u><b>663</b></u>	<u><b>1,476</b></u>
<b>Shareholders' Funds</b>		<u><b>663</b></u>	<u><b>1,476</b></u>

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 20<sup>th</sup> December 2017 and are signed on its behalf by:



N J Simpson

Director

Company Registration No. 06019984

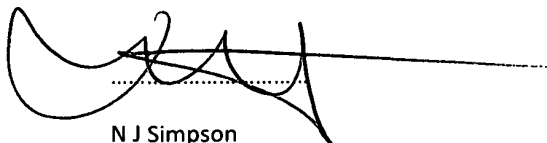
# MSI Group Limited

## Company Statement of financial position As at 31 March 2017

	Notes	31.03.17 £'000	31.12.15 £'000
<b>Fixed assets</b>			
Tangible assets	8	338	233
Investments	7	69	6
		<u>407</u>	<u>239</u>
<b>Current assets</b>			
Debtors	9	2,635	2,360
Cash at bank and in hand		-	159
		<u>2,635</u>	<u>2,519</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(4,860)</b>	<b>(2,676)</b>
<b>Net current assets</b>		<u><b>(2,225)</b></u>	<u><b>(157)</b></u>
<b>Total assets less current liabilities</b>		<b>(1,818)</b>	<b>82</b>
<b>Provision for liabilities</b>	11	<b>(24)</b>	<b>(24)</b>
<b>Net assets</b>		<u><b>(1,842)</b></u>	<u><b>58</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	<b>(1,842)</b>	<b>58</b>
<b>Shareholders' Funds</b>		<u><b>(1,842)</b></u>	<u><b>58</b></u>

As permitted by S408 of Companies Act 2006 the company has not presented its own profit and loss account and notes. The company's loss for the period was £825k (2015: Profit of £270k).

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 20<sup>th</sup> of December 2017 and are signed on its behalf by:



N J Simpson

Director

Company Registration No. 06019984

## MSI Group Limited

### Statement of changes in equity For the period ended 31 March 2017

Group	Share capital	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
<b>At 1 January 2015</b>	-	-	1,322	1,322
Profit and total comprehensive income for the year	-	-	1,879	1,879
Share buy back	-	-	(1,500)	(1,500)
Dividends paid	-	-	(225)	(225)
<b>At 31 December 2015</b>	-	-	1,476	1,476
Profit and total comprehensive income for the year	-	-	262	262
Share buy back	-	-	(1,075)	(1,075)
<b>At 31 March 2017</b>	-	-	663	663

Company	Share capital	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
<b>At 1 January 2015</b>	-	-	(22)	(22)
Profit and total comprehensive income for the year	-	-	1,805	1,805
Share buy back	-	-	(1,500)	(1,500)
Dividends paid	-	-	(225)	(225)
<b>At 31 December 2015</b>	-	-	58	58
Profit and total comprehensive income for the year	-	-	(825)	(825)
Share buy back	-	-	(1,075)	(1,075)
<b>At 31 March 2017</b>	-	-	(1,842)	(1,842)

## MSI Group Limited

### Consolidated Cash flow statement For the period ended 31 March 2017

	Notes	15 months to 31.03.17 £'000	12 months to 31.12.15 £'000
<b>Cash flows from operating activities</b>			
Profit for the financial period		262	1,879
Adjustments for:			
Depreciation of tangible assets		110	57
Interest paid		304	180
Taxation		44	522
Decrease in trade and other debtors		613	(4,188)
Increase in trade creditors		(997)	1,653
Income taxes paid		(498)	(284)
<b>Net cash outflow from operating activities</b>		<b>(162)</b>	<b>(181)</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible assets		(216)	(142)
<b>Net cash outflow from investing activities</b>		<b>(216)</b>	<b>(142)</b>
<b>Cash flows from financing activities</b>			
Increase in invoice discounting facility		322	2,688
Interest paid		(304)	(180)
Share buy back		(1,075)	(1,500)
Dividends paid		-	(225)
<b>Net cash (outflow)/inflow in financing activities</b>		<b>(1,057)</b>	<b>783</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(1,435)</b>	<b>460</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,041</b>	<b>581</b>
<b>Cash and cash equivalents at end of the period</b>	14	<b>(394)</b>	<b>1,041</b>

# MSI Group Limited

## Notes to the financial statements For the period ended 31 March 2017

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### 1 Accounting Policies

#### 1.1 General Information

MSI Group Limited ("the Company") is a private limited company registered, domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 18-19 Bickles Yard, 151-153 Bermondsey Street, London, SE1 3HA. The Group consists of MSI Group Limited and all of its subsidiaries. The Company's and the Group's principal activity is that of recruitment consultancy. The nature of operations is disclosed in the Strategic Report.

