

ANALYSYS MASON LIMITED

Annual Report and Financial Statements

For the year ended 28 February 2018



**ANNUAL REPORT AND FINANCIAL STATEMENTS 2018
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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Montanana (Chairman)
A C Moerman
F M Glennon
C A Stanford-Beale
S P Morris
I P Dittrich resigned 29 September 2017
T J Rudkin appointed 06 November 2017
J M Ruud appointed 06 November 2017
J A Obradors Samarra appointed 07 November 2017

COMPANY SECRETARY

T J Rudkin

REGISTERED OFFICE

North West Wing
Bush House
Aldwych
London
WC2B 4PJ

BANKERS

HSBC plc
60 Fenchurch Street
London
EC3M 4BA

AUDITOR

Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT

The directors in preparing this strategic report have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Analysys Mason Limited and its subsidiary undertakings when viewed as a whole.

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company comprise delivery of strategy advice, operations support and market intelligence worldwide to leading commercial and public sector organisations in telecoms, IT and media.

The subsidiary undertakings that principally affect the profits or net assets of the Group in the year are listed in note 14 to the consolidated financial statements.

Analysys Mason is a trusted adviser on telecoms, media and technology (“TMT”). We work with our clients, including operators, regulators and end users, to:

- design winning strategies that deliver measurable results
- make informed decisions based on market intelligence and analytical rigour
- develop innovative propositions to gain competitive advantage
- implement operational solutions to improve business efficiency.

The world’s leading network operators, vendors, regulators and investors subscribe to our research and rely on our insight to inform their decision making.

With around 220 staff in 14 offices worldwide, we are respected internationally for our exceptional quality of work, independence and flexibility in responding to client needs. For over 30 years we have been helping clients in more than 110 countries to maximise their opportunities.



Figure 1: Analysys Mason's global presence enables us to deliver sustainable business benefits to clients around the world

Analysys Mason provides value to its clients by solving some of their toughest problems. Headquartered in London, UK, with offices in Boston, Cambridge, Dubai, Dublin, Hong Kong, Madrid, Manchester, Milan, New Delhi, Oslo, Paris, Singapore and Stockholm.

STRATEGIC REPORT (continued)**THE YEAR IN REVIEW**

Analysys Mason reported an increase in revenues to £31.8million (2017: £26.3 million) with non-UK revenues contributing 80% (2017: 78%) of the overall total. The gross margin increased to 37% (2017: 33%) driven by higher utilisation and a different mix of Consulting and Research revenues. The business has generated EBITDA before management fees of £2.1million¹ (2017: £1.8 million²) at a margin of 6.6% (2017: 6.7%) and a profit before tax of £1.2 million (2017: £1.3 million).

The Company continues to enjoy a good level of repeat business with diversified revenues, maintaining a strong position in its market.

On 1 June 2017 Analysys Mason acquired Nexia Management Consulting AS “Nexia”. Nexia is a telecoms management consultancy business, which has developed a unique track record in Norway and other Nordic countries where it has worked with all players in the value chain including operators, regulators and investors.

The acquisition of Nexia has enhanced Analysys Mason’s existing track record in the Nordics, where TMT markets are among the most advanced in the world and have been at the forefront of many new developments. The combination of Nexia’s long-standing experience and broad expertise in the Norwegian TMT market and Analysys Mason’s strong international market position in TMT consulting and research will provide exceptional insights for the benefit of clients worldwide.

Net assets of the Group are shown in the consolidated balance sheet on page 14 and have increased from £21,115,964, to £23,171,097 during the year. The movement is reconciled in the consolidated statement of changes in equity on page 12. The most significant movement was the retained profit for the year and the shares distributed on acquisition of the subsidiary acquired in the year.

STRATEGY

Looking ahead, the strategy is informed by continuing economic uncertainty, a desire to capitalise on future market transitions and the unique strengths of the business.

Analysys Mason’s approach is based on a unique combination of applied intelligence, independent opinions, a passion for problem-solving and consistently looking more closely and seeing further. This approach engenders strong long-term relationships with clients.

The key priority is to grow revenues whilst continuing to improve profitability without diluting the significant value propositions delivered by the business’ exceptional talent. The overall strategy continues to be summarised as follows:

- Focus on core strengths, deepening expertise where already strong;
- Broaden the geographical footprint of core propositions;
- Extend core propositions carefully and incrementally to strengthen key client relationships;
- Increase the proportion of recurring revenue streams;
- Recruit, develop and retain talented staff;
- Foster real time operational visibility, cost vigilance and management agility;
- Balance individual performance management and accountability with a collaborative spirit;
- Increase the flexibility in staffing and staff remuneration models; and
- Uphold a high standard of business ethics.

¹ Operating profit of £1,094,910 per the statement of comprehensive income + depreciation charge of £370,033 + amortisation charge of £484,160 + management fees of £152,948; therefore EBITDA = £2,102,051

² Operating profit of £1,238,354 per the statement of comprehensive income + depreciation charge of £322,247 + amortisation charge of £67,281 + management fees of £133,226; therefore EBITDA = £1,761,108

STRATEGIC REPORT (continued)

MARKETS

Analysys Mason experienced strong demand for consulting services during 2018. In particular performance in South America and the Middle East was significantly up year on year.

Proposition wise demand for Strategic Advice services and Transaction Support saw a good recovery from a temporary slow down in the second half of last year. However demand for Regulatory services was more subdued.

Analysys Mason's Research division continued to experience growth in Asia and emerging markets, and a continued stabilisation of demand in Europe and the US.

FUTURE PROSPECTS

FY19 has shown a promising start with demand in line with expectations in all geographies. Although markets remain challenging and unpredictable in the short to medium term, management believes that the overall outlook is positive.

On 17 July 2018 Analysys Mason Limited acquired Access Market International (AMI) Partners Inc. Access Market International (AMI) Partners Inc main business relates to primary research, SMB ICT market segmentation and forecast models which have been built up over a number of years.

Access Market International (AMI) Partners Inc is based in New York also operating out of India and Singapore and has been established for over 20 years.

The acquisition of Access Market International (AMI) Partners Inc will allow Analysys Mason Limited to extend its research to adjacent high growth markets and geographies.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risks and uncertainties to be retaining the best people, maintaining the Group's leadership in the markets it serves, credit risk, liquidity risk and market risk.

The Group operates a number of share-based payment plans to attract and retain the best people. These are detailed in note 22 to the consolidated financial statements. Financial risks and management's approach to managing these risks are detailed in note 32 to the consolidated financial statements.

EMPLOYEES

Analysys Mason's strongest asset is the expertise, experience, commitment and problem solving skills of its employees. Analysys Mason employs an impressive range of passionate, innovative and talented people from across the telecoms, media and IT industries.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Group intranet and electronic communications.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Details on employee numbers are included within note 6 to the consolidated financial statements.

STRATEGIC REPORT (continued)

HEALTH AND SAFETY

Analysys Mason takes seriously the health and safety of all its employees, clients, visitors, contractors and members of the public. The Company recognises and acknowledges that everyone has a vital role to play in the management and implementation of health and safety at work and that we therefore share responsibility for achieving and adhering to acceptable safety standards.

All major risk assessments have been completed on the organisation's activities and are monitored and reviewed on an annual basis, or sooner if the working environment or processes and procedures are affected by any changes. The Company has a Facilities/Health and Safety Manager who manages the health and safety activities; the Company also uses the services of external consultants who provide health and safety advice.

With regard to accident and incident rates, no dangerous occurrences have been reported, and only a small number of minor incidents were reported in the Accident Books. There have been no incidents reported under RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995).

ENVIRONMENT

Analysys Mason recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce damage that might be caused by the Company's activities. Key environmental aspects have been identified, and actions to address them are discussed at regular management reviews. Initiatives designed to minimise the Company's impact on the environment include recycling, reducing energy consumption and, where feasible, procuring materials from sustainable sources.

