Financial Statements

MCSA Group Limited

For the Year Ended 31 March 2017

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Registered number: 01421913

Company Information

Directors	Mr R J Timms Mrs B J Timms Mr M R Hodge Mr P A Darraugh Mr P R Timms
Company secretary	Mr P A Darraugh
Registered number	01421913
Registered office	Maindec House Holtspur Lane Wooburn Green Buckinghamshire HP10 0AB
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Bankers	Barclays Bank PLC 16 High Street High Wycombe Buckinghamshire HP11 2BG
Solicitors	Moorcrofts LLP James House Mere Park Dedmere Road Marlow Buckinghamshire SL7 1FJ

Contents

Strategic Report

For the Year Ended 31 March 2017

Business review and principal activities

The principal activities of MCSA Group Limited remain enterprise level IT Support Services, Managed Services, Professional Services and IT Solutions. Business activities are focussed on the design, supply, implementation and the provision of on-going, mission-critical support and managed services for corporate IT infrastructure.

During the year to 31 March 2017, revenue reduced to £49.2 million (2016: £60.0 million) reflecting the planned withdrawal from low margin business lines and a stronger focus on the Group's core service-led business propositions. A number of one-time exceptional items are also reflected in this year's accounts associated with the completion of the formal hive-up of the trade and assets of the CSA Waverley subsidiary and the settlement of an historic HMRC enquiry. In future years, the company will see a number of benefits accruing from its simplified legal and reporting structure, together with improved profitability arising from a focus higher margin lines of business.

Continuing to underpin the business model employed by the Group is a clear emphasis on delivering a consistently excellent service to all clients. The Key Performance Indicators (KPIs) utilised within the business concentrate on measuring the effectiveness of our customer service. In the year to 31st March 2017, KPIs included: service calls addressed within SLA 99.5%, Priority Calls Fixed 98.7%, customer telephone lines answered within 15 seconds 99.8%, dead on arrival parts from workshop or stores 0%, customer response turnaround time within 24 hours 98.8%. This continues to be reflected in a high level of customer retention and the Directors believe quality of service is a key factor in both retaining and winning new clients.

Business environment and strategies

The Directors are firmly of the opinion that the company's strong history in datacentre support and business critical IT services, coupled with its proven ability to deliver complex IT infrastructure projects will provide a solid platform for the future success of MCSA Group.

Furthermore, the Directors remain convinced that a clear focus on our customers, delivering excellent and valued services is the appropriate approach. This has served the Group well over many years and this will remain a key component of the strategy going forward in an increasingly competitive business environment.

Principal risks and uncertainties

The retention and recruitment of a high-quality workforce is a critical element of the company's success and the business continues to invest in maintaining an industry-leading team of IT professionals. The Directors would like to formally record their thanks for the outstanding efforts of all staff and their significant contribution to the continued success of the company.

As a consequence of the company's consistently profitable trading record and its diverse client base, coupled with the longevity and knowledge of its employees, the Directors believe the company is well-placed to successfully manage its business risks throughout the economic cycle.

After making enquiries, 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 annual report and the accounts. The Directors consider the state of affairs to be satisfactory at 31st March 2017.

Group Strategic Report
For the Year Ended 31 March 2017

Financial risk management

The Group's principal financial instruments comprise bank balances, trade creditors, trade debtors and finance lease agreements. The main purpose of these instruments is to raise funds and to finance the Group's operations.

Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group's approach to managing other risks applicable to the financial instrument concerned are set out below.

In respect of bank balances the liquidity risk is managed by maintaining a positive cash balance and making use of money market facilities where excess funds are available.

The company is a lessee in respect of finance leased assets. The liquidity is managed by ensuring there are sufficient funds to meet payments as they fall due.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board and signed on its behalf.

Mr R J Timms
Director

Date: 14/12/2017

Directors' Report

For the Year Ended 31 March 2017

The Directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The loss for the year, after taxation, amounted to £2,422,519 (2016 - profit £708,427).

Details of dividends are disclosed in note 12.

Directors

The Directors who served during the year were:

Mr R J Timms
Mrs B J Timms
Mr M R Hodge
Mr P A Darraugh
Mr P R Timms

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company and Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Post balance sheet events

Subsequent to the year end the company reached an agreement with Her Majesty's Revenue and Customs for the settlement of an on-going equiry into an incentive arrangement for key personnel. Further details are given in note 30 of these financial statements.