#### 1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### 1.3 Basis of consolidation

The consolidated financial statements incorporate those of MSI Group Limited and all of its subsidiary undertakings for the period. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its useful economic life. The results of companies acquired or disposed of are included in the Statement of Income after or up to the date that control passes respectively. All financial statements are made up to 31 March 2017.

#### 1.4 Turnover

Turnover represents the invoiced value, net of Value Added Tax, net of trade discounts and other sales and related taxes for services provided to customers outside the group. Turnover arising from the contract business is charged on a time basis and is recognized as the service is rendered as validated by receipt of a client approved timesheet or equivalent. Permanent placement fees are recognized the date the contract is agreed and a provision is made for possible cancellation of placements shortly after the start date.

# MSI Group Limited

## Notes to the financial statements (continued)

For the period ended 31 March 2017

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### 1.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Financial assets

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate.

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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 company after deducting all of its liabilities.

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

### 1.6 Tangible fixed assets

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Office equipment	25% reducing balance
Furniture and fixtures	25% reducing balance
ICT equipment	25% reducing balance

# MSI Group Limited

## Notes to the financial statements (continued)

For the period ended 31 March 2017

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### **1.7 Investments**

Long term investments are described as participating interests and are classified as fixed assets. Investments are stated at cost.

Provision is made for any impairment in the value of fixed asset investments.

### **1.8 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **1.9 Invoice discounting**

Trade debtors are subject to an invoice discounting arrangement whereby an advance is received based upon, and secured against, trade debtors. Where the company has retained significant benefits and risks related to financed debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received are shown separately on the balance sheet. The interest element is recognised as it accrues, and is included in the profit and loss account with other interest charges.

### **1.10 Leases**

All leases are operating leases and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

### **1.11 Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### **1.12 Pension**

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

# MSI Group Limited

## Notes to the financial statements (continued)

For the period ended 31 March 2017

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### 1.13 Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Financial instrument disclosures
- Section 33 'Related Party Disclosures' - Key management personnel remuneration

### 1.14 Judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant judgments or key accounting estimates relevant to the preparation of these financial statements.

## 2 Turnover

The group's turnover was all attributable to the one principal activity of the group.

An analysis of turnover is given below

	15 months to 31.03.17	12 months to 31.12.15
	£'000s	£'000s
United Kingdom	73,113	52,495
Overseas	2,196	3,538
	<b>75,309</b>	<b>56,033</b>

## 3 Interest payable

	15 months to 31.03.17	12 months to 31.12.15
	£'000s	£'000s
Bank loans and overdrafts	12	16
Invoice financing	292	164
	<b>304</b>	<b>180</b>

## MSI Group Limited

### Notes to the financial statements (continued) For the period ended 31 March 2017

<b>4 Profit before taxation</b>	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
	<b>£'000s</b>	<b>£'000s</b>
Profit before taxation is stated after charging/(crediting):		
Depreciation	111	57
Loss/(Gain) on foreign exchange transactions	29	(28)
Operating lease rentals	160	302
Audit services	25	24
	<b>173</b>	<b>115</b>
<b>5 Employees</b>	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of persons (including directors) employed by the group and company during the period was:		
Administrative	33	29
Sales	107	77
Compliance	33	9
	<b>173</b>	<b>115</b>
Staff costs for the above persons:	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
	<b>£'000s</b>	<b>£'000s</b>
Salaries and wages	8,476	5,288
Social security costs	934	585
Pension costs	114	47
	<b>9,524</b>	<b>5,920</b>
Remuneration of directors	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
	<b>£'000s</b>	<b>£'000s</b>
Salaries and wages	592	456
Pension costs	2	25
	<b>594</b>	<b>481</b>
Highest paid director	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
	<b>£'000s</b>	<b>£'000s</b>
Salary	400	300
Pension	2	23
	<b>402</b>	<b>323</b>

The number of directors for whom pension benefits are accruing is 2 (2015: 2). The directors are considered to be the key management personnel of the group and their total remuneration, including social security costs was £ 668,000 (2015: £516,000)

