Registration number: 06792340

Mansion House Consulting Limited

Annual Report and Consolidated Financial Statements

For the Year Ended 31 January 2016

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 P W Jeal	(appointed 23 February 2015) (resigned 23 February 2015)
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 2016

The directors present their strategic report for the year ended 31 January 2016.

Principal activities

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

Business review

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

	2016 £	2015 £
Turnover	**35,758,627**	33,260,044
Operating profit	**2,528,745**	1,197,328
Profit/(loss) before taxation for the financial period	**2,579,985**	1,230,267

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.

During the year, the Group transitioned from UK GAAP to FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and has taken advantage of certain disclosure exemptions allowed under this new framework. 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 as such is looking at both off-shore and near-shore service offerings to remain competitive in its pricing, together with being able to continue to deliver the high quality of service as provided on previous projects.

Concentration Risk

Risk

A significant proportion of the group's turnover is derived from a single customer (concentration risk).

Actions to Mitigate Risk

In the past year, the Group has implemented a ramped up diversification strategy in order to dilute the concentration risk. This has included the onboarding of new sales directors who have access to different areas of the market and who are tasked with building up and diversifying the Group's client base.

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.

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 26 October 2016 and signed on its behalf by:

E J Werner
Director

Mansion House Consulting Limited

Directors' Report for the Year Ended 31 January 2016

The directors present their report and audited financial statements for the year ended 31 January 2016.

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 (2014: £200,000).

Directors of the Company

The directors who held office during the year 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 £27,709 (2015: £30,740).

Going concern

The directors have a reasonable expectation that the company has 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

The auditor BDO LLP have been replaced by KPMG LLP in the year. KPMG LLP has signified its willingness to continue in office and a resolution proposing that they be re-appointed will be proposed at the Annual General Meeting.

Approved by the Board on 26 October 2016 and signed on its behalf by:

E J Werner
Director

Mansion House Consulting Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Company 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 2016 set out on pages 7 to 26. 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 2016 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.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standard on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matters 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.

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.

John Bennett

John Bennett (Senior Statutory Auditor) for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 October 2016

Mansion House Consulting Limited

Consolidated Profit and Loss Account for the Year Ended 31 January 2016

	Note	2016 £	2015 £
Turnover	3	**35,758,627**	33,260,044
Cost of sales		**(28,002,099)**	(28,477,940)
Gross Profit		**7,756,528**	4,782,104
Administrative expenses		**(5,227,783)**	(3,584,776)
Operating profit		**2,528,745**	1,197,328
Interest receivable and similar income	7	**51,240**	32,963
Interest payable and similar charges	8	**-**	(24)
Profit on ordinary activities before taxation	4	**2,579,985**	1,230,267
Tax on profit on ordinary activities	9	**(567,358)**	(324,855)
Profit for the financial year		**2,012,627**	905,412
Profit or loss attributable to			
Shareholders of the parent company		**1,983,121**	878,332
Minority interests		**29,506**	27,080
Total profit or loss		**2,012,627**	905,412

All activities are derived wholly from continuing operations.

The group has no recognised gains or losses for the year other than the profits above.

The notes on page 14 to 26 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated Statement of other comprehensive income for the Year Ended 31 January 2016

	2016 £	2015 £
Profit for the financial year	**2,012,627**	905,412
Foreign exchange differences	**2,136**	-
Total comprehensive income for the year	**2,014,763**	905,412

The notes on pages 14 to 26 form an integral part of these financial statements.

Mansion House Consulting Limited

(Registration Number: 06792340)

Consolidated Balance Sheet as at 31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible	10	**3**	29,670
Tangible	11	**101,331**	32,814
		101,334	62,484
Current assets			
Debtors	13	**6,509,158**	4,527,784
Cash at bank and in hand		**1,745,603**	1,110,892
		8,254,761	5,638,676
Creditors: Amounts falling due within one year	14	**(5,122,706)**	(4,169,581)
Net current assets		**3,132,055**	1,469,095
Total assets less current liabilities		**3,233,389**	1,531,579
Provisions for liabilities			
Deferred tax liability	15	**(16,440)**	(6,563)
Net assets		**3,216,949**	1,525,016
Capital and reserves			
Called up share capital	17	**1,133**	1,273
Share premium		**176,187**	176,187
Profit and loss account		**3,039,629**	1,347,556
Total equity		**3,216,949**	1,525,016
Equity attributable to the parent's shareholders		**2,982,312**	1,319,745
Minority interests		**57,317**	27,811
Total equity		**3,216,949**	1,525,016