Directors' Report (continued)
For the Year Ended 31 March 2017

Future developments

The company has continued to develop a marketing approach based upon its four strategic pillars, namely: IT Support Services, Managed Services, Professional Services and IT Solutions. The heritage of the Group is based upon a strong history in Support Services and IT Solutions and in recent years customer demand has led the company to expand its offering into Managed Services and Professional Services. These later two areas have been, and will continue to be, areas of further investment and growth in the short term and the company anticipates that its traditional service and solutions offerings will remain key elements of the Group's strategy. However, we will continue to be responsive to both industry trends and client demands, with the delivery of a consistently high level of service and a stringent focus on customer satisfaction being the major components of the company's approach.

Financial risk management and objectives

In accordance with S414C (11) of the Companies Act 2006 the Directors' have opted to include this information in the Strategic Report.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- The Directors 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 the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr R J Timms
Director

Date: 14/12/2017

Grant Thornton

Independent Auditor's Report to the Members of MCSA Group Limited

We have audited the financial statements of MCSA Group Limited for the year ended 31 March 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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 Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 3, 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 the parent Company's affairs as at 31 March 2017 and of the Group's loss 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.

Grant Thornton

Independent Auditor's Report to the Members of MCSA Group Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the Strategic report or the Directors' report.

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.

Grant Thornton UK LLP

James Rogers BA FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading
Date: 15 December 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	**49,174,022**	59,963,934
Cost of sales		**(38,682,475)**	(48,591,610)
Gross profit		**10,491,547**	11,372,324
Administrative expenses		**(12,283,874)**	(10,086,713)
Operating (loss)/profit	5	**(1,792,327)**	1,285,611
Interest receivable and similar income	9	**35,139**	47,772
Interest payable and expenses	10	**(176,567)**	(194,680)
(Loss)/profit before taxation		**(1,933,755)**	1,138,703
Tax on (loss)/profit	11	**(488,764)**	(430,276)
(Loss)/profit for the financial year		**(2,422,519)**	708,427
(Loss)/profit for the year attributable to:			
Owners of the parent Company		**(2,422,519)**	708,427
		(2,422,519)	708,427

There was no other comprehensive income for 2017 (2016: £NIL).

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 35 form part of these financial statements.

MCSA Group Limited
Registered number:01421913

Consolidated Statement of Financial Position

As at 31 March 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	13		**915,943**		1,837,759
Tangible assets	14		**1,042,574**		1,202,306
			1,958,517		3,040,065
Current assets					
Stocks	17	**2,181,947**		1,063,726	
Debtors: amounts falling due within one year	18	**10,841,446**		17,932,464	
Cash at bank and in hand	19	**6,252,272**		5,871,471	
		19,275,665		24,867,661	
Creditors: amounts falling due within one year	20	**(19,678,759)**		(23,382,721)	
Net current (liabilities)/assets			**(403,094)**		1,484,940
Total assets less current liabilities			**1,555,423**		4,525,005
Creditors: amounts falling due after more than one year	21		**(2,454,053)**		(3,009,931)
Provisions for liabilities					
Deferred taxation	24	**(37,667)**		(28,852)	
			(37,667)		(28,852)
Net assets			**(936,297)**		1,486,222
Capital and reserves					
Called up share capital	25		**3,000**		3,000
Capital redemption reserve	27		**2,500**		2,500
Profit and loss account	27		**(941,797)**		1,480,722
Shareholders' funds			**(936,297)**		1,486,222

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr R J Timms
Director
Date: 14/12/2017

The notes on pages 14 to 35 form part of these financial statements.

MCSA Group Limited
Registered number:01421913

Company Statement of Financial Position

As at 31 March 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	13		**915,943**		130,758
Tangible assets	14		**1,042,574**		1,196,858
Fixed asset investments	15		**301**		7,141,396
			1,958,818		8,469,012
Current assets					
Stocks	17	**2,181,947**		886,863	
Debtors: amounts falling due within one year	18	**10,841,446**		16,670,795	
Cash at bank and in hand	19	**6,252,272**		4,031,013	
		19,275,665		21,588,671	
Creditors: amounts falling due within one year	20	**(19,679,060)**		(22,608,881)	
Net current liabilities			**(403,395)**		(1,020,210)
Total assets less current liabilities			**1,555,423**		7,448,802
Creditors: amounts falling due after more than one year	21		**(2,454,053)**		(3,008,477)
Provisions for liabilities					
Deferred taxation	24	**(37,667)**		(28,852)	
			(37,667)		(28,852)
Net assets			**(936,297)**		4,411,473
Capital and reserves					
Called up share capital	25		**3,000**		3,000
Capital redemption reserve	27		**2,500**		2,500
Profit and loss account	27		**(941,797)**		4,405,973
Shareholders' funds			**(936,297)**		4,411,473