## MSI Group Limited

### Notes to the financial statements (continued)

For the period ended 31 March 2017

#### 6 Taxation

	15 months to 31.03.17 £'000	12 months to 31.12.15 £'000
Current tax:		
UK corporation tax on profits of the period	47	518
Corporate tax adjustment in respect of prior year	(3)	-
<b>Current charge</b>	<b>44</b>	<b>518</b>
Deferred tax charge	-	4
	<b>44</b>	<b>522</b>
Factors affecting the tax charge for the period:		
Profit before taxation	<b>314</b>	<b>2,401</b>
Profit before taxation multiplied by standard rate of UK corporation tax of 20%	<b>63</b>	<b>486</b>
Effects of:		
Non-deductible expenses	4	23
Depreciation less than capital allowances	3	(15)
Differences in tax rates	(4)	-
Adjustment relating to prior year	(3)	-
Other adjustments	(19)	24
	<b>(19)</b>	<b>32</b>
<b>Current tax charge</b>	<b>44</b>	<b>518</b>

## MSI Group Limited

### Notes to the financial statements (continued)

For the period ended 31 March 2017

#### 7 Fixed asset investments

	<b>£'000s</b>
Balance at 1 January	<b>6</b>
Movement in the period	<b>63</b>
Balance at 31 March	<b>69</b>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Registered address	Country of registration of incorporation	Shares held	
			Class	Proportion directly held
Subsidiary undertakings:				
MSI Recruitment Ltd	3 <sup>rd</sup> Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	Ordinary	100%
NRS Global Ltd	3 <sup>rd</sup> Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	Ordinary	100%
MSI Contract Recruitment Ltd	3 <sup>rd</sup> Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	Ordinary	100%
MSI Nurses Limited	3 <sup>rd</sup> Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	Ordinary	100%
Locum Consultants International Contract Limited	18-19 Bickles Yard, 151-153 Bermondsey Street London SE1 3HA	England & Wales	Ordinary	100%

## MSI Group Limited

### Notes to the financial statements (continued)

For the period ended 31 March 2017

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#### 7 Fixed asset investments (continued)

Growing Minds Limited	18-19 Bickles Yard, 151-153 Bermondsey Street London SE1 3HA	England & Wales	Ordinary	100%
MSI Recruitment AG	Roosstrasse 53 8832 Wollerau Switzerland	Switzerland	Ordinary	100%
Solutio Neutral Vend Specialists Limited	18-19 Bickles Yard, 151-153 Bermondsey Street London SE1 3HA	England & Wales	Ordinary	100%
MSI Recruitment Asia Pte. Ltd	114 Lavender Street, CT Hub 2 Singapore 338729	Singapore	Ordinary	100%

The principal activity of these undertakings for the last relevant financial period was as follows:

MSI Recruitment Ltd	Recruitment consultancy
NRS Global Ltd	Recruitment consultancy
MSI Contract Recruitment Ltd	Dormant
MSI Nurses Limited	Dormant
Locum Consultants International Contract Limited	Dormant
Growing Minds Limited	Recruitment consultancy
Solutio Neutral Vend Specialists Limited	Dormant
MSI Recruitment AG	Recruitment consultancy
MSI Recruitment Asia Pte. Ltd	Recruitment consultancy

The subsidiary company Growing Minds Limited has taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the Company under section 479A of the Act is disclosed in note 19.

# MSI Group Limited

## Notes to the financial statements (continued) For the period ended 31 March 2017

<b>8 Tangible fixed assets</b>	<b>Office Equipment</b>	<b>Fixtures &amp; Fittings</b>	<b>ICT Equipment</b>	<b>Total</b>
Group & Company	£'000s	£'000s	£'000s	£'000s
<b>Cost</b>				
01 January 2016	30	71	329	430
Additions	19	69	128	216
<b>31 March 2017</b>	<b>49</b>	<b>140</b>	<b>457</b>	<b>646</b>
<b>Depreciation</b>				
01 January 2016	11	34	152	197
Charged in the period	8	27	76	111
<b>31 March 2017</b>	<b>19</b>	<b>61</b>	<b>228</b>	<b>308</b>
<b>Net Book Value</b>				
<b>31 March 2017</b>	<b>30</b>	<b>79</b>	<b>229</b>	<b>338</b>
<b>31 December 2015</b>	<b>19</b>	<b>37</b>	<b>177</b>	<b>233</b>
 <b>9 Debtors</b>				
	<b>31.03.17</b>	<b>31.12.15</b>	<b>31.03.17</b>	<b>31.12.15</b>
	£'000s	£'000s	£'000s	£'000s
Amounts falling due within one year:				
Trade debtors	6,976	9,763	1,225	1,342
Amounts owed by group undertakings	-	-	-	552
Corporation tax	-	13	-	13
Prepayments and accrued income	2,998	1,159	960	402
Other debtors	465	129	450	51
	<b>10,439</b>	<b>11,064</b>	<b>2,635</b>	<b>2,360</b>