Analysys Mason has an Environmental Policy to which senior management are committed. Policies and procedures are published on the Company intranet, and are intended to comply with Environment Management Standard ISO14001.

The Company is aware of the need to control our energy consumption and carbon emissions in order to minimise climate change. Staff are encouraged to follow our low-carbon travel policy, and avoid travel by air wherever practicable. The Company also encourages staff to hold meetings by telephone or via the internet, and staff regularly use teleconferencing and online document sharing.

QUALITY

Within its Integrated Management System, the Company adheres to a formal Quality Management System (QMS). The QMS provides policies, procedures and guidelines that permit conformance with specific requirements and ensure that quality is planned, obtained and maintained; thus ensuring that the Company provides a service which fulfils client's needs and enhances their expectations. Within the UK and Ireland the QMS is certified to ISO9001:2015 by the British Standards Institution (BSI).

It is mandatory that all personnel carry out their activities in accordance with the QMS. Controlled copies of the policies and the procedures are available to all the staff via the Analysys Mason Intranet. The Quality Assurance Manager audits all the offices, systems and activities within Analysys Mason in accordance with an integrated audit schedule. Our quality assurance processes contain the relevant systems for performance monitoring and management information.

STRATEGIC REPORT (continued)

INFORMATION SECURITY

The Company's business relies on knowledge and information in order to provide the kind of service our clients require, and it is most important that this information is protected. The Company manages its handling of client and personal data by implementing a formal Information Security Management System (ISMS), which is certified to ISO27001:2013 by the BSI for the Company's office in Manchester; the requirements of the ISMS apply to all the Company's locations. The ISMS uses procedures and controls that cover physical and electronic security and encompasses all forms of information security, such as electronic data, information transmitted across networks, printed or written on paper, stored on electronic or removable media, or spoken in conversation or over the telephone.

Within the ISMS the Company also has a business continuity plan (BCP), and to support this the Company's Crisis Management Team holds regular meetings to ensure that the Company is prepared for incidents at any of its locations, and that staff are made aware of actions to take and who to contact if an incident arises. An up-to-date version of the BCP is automatically loaded on to all staff laptops, so that they will always have a copy to hand should the need arise.

Approved by the Board of Directors
and signed on behalf of the Board by:

A C Moerman
Director
24 August 2018



DIRECTORS' REPORT

The directors present their Annual Report on the affairs of the Group, together with the audited financial statements, for the year ended 28 February 2018.

SHARE CAPITAL

There were no new classes of share issued during the year.

SUBSEQUENT EVENTS

On 17 July 2018 Analysys Mason Limited acquired 100% of the share capital of Access Market International (AMI) Partners Inc, a company based in the United States of America.

Details of the acquisition can be found in Note 35.

BUSINESS OVERVIEW

An indication of likely future developments in the business of the Group are included in the strategic report.

The principal risks and uncertainties of the Group are presented in the strategic report. Financial risks and management's approach to managing these risks are detailed in note 32 to the consolidated financial statements.

GOING CONCERN

After making enquiries, and based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

DIVIDENDS

The directors recommend a final dividend of £nil (2017: £nil). An interim dividend of £384,431 was paid in October 2017 at 19p per share (2017: an interim dividend of £679,032 was paid at 35p a share).

DIRECTORS

The present membership of the Board and changes in the year and thereafter are set out on page 1.

CHARITABLE GIFTS

During the year the Group made charitable donations of £1,251 (2017: £345).

AUDITOR

Each of the persons who are directors at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board by:

A C Moerman, Director
24 August 2018



DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Company and Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYSYS MASON LIMITED

Report on the audit of the financial statements

Opinion

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 28 February 2018 and of the group's profit for the year then ended;
the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Analysys Mason Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

the consolidated statement of comprehensive income;
the consolidated and parent company statements of changes in equity;
the consolidated and parent company balance sheets;
the consolidated and parent company cash flow statements;
the statement of accounting policies; and
the related notes 1 to 48.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate;
or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYSYS MASON LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

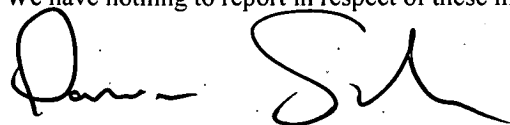
In our opinion, based on the work undertaken in the course of the audit: the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Damian Sanders BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom, 24 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2018

	Note	2018 £	2017 £
REVENUE	2	31,798,075	26,336,829
Cost of sales		(19,911,189)	(17,657,453)
GROSS PROFIT		11,886,886	8,679,376
Administrative expenses		(11,336,338)	(7,944,227)
Other income	2	544,362	503,205
OPERATING PROFIT	4	1,094,910	1,238,354
Investment revenue	7	60,400	74,110
Finance costs	8	(4,577)	(3,000)
PROFIT BEFORE TAX		1,150,733	1,309,464
Tax	9	(447,355)	(548,385)
PROFIT FOR THE YEAR	27	703,378	761,079
Attributable to:			
Equity holders of the parent		703,378	671,079

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

All activities arose from continuing operations.

There is no other comprehensive income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2018

	Share Capital (Note 24) £	Share Premium Account (Note 25) £	Own Shares (Note 26) £	Retained Earnings (Note 27) £	Total Equity £
Balance at 1 March 2016	25,528	18,491,375	(2,444,904)	4,939,514	21,011,513
Profit for the year	-	-	-	761,079	761,079
Total comprehensive income for the year	-	-	-	761,079	761,079
Own shares acquired in the year	-	-	(121,247)	-	(121,247)
Own shares disposed in the year	-	-	4,904	-	4,904
Own shares transacted at a discount	-	-	(275,554)	275,554	-
Credit to equity for equity-settled share-based payments	-	-	191,299	(52,552)	138,747
Dividends paid during the year	-	-	-	(679,032)	(679,032)
Balance at 28 February 2017	25,528	18,491,375	(2,645,502)	5,244,563	21,115,964
Profit for the year	-	-	-	703,378	703,378
Total comprehensive income for the year	-	-	-	703,378	703,378
Own shares acquired in the year	-	-	(84,399)	-	(84,399)
Own shares disposed in the year	-	-	55,842	-	55,842
Own shares transacted at a discount	-	-	(651,828)	651,828	-
Credit to equity for equity-settled share-based payments	-	-	162,617	21,527	184,144
Dividends paid during the year	-	-	-	(384,431)	(384,431)
Share distributed on acquisition	-	-	1,586,058	-	1,586,058
Other currency translation differences	-	-	-	(5,459)	(5,459)
Balance at 28 February 2018	25,528	18,491,375	(1,577,212)	6,231,406	23,171,097

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2018

	Share Capital (Note 24) £	Share Premium Account (Note 25) £	Own Shares (Note 26) £	Retained Earnings (Note 46) £	Total Equity £
Balance at 1 March 2016	25,528	18,491,375	(2,444,904)	6,620,921	22,692,920
Loss for the year	-	-	-	(1,373,764)	(1,373,764)
Total comprehensive income for the year	-	-	-	(1,373,764)	(1,373,764)
Own shares acquired in the year	-	-	(121,247)	-	(121,247)
Own shares disposed in the year	-	-	4,904	-	4,904
Own shares transacted at a discount	-	-	(275,554)	275,554	-
Credit to equity for equity-settled share-based payments	-	-	191,299	(52,552)	138,747
Dividends paid during the year	-	-	-	(679,032)	(679,032)
Balance at 28 February 2017	25,528	18,491,375	(2,645,502)	4,791,127	20,662,528
Profit for the year	-	-	-	5,748,997	5,748,997
Total comprehensive income for the year	-	-	-	5,748,997	5,748,997
Own shares acquired in the year	-	-	(84,399)	-	(84,399)
Own shares disposed in the year	-	-	55,842	-	55,842
Own shares transacted at a discount	-	-	(651,828)	651,828	-
Credit to equity for equity-settled share-based payments	-	-	162,617	21,527	184,144
Dividends paid during the year	-	-	-	(384,431)	(384,431)
Share distributed on acquisition	-	-	1,586,058	-	1,586,058
Balance at 28 February 2018	25,528	18,491,375	(1,577,212)	10,829,048	27,768,739