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr R J Timms
Director
Date:

The notes on pages 14 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	3,000	2,500	1,480,722	1,486,222
Comprehensive income for the year				
Loss for the year	-	-	(2,422,519)	(2,422,519)
Total comprehensive income for the year	-	-	(2,422,519)	(2,422,519)
Dividends: Equity capital	-	-	-	-
At 31 March 2017	3,000	2,500	(941,797)	(936,297)

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	3,000	2,500	3,822,295	3,827,795
Comprehensive income for the year				
Profit for the year	-	-	708,427	708,427
Total comprehensive income for the year	-	-	708,427	708,427
Dividends: Equity capital	-	-	(3,050,000)	(3,050,000)
At 31 March 2016	3,000	2,500	1,480,722	1,486,222

The notes on pages 14 to 35 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	3,000	2,500	4,405,973	4,411,473
Comprehensive income for the year				
Loss for the year	-	-	(5,347,770)	(5,347,770)
Total comprehensive income for the year	-	-	(5,347,770)	(5,347,770)
At 31 March 2017	3,000	2,500	(941,797)	(936,297)

Company Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	3,000	2,500	3,178,195	3,183,695
Comprehensive income for the year				
Profit for the year	-	-	4,277,778	4,277,778
Total comprehensive income for the year	-	-	4,277,778	4,277,778
Dividends: Equity capital	-	-	(3,050,000)	(3,050,000)
At 31 March 2016	3,000	2,500	4,405,973	4,411,473

The notes on pages 14 to 35 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/Profit for the financial year	**(2,422,519)**	708,427
Adjustments for:		
Amortisation of intangible assets	**970,261**	931,087
Depreciation of tangible assets	**308,897**	351,995
Loss on disposal of tangible assets	**15,665**	16,901
(Increase)/decrease in stocks	**(1,118,221)**	643,387
Interest paid	**176,567**	194,680
Interest received	**(35,139)**	(47,772)
Taxation	**488,764**	430,276
Decrease/(increase) in debtors	**7,091,019**	(356,680)
(Decrease)/increase in creditors	**(2,297,510)**	593,148
Corporation tax	**(327,314)**	(557,361)
Net cash generated from operating activities	**2,850,470**	2,908,088
Cash flows from investing activities		
Purchase of intangible fixed assets	**(48,446)**	(130,758)
Purchase of tangible fixed assets	**(132,010)**	(151,848)
Sale of tangible fixed assets	**103,776**	65,186
Interest received	**35,139**	47,772
HP interest paid	**(11,984)**	(19,067)
Purchase of subsidiary - deferred consideration	**(992,238)**	(983,985)
Net cash from investing activities	**(1,045,763)**	(1,172,700)

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of other loans	**(1,000,000)**	-
Repayment of/new finance leases	**(259,323)**	(368,699)
Dividends paid	-	(3,050,000)
Interest paid	**(164,583)**	(175,613)
Net cash used in financing activities	**(1,423,906)**	(3,594,312)
Net increase / (decrease) in cash and cash equivalents	**380,801**	(1,858,924)
Cash and cash equivalents at beginning of year	**5,871,471**	7,730,395
Cash and cash equivalents at the end of year	**6,252,272**	5,871,471
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**6,252,272**	5,871,471
	6,252,272	5,871,471

The notes on pages 14 to 35 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2017

1. General information

The Company is privately held and limited by shares. The company is incorporated in England.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The date of transition to FRS 102 was 1 April 2014.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ('the Group') as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

2.3 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 Business Review in the Strategic Report. The group has considerable financial resources together with long term contracts with a number of customers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continuc to adopt thc going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services:
In respect of long term maintenance contracts and contract for on-going services, turnover represents the value of work done in the period, including estimates of the amounts not invoiced. It is recognised by reference to stage of completion.