## MSI Group Limited

### Notes to the financial statements (continued)

For the period ended 31 March 2017

10 Creditors	Group		Company	
	31.03.17	31.12.15	31.03.17	31.12.15
	£'000s	£'000s	£'000s	£'000s
Bank overdrafts	394	345	617	345
Trade creditors	425	263	384	214
Other taxes and social security	1,678	2,580	207	741
Amounts owed by group undertakings	-	-	2,251	-
Corporation tax	62	529	-	413
Invoice discounting account	5,932	5,610	947	465
Accruals and deferred income	1,599	1,856	454	498
	<b>10,090</b>	<b>11,183</b>	<b>4,860</b>	<b>2,676</b>

The invoice discount account of £5,932K (2015: £5,610K) is secured by a fixed charge over the group's book debts and related rights.

There are also personal guarantees from the director N Simpson, for the value of £500,000 in respect of the overdraft facility and £60,000 in respect of the invoice discounting facility.

11 Provision for liabilities	Group		Company	
	31.03.17	31.12.15	31.03.17	31.12.15
	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2016	24	20	24	20
Movement in the period	-	4	-	4
Balance at 31 March 2017	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

Deferred taxation provided in the financial statements and the unprovided potential liabilities are as follows:

	Amount provided		Unprovided liability	
	31.03.17	31.12.15	31.03.17	31.12.15
	£'000s	£'000s	£'000s	£'000s
<b>Group</b>				
Excess of tax allowance over depreciation	<b>24</b>	<b>24</b>	-	-
<b>Company</b>				
Excess of tax allowance over depreciation	<b>24</b>	<b>24</b>	-	-

# MSI Group Limited

## Notes to the financial statements (continued) For the period ended 31 March 2017

### 12 Called up share capital

	<b>31.03.17</b>	31.12.15
	£	£
Allotted, issued and fully paid		
780 (2015: 956) ordinary shares of £0.01 each	<u>8</u>	<u>10</u>

During the period, the company bought back 176 (2015: 244) Ordinary Shares for proceeds of £1,075,000 (2015: £1,500,000).

### 13 Reserves

The profit and loss account represents the cumulative profit and loss, net of distribution to owners.

The capital redemption reserve represents the nominal value of shares acquired by the company and cancelled.

14 Cash flows	1st Jan	Cashflow	31st Mar
	2016		2017
	£'000s	£'000s	£'000s
Cash at bank and in hand	1,386	(1,163)	-
Bank overdraft	(345)	(272)	(394)
Cash and cash equivalents at end of period	<u>1,041</u>	<u>(1,435)</u>	<u>(394)</u>

### 15 Commitments under operating leases

At 31 March 2017, the group had annual commitments under non-cancellable operating leases as follows:

Group and Company	<b>31.03.17</b>	31.12.15
	£'000s	£'000s
Within one year	<b>678</b>	562
Between one and five years	<b>309</b>	780
	<u><b>987</b></u>	<u>1,342</u>

## MSI Group Limited

### Notes to the financial statements (continued) For the period ended 31 March 2017

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<b>16</b>	<b>Dividends</b>	<b>15 months to 31.03.17</b>	<b>12 months to 31.12.15</b>
		<b>£'000s</b>	<b>£'000s</b>
	Interim paid	<u>-</u>	<u>225</u>

**17 Ultimate parent and ultimate controlling party**

N J Simpson is the ultimate controlling party by virtue of his majority shareholding in MSI Group Limited.

**18 Related party transactions**

N J Simpson, the director and ultimate controller of MSI Group Limited, was paid dividends in the period of £nil (2015: £225k).

At the year-end, there was an outstanding director's loan owed to the company relating to N J Simpson of £123k. No interest has been charged on this balance.

**19 Contingent Liabilities**

In order for the subsidiary company Growing Minds Limited to take the audit exemption in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of those subsidiary companies at 31 March 2017 until those liabilities are satisfied in full.

**20 Financial Instruments**

The carrying amount of the Group's financial instruments as at the year end was

**Financial assets:**

	<b>31.03.17</b>	<b>31.12.15</b>
	<b>£'000</b>	<b>£'000</b>
Debt instruments measured at amortised cost	<u>9,964</u>	<u>10,914</u>

**Financial liabilities**

Financial liabilities measured at amortised cost	<u>7,956</u>	<u>7,729</u>
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