MSI Group Limited

Annual Report

For the year ended 31 December 2015

Company Registration No. 06019984 (England and Wales)

Company Information

Directors	N J Simpson S D Littlefield J Plassard
Secretary	N J Simpson
Company number	06019984 (England and Wales)
Registered office	18/19 Bickels Yard 151-153 Bermondsey Street London SE1 3HA
Auditors	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Business address	18/19 Bickels Yard 151-153 Bermondsey Street London SE1 3HA

MSI Group Limited

Contents

The directors submit their Strategic Report for the year ended 31 December 2015.

Review of the business
The directors are pleased to report a consistently strong performance for the year with turnover increasing from £32.7m to £56.0m (a 72% increase and well in excess of forecast).

In terms of gross profit, the Group's performance has tracked the increase in turnover, delivering growth from £4.5m to £7.2m (59% growth).

2015 represented a significant return for the Group, profit before tax doubling to £2.4m while we continue to invest in existing and new sales areas.

The board consider that the 2015 results are pleasing, given the growth in sales and gross margin, and expect an increase on this performance outcome in 2016.

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.

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

MSI Group is forecasting another year of excellent returns in 2016 on the back of the 2015 investment, with turnover and profits expected to increase substantially.

The group's commitment to growth is reflected in the investment in new office sites. The head office has transferred to a significantly larger site to accommodate staff recruitment, and new offices have been opened in Sunderland and expanded in Birmingham. 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 this expansion of our head office facilities, the group has sufficient capacity to deliver 2016 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 a positive business opportunity as the group is compliant with the major NHS frameworks and has committed to complying with the agency rate caps.

MSI embraces the philosophies of change, development and investment in all aspects of our internal and external operations, with a keen focus on our systems, teams and people.

The investment in systems for outward sales operations will create new business lines in 2016 and future years by offering our clients efficient and effective tools to deliver better patient outcomes. Improvements in internal systems and processes have allowed for greater scrutiny of performance and for direct focus to either turnaround or accelerate results.

Investment in teams has seen creation of MSI Recruitment AG, our Swiss pharma office, demonstrates a commitment to grow the pharma contract and perm division with investment in local offices and licenses. With this investment, pharma is projected to increase substantially in 2016. The diversification of MSI is further evidence by the 51% growth in overseas trading to £3.5M and our offerings into the private nursing and 3rd sector continue to grow. Support teams have also seen strong investment with the creation of talent acquisition and learning and development, alongside the expansion of business development; we are well set up to support our staff to deliver the best outcomes to our clients and candidates.

As a people business, the investment in our staff is vital to the future business success. The creation of a talent acquisition and learning and development function with further investment in HR demonstrates a commitment to support our staff through their careers from apprenticeship to directorship, offering a challenging and rewarding plan for their futures.

To underline the strength of the future business activity, the group agreed to buy back all the shares of the minority shareholder increasing the shareholding of the major shareholder. The board and senior management of MSI are excited about the upcoming possibilities and the strategy.

On behalf of the board

N J Simpson
Director

Directors' report
For the year ended 31 December 2015

The directors submit their report and the financial statements of MSI Group Limited for the year ended 31 December 2015.

Principal activity
The principal activity of the company and the group during the year was that of recruitment consultancy.

Directors
The following directors have held office since 1 January 2015:

N J Simpson	
S D Littlefield	
J Plassard	(appointed 12/1/15)
Bolt Investments (UK) LLP	(resigned 13/1/15)

Strategic report
Information 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 (formerly Baker Tilly 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

Directors' responsibilities in the preparation of the financial statements
For the year ended 31 December 2015

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 year. 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 judgements 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.

We have audited the group and parent financial statements (the "financial statements") on pages 6 to 21. 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".

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 director 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.