CONSOLIDATED BALANCE SHEET
As at 28 February 2018

	Note	2018 £	2017 £
NON-CURRENT ASSETS			
Goodwill	10	15,543,189	12,985,678
Property, plant and equipment	12	797,673	992,431
Intangible assets	13	1,033,168	65,297
Long-term loans to related parties	11	1,100,000	1,500,000
Deferred tax assets	23	597,514	283,130
		<u>19,071,544</u>	<u>15,826,536</u>
CURRENT ASSETS			
Work in progress	15	3,598,430	2,762,555
Trade and other receivables	16	8,869,998	6,074,633
Current tax asset		27,917	94,256
Cash and cash equivalents	16	4,023,430	3,940,521
		<u>16,519,775</u>	<u>12,871,965</u>
TOTAL ASSETS		<u>35,591,319</u>	<u>28,698,501</u>
CURRENT LIABILITIES			
Trade and other payables	17	(7,901,068)	(4,706,432)
Deferred consideration	18	(547,437)	-
Deferred revenue	20	(2,521,181)	(2,102,450)
Borrowings	21	(80,620)	(80,230)
Current tax liability		(339,358)	(163,052)
		<u>(11,389,664)</u>	<u>(7,052,164)</u>
NET CURRENT ASSETS		<u>5,130,111</u>	<u>5,819,801</u>
NON-CURRENT LIABILITIES			
Borrowings	21	(40,457)	(121,078)
Liabilities for share-based payments	22	(773,759)	(409,295)
Deferred tax liabilities	23	(216,342)	-
		<u>(1,030,558)</u>	<u>(530,373)</u>
TOTAL LIABILITIES		<u>(12,420,222)</u>	<u>(7,582,537)</u>
NET ASSETS		<u>23,171,097</u>	<u>21,115,964</u>
EQUITY			
Share capital	24	25,528	25,528
Share premium account	25	18,491,375	18,491,375
Own shares	26	(1,577,212)	(2,645,502)
Retained earnings	27	6,231,406	5,244,563
TOTAL EQUITY		<u>23,171,097</u>	<u>21,115,964</u>

The financial statements of Analysys Mason Limited, registered number 05177472, were approved by the Board of Directors on 24 August 2018.

Signed on behalf of the Board of Directors

A C Moerman, Director



The accompanying notes form an integral part of the consolidated balance sheet.

COMPANY BALANCE SHEET
As at 28 February 2018

	Note	2018 £	2017 £
NON-CURRENT ASSETS			
Goodwill	39	12,707,560	12,707,560
Property, plant and equipment	40	719,841	940,889
Intangible assets	41	92,551	65,297
Long-term loans to related parties	11	1,100,000	1,500,000
Investments in subsidiaries	42	9,967,624	6,171,213
Deferred tax assets	43	482,609	276,641
		<u>25,070,185</u>	<u>21,661,600</u>
CURRENT ASSETS			
Work in progress		2,909,617	2,054,676
Trade and other receivables	44	6,113,266	4,180,991
Loans to other Group entities	44	2,322,351	1,496,947
Current tax asset		-	88,298
Cash and cash equivalents	44	2,451,351	2,722,861
		<u>13,796,585</u>	<u>10,543,773</u>
TOTAL ASSETS		<u>38,866,769</u>	<u>32,205,373</u>
CURRENT LIABILITIES			
Trade and other payables	45	(7,748,072)	(5,353,490)
Deferred consideration	18	(547,437)	-
Loans from other Group entities	45	(1,600,681)	(5,526,675)
Borrowings	21	(80,620)	(80,230)
Current tax liability		(307,004)	(52,077)
		<u>(10,283,814)</u>	<u>(11,012,472)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>3,512,771</u>	<u>(468,699)</u>
NON-CURRENT LIABILITIES			
Borrowings	21	(40,457)	(121,078)
Liability for share-based payments	22	(773,759)	(409,295)
		<u>(814,216)</u>	<u>(530,373)</u>
TOTAL LIABILITIES		<u>(11,098,030)</u>	<u>(11,542,845)</u>
NET ASSETS		<u>27,768,739</u>	<u>20,662,528</u>
EQUITY			
Share capital	24	25,528	25,528
Share premium account	25	18,491,375	18,491,375
Own shares	26	(1,577,212)	(2,645,502)
Retained earnings	46	5,080,051	6,164,891
Profit/ (loss) for the year	37	5,748,997	(1,373,764)
TOTAL EQUITY		<u>27,768,739</u>	<u>20,662,528</u>

These financial statements of Analysys Mason Limited, registered number 05177472, were approved by the Board of Directors on 24 August 2018.

The Company reported a profit for the financial year ended 28 February 2018 of £5,748,997 (2017 loss: £1,373,764).

Signed on behalf of the Board of Directors

A C Moerman, Director



The accompanying notes form an integral part of this Company balance sheet.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 28 February 2018

	Note	2018 £	2017 £
Net cash from operating activities	28	<u>1,841,030</u>	<u>2,411,471</u>
Investing activities			
Interest received		60,400	74,110
Long-term related party loans	11	400,000	300,000
Proceeds on the disposal of property and equipment		691	2,242
Purchases of property and equipment	12	(150,625)	(1,039,637)
Purchase of intangible assets	13	(70,458)	(53,982)
Net cash on acquisition of subsidiary	34	<u>(1,518,592)</u>	<u>-</u>
Net cash used in investing activities		<u>(1,278,584)</u>	<u>(717,267)</u>
Financing activities			
Repayment of lease obligations		(80,230)	(96,455)
Dividends paid		(384,431)	(679,032)
Net cash flow on purchase of own shares	26	<u>(14,876)</u>	<u>(116,343)</u>
Net cash used in financing activities		<u>(479,537)</u>	<u>(891,830)</u>
Net increase in cash and cash equivalents		82,909	802,374
Cash and cash equivalents at beginning of the year		<u>3,940,521</u>	<u>3,138,147</u>
Cash and cash equivalents at end of year		<u><u>4,023,430</u></u>	<u><u>3,940,521</u></u>

The accompanying notes form an integral part of this consolidated cash flow statement.

COMPANY CASH FLOW STATEMENT
For the year ended 28 February 2018

	Note	2018 £	2017 £
Net cash from operating activities	47	<u>1,608,677</u>	<u>1,800,034</u>
Investing activities			
Interest received		60,400	73,814
Long-term related party loans	11	400,000	300,000
Proceeds on disposal of property and equipment		691	400
Purchases of property and equipment	40	(128,367)	(982,166)
Purchase of intangible assets	41	(70,458)	(53,982)
Cash paid on acquisition of subsidiary	34	(1,646,686)	-
Purchase of share capital in new subsidiaries		(16,230)	-
Net cash used in investing activities		<u>(1,400,650)</u>	<u>(661,934)</u>
Financing activities			
Repayment of lease obligations		(80,230)	(96,455)
Dividends paid		(384,431)	(679,032)
Net cash flow on purchase of own shares	26	(14,876)	(116,343)
Net cash used in financing activities		<u>(479,537)</u>	<u>(891,830)</u>
Net (decrease)/ increase in cash and cash equivalents		(271,510)	246,270
Cash and cash equivalents at beginning of the year		<u>2,722,861</u>	<u>2,476,591</u>
Cash and cash equivalents at end of year		<u><u>2,451,351</u></u>	<u><u>2,722,861</u></u>

The accompanying notes form an integral part of this Company cash flow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 28 February 2018

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Analysys Mason Limited is a company limited by shares domiciled and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in note 3 and in the strategic report on pages 2 to 6. These financial statements are presented in Pounds Sterling because that is the functional currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below in note 1.6.