Sale of goods:
Turnover for hardware services represents amounts receivable for goods provided in the year.

2.5 Intangible assets

Consolidated goodwill

Consolidated Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	20 % straight line
Software	-	25 % reducing balance

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold Property	- Over period of lease
Plant & machinery	- 25% reducing balance basis
Motor vehicles	- 25% reducing balance basis
Fixtures & fittings	- 25% reducing balance basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Finance leases: Lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

Intercompany loans or trading balances that are wholly receivable within one year so are measured, initially and subsequently, at the undiscounted amount of the cash expected to be received.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and intercompany loans.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid of received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.15 Creditors

Short term creditors are measured at the transaction price.

Intercompany loans or trading balances that are wholly repayable within one year so are measured, initially and subsequently, at the undiscounted amount of the cash expected to be received.

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.17 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the Financial Statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.21 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.22 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements
For the Year Ended 31 March 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Trade debtors - management apply judgement in evaluating the recoverability of debtors. To the extent that the Directors believe debtors will not be recovered, they have been provided for in the financial statements.

Stock provisioning - management apply judgement to the process of writing down spares stock to the profit and loss account. Spares stock is written off on a reducing balance basis.

Asset impairment - management apply judgement in their assessment of asset impairment. At each reporting date, assets such as tangible assets, intangible assets and fixed asset investments in subsidiaries are evaluated for evidence of impairment and written down where necessary.

4. Analysis of turnover

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	**308,897**	351,995
Amortisation of consolidated goodwill	**931,095**	931,087
Amortisation of intangible assets	**39,167**	-
Exchange differences	**(1,272)**	(2)
Other operating lease rentals	**550,674**	467,030
Defined contribution pension cost	**281,672**	272,108

Notes to the Financial Statements

For the Year Ended 31 March 2017

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor for the audit of the annual accounts	**28,000**	33,515
	28,000	33,515

Fees payable to the Group's auditor in respect of:

	2017	2016
Services relating to taxation advisory	**5,500**	8,000
Services relating to taxation compliance	**4,700**	6,420
Services relating to information technology	**650**	1,800
	10,850	16,220

Fees payable to the Group's auditor for the audit of the Company were £21,500 (2016: £18,500).

7. Employees

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

	2017	2016
	£	£
Wages and salaries	**6,777,575**	7,102,346
Social security costs	**3,281,503**	657,616
Cost of defined contribution scheme	**281,672**	272,108
	10,340,750	8,032,070

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

	2017	2016
	No.	No.
Number of production staff	**52**	49
Number of administrative staff	**76**	82
Number of management staff	**5**	5
	133	136

Notes to the Financial Statements

For the Year Ended 31 March 2017

8. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	**1,255,871**	1,118,358
Company contributions to defined contribution pension schemes	**28,741**	155,388
	1,284,612	1,273,746

During the year retirement benefits were accruing to 2 Directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £543,742 (2016 - £512,761).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2016 - £25,863).

9. Interest receivable

	2017	2016
	£	£
Other interest receivable	**35,139**	47,772

10. Interest payable and similar charges

	2017	2016
	£	£
On Directors' loan account	**164,583**	175,000
Finance leases and hire purchase contracts	**11,984**	19,067
Other interest payable	**-**	613
	176,567	194,680

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**305,779**	431,795
Adjustments in respect of previous periods	**174,170**	-
Total current tax	**479,949**	431,795
Deferred tax		
Origination and reversal of timing differences	**10,418**	1,255
Adjustment in respect of prior periods	-	292
Effect of tax rate change on opening balance	**(1,603)**	(3,066)
Total deferred tax	**8,815**	(1,519)
Taxation on profit on ordinary activities	**488,764**	430,276

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/Profit on ordinary activities before tax	**(1,933,755)**	1,138,703
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	**(386,751)**	227,741
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**186,219**	186,217
Expenses not deductible for tax purposes	**20,400**	16,978
Fixed asset differences	**19,390**	2,465
Non tax deductible payroll taxes in respect of settled HMRC enquiry (note 30)	**478,569**	-
Changes in tax rates	**(3,441)**	(3,162)
Adjustments in respect of prior periods	**174,170**	292
Other timing differences	**208**	(255)
Total tax charge for the year	**488,764**	430,276

12. Dividends

	2017 £	2016 £
Dividends paid on equity shares	-	3,050,000

On 3 April 2017 a dividend of £250,000 was declared and paid.