The notes on page 14 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 October 2016 and were signed on its behalf by:

E J Werner
Director

Company registered number: 06792340

Mansion House Consulting Limited

(Registration Number: 06792340)

Company Balance Sheet as at 31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible	10	**3**	29,670
Tangible	11	**101,331**	32,814
Investments	12	**107,012**	107,012
		208,346	169,496
Current assets			
Debtors	13	**6,213,653**	4,239,516
Cash at bank and in hand		**1,259,500**	848,109
		7,473,153	5,087,625
Creditors: Amounts falling due within one year	14	**(4,724,496)**	(3,893,821)
Net current assets		**2,748,657**	1,193,804
Total assets less current liabilities		**2,957,003**	1,363,300
Provisions for liabilities			
Deferred tax liability	15	**(16,440)**	(6,563)
Net assets		**2,940,563**	1,356,737
Capital and reserves			
Called up share capital	17	**1,133**	1,273
Capital redemption reserve		**176,187**	176,187
Profit and loss account		**2,763,243**	1,179,277
Total equity		**2,940,563**	1,356,737

The notes on page 14 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 October 2016 and were signed on its behalf by:

E J Werner
Director

Company registered number: 06792340

Mansion House Consulting Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 January 2016

	Share capital £	Share premium £	Profit and loss account £	Total shareholder's equity £	Minority interest £	Total equity £
Balance at 1 February 2014	1,238	174,597	642,144	817,248	731	817,979
Profit for the financial year	-	-	905,412	878,332	27,080	905,412
Total comprehensive income for the year	-	-	905,412	878,332	27,080	905,412
Transactions with owners, recorded directly in equity						
Issue of new shares	35	1,590	-	1,625	-	1,625
Dividends paid	-	-	(200,000)	(200,000)	-	(200,000)
Balance at 31 January 2015	1,273	176,187	1,347,556	1,497,205	27,811	1,525,016
Profit for the financial year	-	-	2,012,627	1,983,121	29,506	2,012,627
Foreign exchange difference	-	-	2,136	2,136	-	2,136
Total comprehensive income for the year	-	-	2,014,763	1,985,257	29,506	2,014,763
Transactions with owners, recorded directly in equity						
Issue of new shares	13	-	-	13	-	13
Purchase of own shares	(153)	-	(322,690)	(322,843)	-	(322,843)
Balance at 31 January 2016	**1,133**	**176,187**	**3,039,629**	**3,159,632**	**57,317**	**3,216,949**

The notes on page 14 to 26 form an integral part of these financial statements.

Mansion House Consulting Limited

Company Statement of Changes in Equity for the Year Ended 31 January 2016

	Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 31 January 2014	1,238	174,597	617,908	793,743
Profit for the financial year	-	-	761,369	761,369
Total comprehensive income for the year	-	-	761,369	761,369
Transactions with owners, recorded directly in equity				
Issue of new shares	35	1,590	-	1,625
Dividends paid	-	-	(200,000)	(200,000)
Balance at 31 January 2015	1,273	176,187	1,179,277	1,356,737
Profit for the financial year	-	-	1,906,656	1,906,656
Total comprehensive income for the year	-	-	1,906,656	1,906,656
Transactions with owners, recorded directly in equity				
Issue of new shares	13	-	-	13
Purchase of own shares	(153)	-	(322,690)	(322,843)
Balance at 31 January 2016	**1,133**	**176,187**	**2,763,243**	**2,940,563**