The accounting policies detailed below apply to both the Group and Company financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union. These are those standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ('IASB') that have been endorsed by the European Union at the year end. They also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except where the individual accounting policies state otherwise. The principal accounting policies adopted are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

GOING CONCERN

The performance, financial position and the key risks impacting the Group are set out in the strategic report. The financial risks are set out in note 32 to the financial statements. At 28 February 2018 the Group had available a £1.5m overdraft with HSBC Bank plc ("HSBC"). The HSBC overdraft is repayable on demand and due for annual review on 31 August 2018. Management expect this facility to be renewed and this is supported by the strong relationship between the Company, the parent and HSBC. There are no covenants attached to the HSBC facility. Analysys Mason Limited and its subsidiaries (together "the subgroup") manage their financing and cash requirements on a pooled basis, allocating it between subsidiaries to meet short and medium term requirements. The Company and its trading subsidiaries act as guarantor to the HSBC facilities outlined above.

The directors have prepared forecasts of the subgroup's profitability and cash generation for the period to February 2021 ("the forecasts"), taking into account the sensitivity of business performance to possible changes in market conditions. These forecasts indicate that the subgroup's existing facilities should be sufficient during the period. The directors have considered reasonably possible changes in market conditions against these forecasts and believe that any adverse changes would not result in the facilities being breached.

After reviewing the forecasts and making such other enquiries as they considered necessary, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

ADOPTION OF NEW AND REVISED STANDARDS

The Group and Company adopted the following amendments to accounting standards. The adoption of these amendments did not have a material impact on the Group and Company annual financial statements.

IAS 12	Income Taxes
IFRS 12	Disclosure of interests in other entities
IAS 7	Statement of Cash Flows

Accounting standards not yet adopted by the Group

At the date of authorisation of these annual financial statements, the following new or revised standards, amendments to existing standards, and interpretations applicable to the Group and Company were in issue but not yet effective:

IFRS 2	Classification and Measurement of Share Based Payment Transactions
Amendments resulting from Annual Improvements 2014- 2016 Cycle	

Applicable standard	Key requirements or changes in accounting policy	Implementation progress and expected impact
IFRS 9 Financial Instruments Effective date 1 January 2018	The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.	Implementation progress The primary change that would impact the Group relates to the provisioning for future credit losses on financial assets. This has been reviewed by looking at any indications of future credit losses and by looking at past default rates. The Group does not believe this will have a material impact in the future. Expected Impact There are no indications that there has been an increase to the credit risk at the year end and no impact is expected due to the low default rates in the past. The Group intends to adopt a prospective approach to the new standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

<p>IFRS 15 Revenue from Contracts with Customers Effective date 1 January 2018</p>	<p>The new standard, requires entities to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements.</p>	<p>Implementation progress During 2018 the Group has assessed the impact of IFRS 15 to determine whether the timing or amount of revenue would be impacted under IFRS 15. The five-steps taken were:</p> <ul style="list-style-type: none"> • Identify a contract • Identify performance obligations • Determining a transaction price • Allocating the transaction price to performance obligation • Satisfaction of performance obligations <p>The services that the Group provides to its customers have no alternative use which allows to the Group to continue to recognise revenue “over-time”. Where specific contracts do not meet the criteria for this, the Group has developed a method to ensure that these contracts are accounted for “in-time” once the contract is 100% fulfilled. This standard will not affect the value of revenue but will affect the timing.</p> <p>Expected Impact During the year the Group completed a detailed review of the requirements for IFRS 15, against its current accounting policies. Based on the work performed to date, no significant recognition and measurement differences have been identified.</p> <p>The Group intends to adopt a modified retrospective approach to the new IFRS 15 standard.</p>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

<p>IFRS 16 Leases Effective date 1 January 2019</p>	<p>The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.</p>	<p>Implementation progress During the year, the Group undertook a preliminary impact assessment of IFRS 16.</p> <p>Expected Impact The adoption of this standard will have a significant impact on the consolidated financial statements. This is expected to be on the balance sheet as a consequence of the recognition of the right-of-use assets and lease liabilities in relation to arrangements currently accounted for as operating leases.</p> <p>The Group will continue to assess the impact of IFRS 16 and intends to adopt a modified retrospective approach with an adjustment to the opening balances of equity at the date of initial recognition and no adjustment to the prior year comparatives.</p>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 February each year. Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in non-controlling interests having a deficit balance.

The operating results of Group entities are included from the effective date of acquisition to the effective date of disposal. All significant inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in the statement of comprehensive income is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the consideration transferred, the excess is recognised immediately in profit and loss. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contingent consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent adjustments to the consideration are recognised against the cost of the acquisition, with corresponding adjustments against goodwill, only to the extent that they arise from new information obtained within the measurement period (which is not more than 12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent adjustments that do not qualify as measurement period adjustments, classified as assets or liabilities, are measured at fair value and recognised in profit or loss.

A non-controlling interest in the acquiree is initially measured at the proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (refer above) or additional assets or liabilities are recognised to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations achieved in stages

Changes in the Group's ownership interests in subsidiaries that do not result in variations in the Group's control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Restructuring of entities or businesses under common control

A business combination of entities or businesses under common control is excluded from IFRS 3 Business Combinations as it involves the combination of businesses that are ultimately controlled by the same company as before. Any such business combination is accounted for at the net asset value and no goodwill is raised on these business combinations. Any difference between the net asset value and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018**1. ACCOUNTING POLICIES (continued)****1.3. Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs (1 March 2006) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1 March 2006 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

1.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised either on the basis of work completed or on completion of the contract depending on the certainty over the level of the outcome of the contract.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Lease incentives are recognised evenly over the life of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.6. Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Where appropriate, in order to minimise its exposure to foreign exchange risks, the Group enters into forward exchange contracts. Any gains or losses arising are recognised in the statement of comprehensive income.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

1.7. Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

1.8. Retirement benefit costs

The Group operates defined contribution pension schemes for a number of its staff and directors. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Group operates a defined benefits pension scheme for some staff in the Group. Payments to the defined benefit scheme are charged as an expense as they fall due. Any liabilities due to the scheme are settled in the year in which they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.9. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, respectively. Where current tax or deferred tax arises from the initial accounting for business combination, the tax effect is included in the accounting for a business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.10. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the shorter of the lease term or their useful life
Capitalised leased assets	over the shorter of the lease term or their useful life
Fixtures and equipment	over two to five years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.11. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment loss. An intangible asset is recognised when it meets the following criteria:

- (a) It is identifiable;
- (b) The entity has control over the asset;
- (c) It is probable that economic benefits will flow to the entity; and
- (d) The cost of the asset can be measured reliably.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Software	over three years
Customer related	over one to four years
Technology based	over seven years

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.12. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13. Work in progress

Work in progress, other than on long-term contracts, is stated at net realisable value. Net realisable value is contract revenue less estimated further costs to completion of the contract less amounts billed to date.

Long-term contract work in progress is stated at net realisable value, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses.