13. Intangible assets

Group

	Software £	Goodwill £	Total £
Cost			
At 1 April 2016	130,758	4,468,263	4,599,021
Additions	48,446	-	48,446
At 31 March 2017	179,204	4,468,263	4,647,467
Amortisation			
At 1 April 2016	-	2,761,262	2,761,262
Charge for the year	39,167	931,095	970,262
At 31 March 2017	39,167	3,692,357	3,731,524
Net book value			
At 31 March 2017	140,037	775,906	915,943
At 31 March 2016	130,758	1,707,001	1,837,759

13. Intangible assets (continued)

Company

	Software £	Purchased goodwill £	Total £
Cost			
At 1 April 2016	**130,758**	**-**	**130,758**
Additions	**48,446**	**1,707,001**	**1,755,447**
At 31 March 2017	**179,204**	**1,707,001**	**1,886,205**
Amortisation			
Charge for the year	**39,167**	**931,095**	**970,262**
At 31 March 2017	**39,167**	**931,095**	**970,262**
Net book value			
At 31 March 2017	**140,037**	**775,906**	**915,943**
At 31 March 2016	130,758	-	130,758

On 1 April 2016 the trade and assets of the trading subsidiary, CSA Waverley Limited, were hived up to MCSA Group Limited at book value.

As a result, £1,707,001, of the investment in subsidiary in the parent company statement of financial position was reallocated to purchased goodwill. The remaining investment in subsidiary has been impaired, resulting in a charge of £5,434,094 (note 15).

The purchased goodwill balance has been amortised during the year and an expense of £931,095 has been recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 31 March 2017

14. Tangible fixed assets

Group

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 April 2016	686,954	674,433	1,503,728	576,128	3,441,243
Additions	-	86,621	136,596	45,389	268,606
Disposals	-	(21,036)	(328,243)	(21,688)	(370,967)
At 31 March 2017	686,954	740,018	1,312,081	599,829	3,338,882
Depreciation					
At 1 April 2016	686,954	432,205	672,116	447,662	2,238,937
Charge for the period	-	71,023	203,224	34,650	308,897
Disposals	-	(18,244)	(212,219)	(21,063)	(251,526)
At 31 March 2017	686,954	484,984	663,121	461,249	2,296,308
Net book value					
At 31 March 2017	-	255,034	648,960	138,580	1,042,574
At 31 March 2016	-	242,229	831,611	128,466	1,202,306

The net book value of motor vehicles held under finance leases or hire purchase contracts, included above, is £637,553 (2016: £539,137).

The depreciation charged to the financial statements in the year in respect of such assets amounted to £191,229 (2016: £154,014).

14. Tangible fixed assets (continued)

Company

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 April 2016	686,954	674,433	1,503,728	535,598	3,400,713
Additions	-	86,621	136,596	45,389	268,606
Transfer on group reconstruction	-	-	-	5,448	5,448
Disposals	-	(21,036)	(328,243)	(21,688)	(370,967)
At 31 March 2017	686,954	740,018	1,312,081	564,747	3,303,800
Depreciation					
At 1 April 2016	686,954	432,205	672,116	412,580	2,203,855
Charge for the period	-	71,023	203,224	34,650	308,897
Disposals	-	(18,244)	(212,219)	(21,063)	(251,526)
At 31 March 2017	686,954	484,984	663,121	426,167	2,261,226
Net book value					
At 31 March 2017	-	255,034	648,960	138,580	1,042,574
At 31 March 2016	-	242,229	831,611	123,018	1,196,858

The net book value of motor vehicles held under finance leases or hire purchase contracts, included above, is £637,553 (2016: £539,137).

The depreciation charged to the financial statements in the year in respect of such assets amounted to £191,229 (2016: £154,014).