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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2015 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

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

12 April 2016

Consolidated Statement of comprehensive income
For the year ended 31 December 2015

	Notes	**2015**	2014
		£'000	£'000
Turnover	1	**56,033**	32,661
Cost of sales		**(48,874)**	(28,160)
Gross profit		**7,159**	4,501
Administrative expenses		**(4,578)**	(3,182)
Operating profit		**2,581**	1,319
Interest payable and similar charges	2	**(180)**	(118)
Profit on ordinary activities before taxation	3	**2,401**	1,201
Taxation	5	**(522)**	(246)
Profit and total comprehensive income for the year		**1,879**	954

MSI Group Limited

Consolidated Statement of financial position
As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	**233**	148
		233	148
Current assets			
Debtors	8	**11,064**	6,877
Cash at bank and in hand		**1,386**	1,128
		12,450	8,005
Creditors: amounts falling due within one year	9	**(11,183)**	(6,811)
Net current assets		**1,267**	1,194
Total assets less current liabilities		**1,500**	1,341
Provisions for liabilities	10	**(24)**	(20)
Net assets		**1,476**	1,322
Capital and reserves			
Called up share capital	11	**-**	-
Profit and loss account	12	**1,476**	1,322
Total equity		**1,476**	1,322

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on 11 April 2016 and are signed on its behalf by:

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N J Simpson

Director

Company Registration No. 06019984

Company Statement of financial position
As at 31 December 2015

	Notes	2015	2014
		£'000	£'000
Fixed assets			
Tangible assets	7	**233**	148
Investments	6	**6**	6
		239	154
Current assets			
Debtors	8	**2,360**	1,607
Cash at bank and in hand		**159**	289
		2,519	1,896
Creditors: amounts falling due within one year	9	**(2,676)**	(2,052)
Net current liabilities		**(157)**	(156)
Total assets less current liabilities		**82**	(2)
Provisions for liabilities	10	**(24)**	(20)
Net assets/(liabilities)		**58**	(22)
Capital and reserves			
Called up share capital	11	**-**	-
Profit and loss account	12	**58**	(22)
Total equity		**58**	(22)

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on 11 April 2016 and are signed on its behalf by:

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N J Simpson

Director

Company Registration No. 06019984

MSI Group Limited

Statement of changes in equity
For the year ended 31 December 2015

Group	Share capital	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2014	**-**	**-**	**868**	**868**
Profit and total comprehensive income for the year	-	-	954	954
Dividends paid	-	-	(500)	(500)
At 31 December 2014	**-**	**-**	**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)
At 31 December 2015	**-**	**-**	**1,476**	**1,476**

Company	Share capital	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
At 1 January 2014	**-**	**-**	**163**	**163**
Profit and total comprehensive income for the year	-	-	315	315
Dividends paid	-	-	(500)	(500)
At 31 December 2014	**-**	**-**	**(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)
At 31 December 2015	**-**	**-**	**58**	**58**

Consolidated Cash flow statement
For the year ended 31 December 2015

	Notes	2015	2014
		£'000	£'000
Cash flows from operating activities			
Profit for the financial year		**1,879**	954
Adjustments for:			
Depreciation of tangible assets		**57**	49
Interest paid		**180**	118
Taxation		**522**	246
Increase in trade and other debtors		**(4,188)**	(1,892)
Increase in trade creditors		**1,653**	1,481
Income taxes paid		**(284)**	(6)
Net cash (outflow)/ inflow from operating activities		**(181)**	950
Cash flows from investing activities			
Purchases of tangible assets		**(142)**	(77)
Net cash outflow from investing activities		**(142)**	**(77)**
Cash flows from financing activities			
Increase in invoice financing facility		**2,688**	149
Interest paid		**(180)**	(118)
Shares buy back		**(1,500)**	-
Dividends paid		**(225)**	(500)
Net cash inflow/(outflow) from financing activities		**783**	(469)
Net increase in cash and cash equivalents		**460**	404
Cash and cash equivalents at the beginning of year		**581**	177
Cash and cash equivalents at end of year	13	**1,041**	581

1 Accounting Policies

1.1 General Information

MSI Group Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 18/19 Bickels 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.

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

1.3 First time adoption of FRS 102

These financial statements are the first financial statements of MSI Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of MSI Group Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Reduced disclosures are only permitted in individual accounts, including parent company accounts presented within the consolidated financial statements. Reduced disclosures are not permitted in group accounts presented within the consolidated financial statements.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date. There has been no impact on total equity as at 1 January 2014 or 31 December 2014 or for the year ended 31 December 2014 as a result of the transition to FRS 102. Therefore, comparative figures did not need to be restated as there were no transition adjustments identified.