The notes on page 14 to 26 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated Cash Flow Statement for the year ended 31 January 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the year	**2,012,627**	905,412
Adjustments for:		
Depreciation, amortisation and impairment	**69,527**	59,761
Foreign exchange losses	**36,573**	16,542
Gain on sales of tangible fixed asset	**(167)**	-
Tax	**557,482**	324,855
Increase in trade and other debtors	**(1,981,374)**	(1,624,280)
Increase in trade and other creditors	**690,574**	1,457,805
Tax paid	**(397,401)**	(190,037)
Net cash generated from operating activities	**987,841**	950,058
Cash flows for investing activities		
Acquisition of tangible fixed assets	**(108,379)**	(22,782)
Proceeds from sale of tangible fixed assets	**167**	-
Net cash (used in) investing activities	**(108,212)**	(22,782)
Cash flows from financing activities		
Proceeds from the issue of share capital	**13**	1,625
Repurchase of own shares	**(322,842)**	-
Repayment of loan	**-**	(200,000)
Net cash (used in) financing activities	**(322,829)**	(198,375)
Net increase in cash and cash equivalents	**556,800**	728,901
Cash and cash equivalents at 1 February	**982,374**	265,050
Effect of exchange rate fluctuations on cash held	**(34,152)**	(11,577)
Cash and cash equivalents at 31 January	**1,505,022**	982,374

The notes on pages 14 to 26 form an integral part of these financial statements.

1. Accounting policies

Mansion House Consulting Limited ("the Company") is a private Company limited by shares and is incorporated and domiciled in England and Wales. The address of the Company's registered office 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.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 22.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 February 2014 have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at 1 February 2014.
- Designation of previously recognised financial instruments – certain financial assets and liabilities were at 1 February 2014 designated at fair value through profit or loss.
- Lease arrangements – in order to determine whether an arrangement contains a lease, the Group and Company has analysed facts and circumstances existing at 1 February 2014 rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 February 2014 the Group and Company continued to account for lease incentives under previous UK GAAP.

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; and
- 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. On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

1. Accounting policies (continued)

Change in accounting policy

In these financial statements the Group and Company has changed its accounting policies in the following areas:

Provisions for liabilities

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

The required provision at 1 February 2014 and 31 January 2015 was not material and, accordingly, no adjustment has been made on transition from old UK GAAP.

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, 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2016. 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 currencies

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.

1. Accounting policies (continued)

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.

Basis 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.

Non-derivative financial instrument

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.

1. Accounting policies (continued)

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:

- plant and equipment 3 years

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.

Intangible fixed 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.

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.

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.

2. Explanation to FRS 101

This is the first year that the Company has presented its financial statements under The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") issued by the Financial Reporting Council. Following transition from UK GAAP to FRS 102 no comparative figures were identified to be restated. As a result, it was not deemed necessary to present tables reconciling the transition within these financial statements. The last financial statements under a previous UK GAAP were for the year ended 31 January 2015 and the date of transition to FRS 102 was therefore 1 February 2014.

Reconciliation of equity

No adjustments were posted to restate the prior years' equity balances as a result of the decision to transition to FRS 101 on 1 February 2014.

Reconciliation of profit and loss account

No adjustments were posted to restate the prior years' Profit and Loss Accounts as a result of the decision to transition to FRS 101 on 1 February 2014.

3. 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

	2016 £	2015 £
United Kingdom	**29,550,157**	26,360,998
Rest of European Union	**1,295,403**	2,415,258
Rest of World	**4,913,067**	4,483,788
	35,758,627	33,260,044

4. Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets (note 11)	**39,862**	30,094
Audit of these financial statements	**51,003**	21,000
Audit of Company's subsidiaries	**20,231**	20,196
Operating lease charges	**449,758**	308,941
Foreign exchange differences	**36,573**	16,542
Amortisation of development expenditure (note 10)	**29,667**	29,667

5. Employees

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

	2016 No.	2015 No.
Administration	**30**	25
Fee Earning Staff	**48**	28
	78	53

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	**5,172,332**	3,262,869
Social security	**260,505**	154,582
Other pension costs	**220,000**	78,667
	5,652,837	3,496,118

6. Directors' remuneration

	2016	2015
	£	£
Directors' remuneration	**89,873**	59,837
Company contribution to a defined contribution scheme	**180,000**	66,666

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £163,744 (2015: £43,264), and company pension contributions of £147,000 (2015: £33,333) were made to a defined contribution scheme on his behalf.