Notes to the Financial Statements
For the Year Ended 31 March 2017

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	**7,141,396**
Impairment on group reconstruction	**(5,434,094)**
Transfer to goodwill on group reconstruction	**(1,707,001)**
At 31 March 2017	**301**
Net book value	
At 31 March 2017	**301**
At 31 March 2016	7,141,396

16. Subsidiary undertakings

The Company holds 100% of the ordinary share capital in each of the following UK subsidiaries:

Name	Class of shares	Holding	Principal activity
CSA Waverley Limited	Ordinary	100 %	Dormant
Maindec Computer Systems Limited	Ordinary	100 %	Dormant
Maindec Computer Solutions Alba Limited	Ordinary	100 %	Dormant
Maindec Computer Solutions Limited	Ordinary	100 %	Dormant

16. Subsidiary undertakings (continued)

The Company holds 100% of the ordinary share capital in each of the following subsidiaries:

	Aggregate of share capital and reserves £	Profit/(loss) £
CSA Waverley Limited	**100**	-
Maindec Computer Systems Limited	**100**	-
Maindec Computer Solutions Alba Limited	**100**	-
Maindec Computer Solutions Limited	**1**	-
	301	-

Maindec Computer Solutions Limited, Maindec Computer Solutions Alba Limited and Maindec Computer Solutions Limited are exempt from audit by virtue of s479A of Companies Act 2006.

17. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Goods for resale	**2,181,947**	1,063,726	**2,181,947**	886,863

An impairment loss of £nil (2016: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	**8,492,033**	15,475,806	**8,492,033**	12,100,081
Amounts owed by group undertakings	**-**	-	**-**	2,819,361
Other debtors	**11,780**	1,000	**11,780**	1,000
Prepayments and accrued income	**2,337,633**	2,455,658	**2,337,633**	1,750,353
	10,841,446	17,932,464	**10,841,446**	16,670,795

An impairment loss of £nil (2016: £nil) was recognised against trade debtors.

Notes to the Financial Statements

For the Year Ended 31 March 2017

19. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	**6,252,272**	5,871,471	**6,252,272**	4,031,013

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	**9,384,157**	12,200,307	**9,384,157**	9,193,159
Amounts owed to group undertakings	**-**	-	**301**	3,009,369
Corporation tax	**299,940**	147,304	**299,940**	270,339
Taxation and social security	**4,038,188**	1,327,248	**4,038,188**	1,200,132
Obligations under finance leases	**96,775**	217,293	**96,775**	217,293
Other creditors	**-**	992,238	**-**	991,000
Accruals and deferred income	**5,859,699**	8,498,331	**5,859,699**	7,727,589
	19,678,759	23,382,721	**19,679,060**	22,608,881

21. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Directors' loans	**1,800,000**	2,800,000	**1,800,000**	2,800,000
Net obligations under finance leases	**32,883**	35,092	**32,883**	35,092
Deferred income	**621,170**	174,839	**621,170**	173,385
	2,454,053	3,009,931	**2,454,053**	3,008,477

Hire purchase liabilities are secured against the assets to which they relate.

Notes to the Financial Statements

For the Year Ended 31 March 2017

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Within one year	**96,775**	217,293	**96,775**	217,293
Between 1-2 years	**32,883**	35,092	**32,883**	35,092
	129,658	252,385	**129,658**	252,385

23. Financial instruments

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Financial assets				
Trade debtors	**8,492,033**	15,475,806	**8,492,033**	12,100,081
Other debtors	**11,780**	1,000	**11,780**	1,000
Accrued income	**509,615**	604,490	**509,615**	541,643
Amounts owed by group companies	**-**	-	**-**	2,819,361
Cash at bank and in hand	**6,252,272**	5,871,471	**6,252,272**	4,031,013
	15,265,700	21,952,767	**15,265,700**	19,493,098
Financial liabilities				
Trade creditors	**(9,384,157)**	(12,200,307)	**(9,384,157)**	(9,193,159)
Amount owed to group companies	**-**	-	**(301)**	(3,009,369)
Other loans	**(1,800,000)**	(2,800,000)	**(1,800,000)**	(2,800,000)
Accruals and other creditors	**(763,719)**	(3,396,169)	**(763,719)**	(3,189,153)
Deferred consideration	**-**	(991,000)	**-**	(991,000)
	(11,947,876)	(19,387,476)	**(11,948,177)**	(19,182,681)

Financial assets measured at amortised cost comprise trade and other debtors, accrued income and amounts owed by group companies that are receivable within one year. These are initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be received.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group companies. These are payable within one year so have been initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid. Other loans, not wholly repayable within one year, are initially measured at present value of future cash flows and subsequently at amortised cost. Interest arising on other loans is shown within interest payable.