1.14. Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.14. Financial instruments (continued)

Financial assets

Financial assets are classified into the following specified categories: "Trade and other receivables" and "Cash and Cash Equivalents". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.14. Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as 'other financial liabilities':

Other financial liabilities

Other financial liabilities (trade and other payables), including borrowings, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Amounts owing to vendors

Amounts owing to vendors represent purchase considerations owing in respect of acquisitions. These purchase considerations are to be settled with the vendors in cash or shares on fulfilment of agreed performance criteria. Amounts payable to vendors are included in the purchase consideration at acquisition and, to the extent that agreed performance criteria are not met, affect the profit or loss in the period in which that determination is made. Amounts owing to vendors at fair value through profit and loss are stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to mitigate its foreign currency and not for speculative or trading purposes. Derivatives are not designated as accounting hedges. All derivatives are recognised as assets or liabilities and measured at fair value in the Group's consolidated balance sheet. Derivatives are classified within other debtors and other creditors to the extent that they mature within 12 months of the balance sheet date. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income in the period in which they occur.

Fair value of financial instruments

The Company uses fair values to measure certain financial instruments. In addition, certain non-financial instruments are accounted for at fair value on a non-recurring basis.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7") describes three levels of inputs that may be used to measure fair value:

- Level 1- inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model or discounted cash flow methodologies with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 – inputs are unobservable inputs that are supported by little or no market activity. Valuation of Level 3 assets and liabilities requires significant management judgment to develop estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realise in a current market transaction.

Derivative financial instruments are recognised and measured at fair value in the Company's consolidated balance sheet. Carrying amounts of receivables, payables, accrued expenses and short-term debt approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

1. ACCOUNTING POLICIES (continued)

1.15. Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*.

The Group issues equity-settled and cash-settled share-based payments to certain employees as part of their total remuneration. Fair value is measured using either the Black Scholes model or the binomial pricing model, whichever is most appropriate to the award. The fair values are charged to the statement of comprehensive income on a straight-line basis over the vesting period with an increase in equity reserves for equity-settled share-based payments (included in retained earnings) and an increase in non-current liabilities for cash-settled share-based payments (shown separately in the consolidated and Company Balance Sheet). Management reviews the fair value estimate each year based on its estimate of shares that will eventually vest.

In applying IFRS 2 *Share-based Payment*, the directors have used employee churn rate for different options based on previous experience to arrive at the estimate of shares that will eventually vest. The valuation is based on a Black-Scholes model and is conducted by an independent advisor, based on certain assumptions, such as volatility and dividend yield. In the absence of historic share price information and historic dividends for the Company, these estimates are based on comparable companies.

1.16. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Estimates made in determining the recoverable amount of acquired intangible assets included in the consolidated balance sheet (disclosed in Note 13). The Group continually assesses the carrying value of its intangible assets recognised as part of historical acquisitions. This requires an estimation of the value in use, based on estimated future cash flows and discount rates of the asset or cash-generating units to which these assets belong.

Estimates made in determining the recoverable amount of goodwill included in the consolidated balance sheet (disclosed in Note 10). Similar to acquired intangible assets, this requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. The Group's cash-generating units are consistent with those segments disclosed in Note 10 to the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

2. REVENUE

An analysis of the Group's revenue, all from continuing operations, is as follows:

	2018 £	2017 £
Included in revenue		
Telecoms; media and IT consultancy services	31,798,075	26,336,829
Included in other income		
Income from sublet properties	544,362	503,205

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group has only one principal activity, the provision of telecoms, media and IT consultancy services.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of services:

	2018 £	2017 £
United Kingdom	6,329,388	5,752,769
Other European countries	11,111,885	8,694,467
Rest of world	14,356,802	11,889,593
	<u>31,798,075</u>	<u>26,336,829</u>

4. OPERATING PROFIT

Operating profit has been arrived at after charging:

	2018 £	2017 £
Net foreign exchange losses/(gains)	242,915	(109,915)
Depreciation of property and equipment	370,033	322,247
Amortisation of intangible assets	484,160	67,281
Staff costs (see note 6)	18,805,919	16,647,557
Net increase in impairment allowances	86,004	64,116
Operating lease payments	1,601,410	1,379,171
Management fees	152,948	133,226
Restructuring	74,067	212,678
Gains on disposal of property and equipment	(691)	(565)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	47,531	45,563
Fees payable to the Company's auditor and their associates for other services to the Group:		
- Audit of the Company's subsidiaries pursuant to legislation	9,500	8,000
<i>Total audit fees</i>	<u>57,031</u>	<u>53,563</u>
- Taxation compliance services	18,531	20,413
- Other taxation advisory services	-	-
<i>Total non-audit fees</i>	<u>18,531</u>	<u>20,413</u>

6. STAFF COSTS

	2018 No.	2017 No.
The average monthly number of employees (including directors) was:		
Office and management	209	193
This is split between direct employees and non-direct employees:		
Direct employees	162	146
Non-direct employees	47	47
	<u>162</u>	<u>146</u>
	<u>47</u>	<u>47</u>
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	15,814,683	14,249,576
Social security	2,056,619	1,599,339
Pension costs	934,617	798,642
	<u>18,805,919</u>	<u>16,647,557</u>

The amounts expensed in respect of the share-based payment scheme are separately disclosed in Note 22.

The directors' remuneration has been disclosed separately in Note 33.

7. INVESTMENT REVENUE

	2018 £	2017 £
Interest receivable on bank deposits	2,917	4,687
Interest receivable on related party loans	57,483	69,423
	<u>60,400</u>	<u>74,110</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

8. FINANCE COSTS

	2018 £	2017 £
Interest paid on bank overdrafts and other loans	3,810	1,970
Finance charges on finance lease obligations	767	1,030
	<u>4,577</u>	<u>3,000</u>

9. TAX

	2018 £	2017 £
Corporation tax		
Current year	842,157	520,675
Adjustments in respect of prior years	14,629	(9,115)
Deferred tax		
Current year	(420,179)	35,754
Adjustments in respect of prior years	10,748	1,071
Total tax charge	<u>447,355</u>	<u>548,385</u>

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2018 £	2018 %	2017 £	2017 %
Profit before tax	<u>1,150,733</u>		<u>1,309,464</u>	
Standard rate as a percentage of profits	219,790	19.1	261,893	20.0
Effects of:				
Non-deductible expenses	109,776	9.5	40,703	3.1
Utilisation of losses previously not recognised	(23,316)	(2.0)	(22,247)	(1.7)
Different tax rates of subsidiaries operating in other jurisdictions	351,332	30.5	261,861	20.0
Change in rate of income tax	6,340	0.6	14,219	1.1
Adjustments in respect of prior years	25,377	2.2	(8,044)	(0.6)
Deferred tax on share-based payments	(241,944)	(21.0)	-	-
Tax expense and effective tax rate for the year	<u>447,355</u>	<u>38.9</u>	<u>548,385</u>	<u>41.9</u>

Deductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This reduction will have little impact on the Company's UK deferred tax assets at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

10. GOODWILL

	£
Cost	
At 1 March 2016	17,805,289
Disposals	<u>(1,433,428)</u>
At 1 March 2017	16,371,861
Additions	<u>2,557,511</u>
At 28 February 2018	<u><u>18,929,372</u></u>
Accumulated impairment losses	
At 28 February 2017, and 28 February 2018	<u><u>3,386,183</u></u>
Carrying amount	
At 28 February 2017	<u>12,985,678</u>
At 28 February 2018	<u><u>15,543,189</u></u>

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks. The Group operates as a group of cash generating units as the entities have the same principal activity. The discount rate used was 13.5%, which was supported by advice from external consultants. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets for the next 3 years which are approved by management. Cash flows are extrapolated for a further 3 year period with estimated annual growth reducing gradually, to a rate of 2%, which is considered to not exceed the long-term market growth, in perpetuity used to calculate the terminal value.