	Number of directors	
	2016	2015
	No.	No.
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	**2**	2

7. Interest receivable and similar income

	2016	2015
	£	£
Interest receivable from group companies	**164**	-
Other interest receivable	**51,076**	32,713
Bank interest	**-**	250
Total interest receivable and similar income	**51,240**	32,963

8. Interest payable and similar charges

	2016	2015
	£	£
Interest on loans from group undertakings	**-**	24
Total interest payable and similar charges	**-**	24

9. Taxation

Total tax expense recognised in profit and loss account

	2016 £	2015 £
Current tax:		
- UK Corporation tax on profits for the year	**526,749**	265,241
- Adjustments in respect of prior periods	**(1,006)**	11,270
Foreign tax		
- Current tax on income for the year	**31,738**	50,623
Total current tax	**557,481**	327,134
Deferred tax:		
- Originating and reversal of timing differences	**10,533**	(2,279)
- Effect of tax rate change on opening balance	**-**	-
- Impact of change in tax rate	**(656)**	-
Total deferred tax (note 15)	**9,877**	(2,279)
Total tax	**567,358**	324,855

Reconciliation of effective tax rate

Tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 31 January 2016 of 20.16% (2015: 21.32%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	**2,579,985**	1,230,267
Corporation tax at the standard rate in the UK of 20.16% (2015: 21.32%)	**520,167**	262,333
Effects of:		
- Expenses not deductible for tax purposes	**44,316**	44,261
- Adjustments to tax charge in respect of prior years	**(1,006)**	11,270
- Foreign tax / credit	**5,965**	9,114
- Other differences leasing to an increase (decrease) in tax charge	**(162)**	(1,045)
- Deferred tax rate change	**(1,922)**	(1,078)
Total tax expense included in profit and loss	**567,358**	324,855

Factors that may affect future tax charges

Reductions to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2014 on 2 July 2014. These reduce the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. These rate reductions may reduce the Group's future tax charge accordingly.

10. Intangible fixed asset - Group and Company

	Development costs £
Cost	
At 1 February 2015	**89,000**
At 31 January 2016	**89,000**
Amortisation	
At 1 February 2015	**59,330**
Charge for the year	**29,667**
At 31 January 2016	**88,997**
Net book value	
At 31 January 2016	**3**
At 31 January 2015	29,670

11. Tangible fixed assets - Group and Company

	Computer equipment £
Cost	
1 February 2015	**115,142**
Additions	**108,379**
Disposals	**(12,405)**
31 January 2016	**211,116**
Depreciation	
1 February 2015	**82,328**
Disposals	**(12,405)**
Charge for the year	**39,862**
31 January 2016	**109,785**
Net book value	
31 January 2016	**101,331**
At 31 January 2015	32,814

12. Fixed asset investments - Company

	Shares in group undertakings £
Cost	
At 1 February 2015	107,012
At 31 January 2016	107,012

The direct investment of the Company is in Mansion House Consulting PTE. Limited and Mansion House Consulting Inc. During the year the Company received total dividends of £nil (2015: £nil) from its subsidiaries.

As at the 31 January 2016 amounts owed to the Company by Mansion House Consulting PTE Limited were £183,335 (2015: £136,593) and Mansion House Consulting Inc. were £86,106 (2015: £nil).

As at the 31 January 2016 amounts owed by the Company to Mansion House Consulting Inc. were £nil (2015: £118,384).

Principal subsidiaries

Set out below is a list of all subsidiaries of the Company as at 31 January 2016.

Country of Incorporation or registration	Company	Type of business	Proportion of share capital held percent Direct	Indirect
Singapore	Mansion House Consulting PTE. Ltd	Trading Company	100%	-
US	Mansion House Consulting Inc	Trading Company	50%	-

Trading companies provide management consultancy services.

13. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	2,991,139	558,706	2,635,571	508,969
Amounts owed by group undertakings	-	-	269,443	136,593
Other debtors	191,534	189,535	188,176	189,098
Directors current account (see note 20)	1,734,072	731,614	1,828,066	817,821
Prepayments and accrued income	1,592,413	3,047,929	1,292,397	2,587,035
	6,509,158	4,527,784	6,213,653	4,239,516

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

As at 31 January 2016 Directors loans outstanding were £1.8m. On the 18 October 2016 the amount has been repaid.

14. Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans and overdrafts	240,581	128,518	240,581	128,518
Trade creditors	1,368,791	1,609,052	1,198,782	1,464,855
Amounts owed to group undertakings	-	-	-	118,384
Other creditors	37,402	31,171	37,402	31,171
Corporation tax	557,519	397,156	535,620	346,494
Other tax and social security costs	734,322	245,253	707,566	233,454
Accruals and deferred income	2,184,091	1,758,431	2,004,545	1,570,945
	5,122,706	4,169,581	4,724,496	3,893,821

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

15. Deferred tax liability

Deferred tax assets and liabilities

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
At 1 February 2015	6,563	8,842	6,563	8,842
Released during the year	9,877	(2,279)	9,877	(2,279)
At 31 January 2016	16,440	6,563	16,440	6,563

	2016 £	2015 £	2016 £	2015 £
Accelerated capital allowances	16,440	6,563	16,440	6,563

16. Share based payment

Employee share scheme

The Company operates an Employee Share Option Scheme for the purposes 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 2016 £	**Weighted average exercise price 2016 £**	Number of options 2015 £	Weighted average exercise price 2015 £
Outstanding at the beginning of the year	**20,500**	**7.72**	11,500	8.25
Granted during the year	**10,000**	**15.98**	10,000	6.50
Forfeited during the year	**(3,000)**	**(6.98)**	-	-
Exercised during the year	**-**	**-**	(1,000)	(1.60)
Outstanding at the end of the year	**27,500**	**10.80**	20,500	7.72

On 25 September 2015, 10,000 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 24 September 2025 and the exercise price is £15.98 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 considered but the aggregate fair value is immaterial.

17. Share capital

	2016	2015
	£	£
Allotted and fully paid		
80,000 'A' Ordinary shares of £0.01 each	**800**	800
18,413 (2015: 27,413) 'B' Ordinary shares of £0.01 each	**184**	274
1,000 (2015: 7,250) 'C' Ordinary shares of £0.01 each	**10**	73
13,858 (2015: 12,608) 'D' Ordinary shares of £0.01 each	**139**	126
	1,133	1,273

On 5 October 2015, 1250 D Ordinary Shares were issued for a consideration of £12.50.

On 29 January 2016, the Company purchased 9,000 of its own Ordinary B Shares and 6,250 of its own Ordinary C shares at £21.17 per share for a consideration of £322,842.50. The share premium amounted to £322,690.

18. Dividends

	2016	2015
	£	£
Amounts recognised as distributions to equity holders during year:		
Dividends paid on equity capital	-	200,000
Total dividends	-	200,000

19. Operating leases - Group

Non-cancellable operating lease rentals are payable as follows:

Land and Buildings

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Less than one year	**443,596**	476,628	**426,000**	476,628
	443,596	476,628	**426,000**	476,628

During the year £449,758 (2015: £308,941) 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 2016 (2015: £nil).

20. Related party disclosures

At 31 January 2015 Mr E Werner, a director, owed the Company £246,567. He was advanced various further sums during the year. At 31 January 2016, £789,393 remained outstanding. Mr Werner was charged interest of £24,391 (2015: 7,065) in respect of these loan.

At 31 January 2015 Mr G Kenny, a director, owed the Company £393,023. He was advanced various further sums during the year. At 31 January 2016, £933,293 remained outstanding. Mr Kenny was charged interest of £22,259 (2015: 22,845) in respect of these loans.

During the year, the Company was also charged consultancy costs of £50,000 (2015: £87,000) by Hollycroft Consulting Limited, a Company related to Mr G Kenny. At 31 January 2016, the amounts due from this company were nil (2015: £nil).

The Company owns 50% of Mansion House Consulting Inc, a Company incorporated in United States of America. At 31 January 2016 £86,106 was due from this entity (2015: £118,384 due to this entity).

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

21. Ultimate parent Company

The Company has no single ultimate controlling party.