1.4 Basis of consolidation

The consolidated financial statements incorporate those of MSI Group Limited and all of its subsidiary undertakings for the year. 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 Comprehensive Income after or up to the date that control passes respectively. As a consolidated Statement of Comprehensive Income is published, a separate Statement of Comprehensive Income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. All financial statements are made up to 31 December 2015.

1.5 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 recognised as the service is rendered as validated by receipt of a client approved timesheet or equivalent. Permanent placement fees are recognised the date the contract is agreed and a provision is made for possible cancellation of placements shortly after the start date.

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group 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.

1.6 Financial instruments (continued)

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 Group 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.

1.7 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

1.8 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

1.9 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.

1.10Deferred 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 group'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.

1.11 Invoice discounting

Trade debtors are subject to an invoice discounting arrangement whereby an advance is received based upon, and secured against, trade receivables. As the group 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 statement of financial position. The interest element is recognised as it accrues, and is included in the profit and loss account with other interest charges.

1.12 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.

1.13 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.

1.14 Pension

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

1.15 Turnover and profit on ordinary activities before taxation

The group's turnover and profit before taxation were all attributable to the one principal activity of the group.

An analysis of turnover is given below

	2015	2014
	£'000	£'000
United Kingdom	**52,495**	30,323
Overseas	**3,538**	2,338
	56,033	32,661

2 Interest payable

	2015	2014
	£'000	£'000
On bank loans and overdrafts	**16**	21
Invoice financing	**164**	97
	180	118

3 **Profit on ordinary activities before taxation**	**2015**	2014
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	**57**	49
(Gain)/Loss on foreign exchange transactions	**(28)**	35
Operating lease rentals	**302**	229
Audit services	**24**	18

4 **Employees**	**2015**	2014
	No.	No.
The average monthly number of persons (including directors) employed by the group during the year was:		
Administrative	**29**	19
Sales	**77**	46
Compliance	**9**	11
	115	76

	2015	2014
Staff costs for the above persons:	**£'000**	£'000
Salaries and wages	**5,288**	3,649
Social security costs	**585**	406
Pension costs	**47**	50
	5,920	4,105
Remuneration of directors		
Salaries and wages	**456**	374
Pension costs	**25**	18
	481	392
Highest paid director		
Salary	**300**	267
Pension cost	**23**	15
	323	282

The number of directors for whom pension benefits are accruing is 2 (2014: 2).

Details of the directors' remuneration, who are considered to be key management personnel of the Company, are shown above. Employers' National Insurance contributions for these individuals totals £60k (2014: £37k).

5 Taxation

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax on profits of the period	**518**	237
Foreign tax	-	48
Foreign tax adjustment in respect of prior year	-	(35)
Current charge	**518**	250
Deferred tax charge	**4**	(4)
	522	246
Factors affecting the tax charge for the period:		
Profit on ordinary activities before taxation	**2,401**	1,201
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.25% (2014: 21.49%)	**486**	258
Effects of:		
Non-deductible expenses	**23**	2
Depreciation less than capital allowances	**(15)**	(6)
Differences in tax rates	-	2
Other adjustments	**24**	(6)
	32	(8)
Current tax charge	**518**	**250**

6 Fixed asset investments

	2015
	£'000
Balance at 1 January 2015 and 31 December 2015	6

Holdings of more than 20%

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

Company	Country of registration of incorporation	Shares held Class	Proportion directly held
Subsidiary undertakings:			
MSI Recruitment Ltd	England & Wales	Ordinary	100%
NRS Global Ltd	England & Wales	Ordinary	100%
MSI Contract Recruitment Ltd	England & Wales	Ordinary	100%
MSI Nurses Limited	England & Wales	Ordinary	100%
Locum Consultants International Contract Limited	England & Wales	Ordinary	100%
Growing Minds Limited	England & Wales	Ordinary	100%
MSI Recruitment Asia Pte. Ltd	Singapore	Ordinary	90%
MSI Recruitment AG	Switzerland	Ordinary	100%

The principal activity of these undertakings for the last relevant financial year 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
MSI Recruitment Asia Pte. Ltd	Recruitment consultancy
MSI Recruitment AG	Dormant

The year end of MSI Recruitment Asia Pte. Ltd is 30 April. The directors keep management accounts enabling accurate reporting to the group year end.