11. LOANS TO RELATED PARTIES

	2018 £	2017 £
Mason Advisory Limited	<u>1,514,805</u>	<u>1,816,644</u>
Total related party loans	<u>1,514,805</u>	<u>1,816,644</u>
Amounts due for settlement within 12 months (note 16)	<u>414,805</u>	<u>316,644</u>
Amounts due for settlement after 12 months	<u><u>1,100,000</u></u>	<u><u>1,500,000</u></u>

The settlement currency for the loan is UK Pound Sterling.

On 16 May 2014 Analysys Mason Limited granted Mason Advisory Limited, a fellow subsidiary of Datatec Limited, a loan totalling £2,100,000 repayable over seven years. This bears interest at a rate of 3.5% over the Bank of England base rate.

From 1 March 2016 Mason Advisory ceased to be a fellow subsidiary of Datatec Limited and is now classed as a related party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

12. PROPERTY, PLANT AND EQUIPMENT

	Capitalised leased assets £	Leasehold improvements £	Fixtures and equipment £	Total £
Cost				
At 1 March 2016	319,250	385,532	627,273	1,332,055
Additions	241,378	486,445	311,814	1,039,637
Disposals	(319,250)	(70,776)	(189,429)	(579,455)
At 28 February 2017	241,378	801,201	749,658	1,792,237
Additions	-	83,822	66,803	150,625
Disposals	-	(11,716)	(24,054)	(35,770)
Acquisition of subsidiary	-	-	92,852	92,852
Foreign currency translation	-	-	(779)	(779)
Transfer	-	26,396	4,219	30,615
At 28 February 2018	241,378	899,703	888,699	2,029,780
Depreciation				
At 1 March 2016	257,175	345,594	452,568	1,055,337
Charge for the year	95,601	84,940	141,706	322,247
Eliminated on disposals	(319,250)	(70,776)	(187,752)	(577,778)
At 28 February 2017	33,526	359,758	406,522	799,806
Charge for the year	80,459	141,901	147,673	370,033
Eliminated on disposals	-	(11,716)	(24,054)	(35,770)
Acquisition of subsidiary	-	-	47,928	47,928
Foreign currency translation	-	-	(593)	(593)
Transfer	-	26,396	24,307	50,703
At 28 February 2018	113,985	516,339	601,783	1,232,107
Carrying amount				
At 28 February 2018	127,393	383,364	286,916	797,673
At 28 February 2017	207,852	441,443	343,136	992,431

Capitalised leased assets relate to IT equipment.

During the prior year the group adopted IAS 38 Intangible Assets. As a result any intangible assets that were included within the property, plant and equipment were removed and restated below in note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

13. INTANGIBLE ASSETS

	Software £	Customer relationships £	Technology based £	Total £
Cost				
At 1 March 2016	908,483	-	-	908,483
Additions	53,982	-	-	53,982
Disposals	(213,474)	-	-	(213,474)
At 28 February 2017	748,991	-	-	748,991
Additions	70,458	-	-	70,458
Acquisition of subsidiary	-	1,197,476	164,008	1,361,484
Disposals	(94,645)	-	-	(94,645)
Transfers	13,687	-	-	13,687
At 28 February 2018	738,491	1,197,476	164,008	2,099,975
Amortisation				
At 1 March 2016	829,887	-	-	829,887
Charge for the year	67,281	-	-	67,281
Eliminated on disposals	(213,474)	-	-	(213,474)
At 28 February 2017	683,694	-	-	683,694
Charge for the year	63,293	402,644	18,223	484,160
Eliminated on disposals	(94,645)	-	-	(94,645)
Transfers	(6,402)	-	-	(6,402)
At 28 February 2018	645,940	402,644	18,233	1,066,807
Carrying amount				
At 28 February 2018	92,551	794,832	145,785	1,033,168
At 28 February 2017	65,297	-	-	65,297

During the year the Group acquired Nexia Management Consulting AS, the intangible assets that were acquired have been recognised above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

14. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, principal activity, registered address and country of incorporation is shown below:

Name of company	Principal activity	Country of incorporation	Address of Registered Office
Analysys Mason Pte Limited	Consulting	Singapore	1
Analysys Mason Limited	Consulting	Ireland	2
Analysys Limited	Consulting	UK	3
OSS Observer LLC	Dormant	USA	4
Analysys Mason FZ LLC	Consulting	UAE	5
Analysys Mason (Mauritius) Limited	Consulting	Mauritius	6
Analysys Mason India Pvt Limited	Consulting	India	7
Analysys Mason GmbH	Consulting	Switzerland	8
Analysys Mason Limited	Consulting	Hong Kong	9
Analysys Mason AB	Consulting	Sweden	10
Analysys Mason AS (formerly Nexia Management Consulting AS)	Consulting	Norway	11
Analysys Mason Spain SLU	Consulting	Spain	12
Analysys Mason SRL	Consulting	Italy	13

Each of the above subsidiaries is 100% owned by Analysys Mason Limited.

All shareholdings at the year end related to ordinary shares in subsidiaries.

Registered addresses of the subsidiaries:

- 1 77 Robinson Road, #13-00 Robinson 77, Singapore, 068896
- 2 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland
- 3 8 Exchange Quay, Salford, Manchester, M5 3EF, UK
- 4 1500 District Avenue, Burlington, MA 01803, USA
- 5 3414 Al Shatha Tower, Dubai Internet City, PO Box 502064, Dubai, UAE
- 6 4th Floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius
- 7 First Floor, Building No.10, Tower"C" ,DLF Cyber City Phase II, Gurgaon - 122002(Haryana) ,India
- 8 c/o Dr. Robert R. Sigl Lnge Casse 15 4052 Basel, Switzerland.
- 9 Room 1006, 10th Floor, Wharf T&T Centre, 7 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- 10 Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, 111 53, Sweden
- 11 Tjuvholmen Allé 19, 0252 Oslo, Norway
- 12 José Abascal 57 7^oD, 28003 Madrid, Spain
- 13 Corso Venezia n. 37, 20 121 Milano (MI), Italy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

15. WORK IN PROGRESS

	2018	2017
	£	£
Work in progress	3,598,430	2,762,555

16. OTHER FINANCIAL ASSETS

Trade and other receivables

	2018	2017
	£	£
Amounts receivable for the sale of services	6,852,037	4,876,692
Allowance for doubtful debts	(177,571)	(91,567)
	<u>6,674,466</u>	<u>4,785,125</u>
Other debtors and prepayments	1,692,972	863,123
Amounts due from related party (note 33)	502,560	426,385
	<u>8,869,998</u>	<u>6,074,633</u>

Trade receivables

Total trade receivables (net of allowances) held by the Group as at 28 February 2018 amounted to £6,674,466 (2017: £4,785,125). As at 28 February 2018 no trade receivables were classified as held for sale (2017: £nil).

The average credit period taken on sales of services is 52 days (2017: 51 days). Trade receivables greater than 30 days are provided for based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

Included in the Group's trade receivable balance are debtors with a carrying amount of £2,115,290 (2017: £1,841,686), which are past due at the reporting date for which the Group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. An analysis of those amounts is shown below. The directors consider that the carrying amount of trade receivables approximates to their fair value.

	2018	2017
	£	£
30 - 60 days	1,040,155	864,098
60 - 90 days	592,958	609,194
90 - 120 days	182,805	46,429
120+ days	299,372	321,965
	<u>2,115,290</u>	<u>1,841,686</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

16. OTHER FINANCIAL ASSETS (continued)

	2018	2017
	£	£
Movement in the allowances for doubtful debts:		
Balance at the beginning of the year	(91,567)	(96,922)
Increases in impairment allowances during the year	(86,004)	(92,465)
Decreases in impairment allowances during the year	-	28,349
Amount written off as uncollectable	4,615	69,471
Balance on acquisition of subsidiary	(4,615)	-
	<u>(177,571)</u>	<u>(91,567)</u>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

Included in the Group's trade receivable balance are debtors against which the Group has made a provision.