24. Deferred taxation

Group

	2017 £
At beginning of year	(28,852)
Charged to profit or loss	(8,815)
At end of year	(37,667)

Company

	2017 £
At beginning of year	(28,852)
Charged to profit or loss	(8,815)
At end of year	(37,667)

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(44,589)	(33,704)	(44,589)	(33,704)
Short term timing differences	6,922	4,852	6,922	4,852
	(37,667)	(28,852)	(37,667)	(28,852)

25. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
2,500 Ordinary A shares of £1 each	2,500	2,500
500 Ordinary B shares of £1 each	500	500
	3,000	3,000

25. Share capital (continued)

The Ordinary B shares rank pari passu with the Ordinary A shares in all respects, expect for dividend rights. The Ordinary B shares only have the right to receive dividends following the sale by the Company of a material part of the business or following a sale of a controlling interest or on a listing event.

26. Parent company result for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £5,347,770 (2016 - profit £4,277,778).

27. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

Capital redemption reserve - represents the nominal value of shares that have been repurchased by the company.

28. Share based payments

Maindec Computer Solutions Limited granted share options under an Enterprise Incentive Management Plan in 2013.

The options may not be exercised unless a profit target is met for the period between 1 April 2013 and 31 March 2018, or an exit occurs before 31 March 2018 at an exit value in excess of a specified target. If the options remain unexercised after a period of ten years from the date of grant the options expire.

The exercise price of the options is £1 per share and there are 1,800 share options outstanding (2016: 2,125) at the end of the period.

No charge has been included in the financial statements due to its immateriality.

29. Contingent liabilities

The bank has given a bond on behalf of MCSA Group Limited for the sum of £5,000 (2016: £5,000) in favour of HMRC.

There were no other contingent liabilities at 31 March 2017 or 31 March 2016.

Notes to the Financial Statements
For the Year Ended 31 March 2017

30. Adjusted post balance sheet event

The company historically operated an incentive arrangement for key personnel and these arrangements have been subject to on-going enquiry by Her Majesty's Revenue and Customs 'HMRC'.

Subsequent to the year-end, the company reached an agreement with HMRC, approving a net settlement of £1,814,902 to bring this historic matter to a close. As part of this agreement, the company paid a gross sum of £2,567,017 to HMRC, shown in the Balance Sheet as a Creditor, and HMRC will be re-paying £752,115 to the company, which at the balance sheet date is considered a contingent asset. At the time of signing the accounts, the company had paid HMRC in full and had received a substantive element of the repayment.

31. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £281,672 (2016: £272,108). Contributions totaling £40,722 (2016: £26,960) were payable to the fund at the statement of financial position date.

32. Commitments under operating leases

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Not later than 1 year	**360,320**	351,152	**360,320**	351,152
Later than 1 year and not later than 5 years	**42,395**	49,185	**402,395**	49,185
	402,715	400,337	**762,715**	400,337

Notes to the Financial Statements
For the Year Ended 31 March 2017

33. Related party transactions

The group was under the control of Mr R J Timms throughout the current and previous year. Mr R J Timms is the majority shareholder of MCSA Group Limited ('the Company').

At the year end the Company has taken advantage of the exemption afforded by FRS 102 'Section 33 Related Party Disclosures' and not disclosed transactions or balances with wholly owned subsidiaries of MCSA Group Limited.

Mr R J Timms made a loan to the company of £2,000,000 during the year ended 31 March 2010. A further £800,000 was loaned during the year ended 31 March 2014. The loan bears interest at 6.25% per annum. At 31 March 2017 the balance outstanding on the loan was £1,800,000 (2016: £2,800,000) which has been included within creditors due in more than one year.

Hiltfalcon Limited is a company commonly controlled by Mr R J Timms. Hiltfalcon Limited charged the company £399,755 (2016: £348,014) in respect of rent and recharged expenses. At the reporting date £3,140 was owed to Hiltfalcon Limited, this included in accruals. In 2016 £82,415 was owed to MCSA Group Limited by Hiltfalcon Limited, this was included in prepayments and accrued income.

During the prior year, MCSA Group Limited made a loan to Hiltfalcon Limited of £2,763,750. This was an interest free loan repayable on written demand. This loan was repaid in full during the prior year.

34. Key management personnel remuneration

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals was £2,128,503 (2016: £1,981,419).