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 18.

7 Tangible fixed assets	Office Equipment	Fixtures & Fittings	ICT Equipment	Total
Group & Company	**£'000**	**£'000**	**£'000**	**£'000**
Cost				
1 January 2015	12	49	227	288
Additions	18	22	102	142
31 December 2015	**30**	**71**	**329**	**430**
Depreciation				
1 January 2015	7	25	108	140
Charged in the year	4	9	44	57
31 December 2015	**11**	**34**	**152**	**197**
Net Book Value				
31 December 2015	**19**	**37**	**177**	**233**
31 December 2014	**4**	**24**	**120**	**148**

8 Debtors		Group		Company
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Trade debtors	**9,763**	5,980	**1,342**	1,261
Amounts owed by group undertakings	**-**	-	**552**	-
Corporation tax	**13**	13	**13**	13
Prepayments and accrued income	**1,159**	831	**402**	291
Other debtors	**129**	53	**51**	42
	11,064	6,877	**2,360**	1,607

9 Creditors	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Bank overdrafts	**345**	547	**345**	547
Trade creditors	**263**	286	**214**	128
Other taxation and social security	**2,580**	1,737	**741**	256
Amounts owed by group undertakings	**-**	-	**-**	297
Corporation tax	**529**	279	**413**	83
Invoice discounting account	**5,610**	2,922	**465**	453
Accruals and deferred income	**1,856**	1,040	**498**	288
	11,183	6,811	**2,676**	2,052

The invoice discount account of £5,610K (2014: £2,922) is secured by a fixed charge over the group's book debts and related rights.

At the year end, there was an unlimited cross guarantee between MSI Group Limited, MSI Recruitment Ltd and NRS Global Ltd in respect of bank borrowings. Any bank borrowings within the group are secured by a debenture over the assets of MSI Group Limited.

There are also personal guarantees from the director N Simpson, for the value of £200,000 in respect of the overdraft facility and £60,000 in respect of the invoice discounting facility.

10 Provisions for liabilities		Group		Company
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**20**	24	**20**	24
Movement in the year	**4**	(4)	**4**	(4)
Balance at 31 December	**24**	20	**24**	20

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

	Amount provided		Unprovided liability	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Group				
Excess of tax allowance over depreciation	**24**	20	**-**	-
Company				
Excess of tax allowance over depreciation	**24**	20	**-**	-

11 Called up share capital

	2015	2014
	£	£
Allotted, issued and fully paid		
956 (2014: 1,200) ordinary shares of £0.01 each	**10**	12

During the year MSI Group Limited entered into an agreement to buy back 420 Ordinary shares in three tranches:

Date	Number	Purchase Price
31/3/2015	244	£1,500,000
31/1/2016	84	£500,000
31/1/2017	92	£575,000

12 Profit and Loss Account

	Group		Company	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**1,322**	868	**(22)**	163
Dividend paid	**(225)**	(500)	**(225)**	(500)
Share buy back	**(1,500)**	-	**(1,500)**	-
Profit for the year	**1,879**	954	**1,805**	315
Balance at 31 December	**1,476**	1,322	**58**	(22)

This reserve represents the cumulative profit and loss net of distributions to owners.

13 Cashflows

	1st Jan 2015	Cashflow	**31st Dec 2015**
	£'000	£'000	**£'000**
Cash at bank and in hand	1,128	258	**1,386**
Bank overdraft	(547)	202	**(345)**
Cash and cash equivalents at end of year	581	460	**1,041**

14 Commitments under operating leases

At 31 December 2015 the company and group had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£'000	£'000
Within one year	**562**	232
Between one and five years	**780**	265
	1,342	497

15 Dividends

	2015	2014
	£'000	£'000
Interim paid	225	500

16 Ultimate controlling party

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

17 Related party transaction

N J Simpson, the director and ultimate controller of MSI Group Limited, was paid a dividend in the year of £225k (2014: £500k).

18 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 December 2015 until those liabilities are satisfied in full.

19 Financial Instruments

The carrying amount of the Group's financial instruments at 31 December was:

Financial assets:	2015	2014
	£'000	£'000
Measured at amortised cost	12,309	7,918
Financial liabilities:		
Measured at amortised cost	6,218	3,775