	2018	2017
	£	£
Gross value of debtors that have been individually impaired	362,820	183,134
Impairment loss against these debtors	(177,571)	(91,567)
	<u>185,249</u>	<u>91,567</u>

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	2018	2017
	£	£
Cash and cash equivalents	<u>4,023,430</u>	<u>3,940,521</u>

17. OTHER FINANCIAL LIABILITIES

	2018	2017
	£	£
Trade and other payables	<u>7,901,068</u>	<u>4,706,432</u>

Trade and other payables principally comprise amounts outstanding for trade purchases, payments on account, social security on employment costs, value added taxes and ongoing costs.

The directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

18. DEFERRED CONSIDERATION

	2018 £	2017 £
Amounts due to vendors	547,437	-

Deferred consideration relates to the amount due to the previous shareholders of Nexia Management Consulting AS, a company that was purchased on 1 June 2017 (see note 34). This is due to be paid within 12 months of the end of the accounting period.

19. OBLIGATIONS UNDER FINANCE LEASES

During the year the Group had one lease agreement in existence for its computer equipment. The lease term is for three years. The Group's obligation under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying obligation under the finance lease which continued during the year were fixed at the contract date at 0.49% (2017: 0.49%) per annum.

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2018 £	2017 £	2018 £	2017 £
Within one year	80,997	80,997	80,620	80,230
In the second to fifth years	40,498	121,495	40,457	121,078
	121,495	202,492	121,077	201,308
Less: future finance charges	(418)	(1,184)	-	-
Present value of minimum lease payments	121,077	201,308	121,077	201,308
			2018 £	2017 £
Included in the consolidated financial statements as:				
Current borrowings (note 21)			80,620	80,230
Non-current borrowings (note 21)			40,457	121,078
			121,077	201,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

20. DEFERRED REVENUE

	£
At 1 March 2016	1,893,584
Revenue deferred	2,102,450
Revenue recognised on discharge of obligations	<u>(1,893,584)</u>
At 28 February 2017	2,102,450
Revenue deferred	2,521,181
Revenue recognised on discharge of obligations	<u>(2,102,450)</u>
At 28 February 2018	<u><u>2,521,181</u></u>

21. BORROWINGS

	2018	2017
	£	£
Secured borrowings at amortised cost		
Finance lease (see note 19)	<u>121,077</u>	<u>201,308</u>
Total borrowings	<u><u>121,077</u></u>	<u><u>201,308</u></u>
Amounts due for settlement within 12 months	<u>80,620</u>	<u>80,230</u>
Amounts due for settlement after 12 months	<u>40,457</u>	<u>121,078</u>

The settlement currencies for the borrowings are UK Pound Sterling.

Analysys Mason Limited has a £1.5 million overdraft facility (2017: £1.5 million), which is renegotiated annually and bears interest at a rate of 2.0% over the Bank of England base rate.

The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Analysys Mason Limited and Analysys Limited.

There is a composite guarantee between HSBC Bank plc, Analysys Mason Limited, Analysys Limited, Analysys Mason Limited (Ireland), Analysys Mason FZ LLC, Analysys Mason Pte Limited and Analysys Mason (Mauritius) Limited, as well as a guarantee given by Datatec plc to HSBC limited to £5 million which covers Analysys Mason Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

22. SHARE-BASED PAYMENTS

Performance Shares scheme (cash and equity settled)

The Company has a Performance Shares scheme for certain employees of the Group. Performance Shares are exercisable at a price equal to the market price of the Company's shares on the vesting date. Performance Shares are forfeited if the employee leaves the Group before they vest.

The Company has different vesting conditions dependent upon the year of issue.

For Performance Shares issued in 2014 and 2015: 33% of the Performance Shares, the unconditional portion, automatically vest on the expiry of 3 years from the date of grant and will be equity settled. The balance of 67% is conditional upon the performance of the Group and can be settled by way of cash, equity, or a mix of both to be elected by the performance holders.

For Performance Shares issued in 2016 and 2017: 25% of the Performance Shares, the unconditional portion, automatically vest on the expiry of 3 years from the date of grant and will be equity settled. The balance of 75% is conditional upon the performance of the Group and can be settled by way of cash, equity, or a mix of both to be elected by the performance holders.

Details of Performance Shares outstanding during the year are as follows:

	2018 Number of share options	2017 Number of share options
Outstanding at beginning of year	213,170	220,803
Granted during the year	84,268	79,260
Exercised during the year	(20,575)	(22,263)
Expired during the year	(66,145)	(64,630)
Outstanding at the end of the year	<u>210,718</u>	<u>213,170</u>
Exercisable at the end of the year	<u>-</u>	<u>-</u>

The weighted average share price at the date of exercise for share options exercised during the period was £13.52. The options outstanding at 28 February 2018 had a weighted average exercise price of £0 (2017: £0), and a weighted average remaining contractual life of 1.2 years. In 2018, options were granted on 1 March 2017. The aggregate of the estimated fair values of the options granted on those dates is £1,233,684.

A simplified Black-Scholes model has been used to value the performance shares. The simplified Black-Scholes model is a function of the value per share at 28 February 2018, the assumed dividend yield, and the fact that the shares may vest 3 years from grant date. The inputs into the simplified Black-Scholes model are as follows:

	2018	2017
Weighted average share price	£14.64	£13.52
Weighted average exercise price	£0	£0
Expected life	1.20	1.30
Expected dividend yield	0.0%	0.0%

The Group recognised total expenses of £838,674 (2017: £268,889) for the cash and equity settled Performance Shares scheme. In 2018, the Group has recorded liabilities of £773,759 (2017: £268,695) in "Liabilities for Share Based Payments" with the balance of £499,630 (2017: £478,103), being the equity portion, included in retained earnings (see note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

22. SHARE-BASED PAYMENTS (continued)

Growth Share Plan (cash settled)

In 2010, the Group initiated a Growth Share Plan for senior management employees. Based on the 2014 results, the growth conditions were met, allowing the put options attached to the D ordinary shares to be exercised in 2015 and over the following four years. The final tranche of D shares were exercised in 2018, and no D ordinary shares remain outstanding.

The Group recognised an overall credit of £8,155 (2017: credit £14,257) for the Growth Share Plan. In 2018, the Group has recorded liabilities of £nil (2017: £140,600) in "Liabilities for Share Based Payments".

Summary

	Expenses £	2018 Liability		Expenses £	2017 Liability	
		Equity £	Cash £		Equity £	Cash £
Performance Shares	838,674	499,630	773,759	268,889	478,103	268,695
Growth Share Plan	(8,155)	-	-	(14,257)	-	140,600
	<u>830,519</u>	<u>499,630</u>	<u>773,759</u>	<u>254,632</u>	<u>478,103</u>	<u>409,295</u>

23. DEFERRED TAX

	Accelerated tax depreciation £	Provisions £	Losses £	Intangible Assets £	Total £
At 1 March 2016	218,734	76,866	24,355	-	319,955
(Charge)/ credit to income	(24,420)	(1,026)	(11,379)	-	(36,825)
At 28 February 2017	194,314	75,840	12,976	-	283,130
Recognition of intangible assets	-	-	-	(313,141)	(313,141)
(Charge)/ credit to income	(29,214)	241,668	101,930	96,799	411,183
At 28 February 2018	<u>165,100</u>	<u>317,508</u>	<u>114,906</u>	<u>(216,342)</u>	<u>381,172</u>

Certain deferred tax assets and liabilities have been offset. The following analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £	2017 £
Deferred tax assets	597,514	283,130
Deferred tax liabilities	(216,342)	-
	<u>381,172</u>	<u>283,130</u>

At the balance sheet date, the Group has unused and unrecognised tax losses of £625,655 (2017: £611,222) available for offset against future profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

24. SHARE CAPITAL

Authorised

10,000,000 (2017: 10,000,000) ordinary shares of 1p each
 200,000 (2017: 200,000) class D ordinary shares of 1p each
 376,250 (2017: 366,250) deferred shares of 1p each

Issued and fully-paid

2,176,588 (2017: 2,130,338) ordinary shares of 1p each
 0 (2017: 56,250) class D ordinary shares of 1p each
 376,250 (2017: 366,250) deferred shares of 1p each

	2018	2017
	£	£
	21,766	21,303
	-	563
	3,762	3,662
	<u>25,528</u>	<u>25,528</u>

The Company has two classes of ordinary shares which carry no rights to fixed income.

During the year, 46,250 D ordinary shares converted to ordinary shares following the purchase of these by the Employee Benefit Trust as a result of the D ordinary share owners exercising their put option to sell.

During the year 10,000 D ordinary shares were converted to deferred shares following the purchase of these shares by the Employee Benefit Trust.

Shareholders present in person or by proxy have one vote for every ordinary share and one vote for every ten class D ordinary shares held. Votes may be exercised by a show of hands or a poll.

In the event of liquidation any assets of the Company remaining after the payment of its liabilities shall first be due to the D shareholders. Deferred shares are entitled to a payment of £1 in aggregate. As the D ordinary shares have vested, the aggregate amount due to the shareholders will be set equal to the growth of the Company valuation from the date the shares were issued to the latest valuation. This will be distributed to the holders of the shares, pro rata to the number of shares held by each of them. Any balance remaining after the above distributions is due to the holders of the ordinary shares, pro rata to the number of ordinary shares held by each of them.

25. SHARE PREMIUM ACCOUNT

	£
At 1 March 2016, 28 February 2017 and 28 February 2018	<u>18,491,375</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

26. OWN SHARES

	£
At 1 March 2016	2,444,904
Acquired in the year	121,247
Disposed in the year through cash settlement	(4,904)
Shares vested in the year	(191,299)
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	275,554
At 28 February 2017	2,645,502
Acquired in the year	84,399
Disposed in the year through cash settlement	(55,842)
Shares vested in the year	(162,617)
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	651,828
Shares distributed on acquisition of subsidiary	(1,586,058)
At 28 February 2018	<u>1,577,212</u>

The Analysys Mason Limited Employee Benefit Trust ("Trust") was established on 17 November 2006. In accordance with the terms of the Trust Deed, the Trust was established as part of a remuneration arrangement in order to facilitate the recruitment, retention and motivation of employees of Analysys Mason Limited and its subsidiaries.

The Trust is funded by a loan of £1,577,212 from Analysys Mason Limited. At the financial year end, the Trust held 154,715 ordinary shares of 1p each and 65,000 deferred shares of 1p each in Analysys Mason Limited.

The own shares reserve represents the cost of shares in Analysys Mason Limited purchased from employees leaving the Company and held by the Trust.

27. RETAINED EARNINGS

	£
At 1 March 2016	4,939,514
Net profit for the year	761,079
Debit to equity for equity-settled share based payments	(52,552)
Shares in Employee Benefit Trust transacted at a discount	275,554
Dividends paid during the year	(679,032)
At 28 February 2017	5,244,563
Net profit for the year	703,378
Credit to equity for equity-settled share based payments	21,527
Shares in Employee Benefit Trust transacted at a discount	651,828
Dividends paid during the year	(384,431)
Other currency translation differences	(5,459)
At 28 February 2018	<u>6,231,406</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

28. NOTES TO THE CASH FLOW STATEMENT

	2018 £	2017 £
Profit for the year	703,378	761,079
Adjustment for:		
Investment revenue	(60,400)	(74,110)
Finance costs	4,577	3,000
Income tax expense	447,355	548,385
Depreciation of property and equipment	370,033	322,247
Amortisation of intangible assets	484,160	67,281
Share-based payments expense	830,519	254,632
Unrealised foreign exchange gains	(58,120)	(139,480)
Gain on disposal of property and equipment	(691)	(565)
Operating cash flows before movements in working capital	2,720,811	1,742,469
Increase in inventories	(835,874)	(298,513)
(Increase)/ decrease in receivables	(2,437,500)	1,348,135
Increase/ (decrease) in payables	2,813,158	(264,774)
Cash from operations	2,260,595	2,527,317
Income tax paid	(414,988)	(112,846)
Interest paid	(4,577)	(3,000)
Net cash from operating activities	1,841,030	2,411,471

Cash and cash equivalents comprise cash and short term bank deposits. No bank accounts are overdrawn at the year end.

29. CONTINGENT LIABILITIES

The Group issues bid and performance guarantees in compliance with contracts held with its UK and overseas clients. The amount of outstanding guarantees at the financial year end was £480,229 (2017: £478,428).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee	2018 £	2017 £
Minimum lease payments under operating leases recognised as an expense in the year	1,601,410	1,379,171

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	1,570,595	1,417,115
In the second to fifth years	4,045,016	4,276,011
After five years	1,963,320	2,822,557
	<u>7,578,931</u>	<u>8,515,683</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases in respect of properties are negotiated for a typical term of 5-10 years.

The Group subleases unoccupied leased property. During the year it received £544,362 (2017: £503,205) from subleased property.

At the balance sheet date, the Group had outstanding commitments for future minimum sublease payments receivable under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	418,600	465,472
In the second to fifth years	1,257,348	1,361,126
After five years	891,399	1,231,010
	<u>2,567,347</u>	<u>3,057,608</u>

31. RETIREMENT BENEFITS

The Group operates defined contribution pension schemes for staff and directors. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

During the year the Group contributed £847,273 (2017: £798,728) to defined contribution pension schemes and had outstanding contributions of £107,243 as at 28 February 2018 (2017: £120,612).

Due to the acquisition that took place in the year the Group also had a defined benefit scheme during the year. This pension only applied to certain members of staff in the Group. The assets of the scheme are held separately from the Group.

The total cost charged to the income statement in respect of the defined benefit scheme is £100,713 (2017: £nil). As at 28 February 2018 all contributions had been paid over to the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

32. FINANCIAL INSTRUMENTS

32.1 Financial risk management objectives

The Group's senior management is responsible for monitoring and managing the financial risks relating to the operations of the Group. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. Compliance with policies and exposure limits is reviewed by Datatec Limited's (the senior parent company) internal auditors on a continual basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to Datatec Limited's audit, risk and compliance committee. The Group's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivative instruments.

32.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

32.3 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

32.4 Categories of financial instruments

	2018 £	2017 £
Financial assets		
Loans and receivables (including cash and cash equivalents)	16,160,960	13,557,188
Financial liabilities		
Liabilities at amortised cost	2,598,422	2,517,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

32. FINANCIAL INSTRUMENTS (continued)

32.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements (see note 16), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

	UK £	Europe £	North America £	South America £	Asia Pacific £	Africa/ Middle East £	Total £
2018							
Gross trade accounts receivable	994,838	3,346,640	252,737	86,270	1,027,755	1,143,797	6,852,037
Less: allowance for bad debts	(15,353)	-	-	-	-	(162,218)	(177,571)
Other receivables	2,173,169	1,177,483	18,074	203,640	553,072	547,508	4,672,946
Forward exchange contracts	102,741	-	-	-	-	-	102,741
Cash and cash equivalents	1,697,192	1,256,349	88,005	-	800,312	181,572	4,023,430
Maximum on balance sheet exposure	<u>4,952,587</u>	<u>5,780,472</u>	<u>358,816</u>	<u>289,910</u>	<u>2,381,139</u>	<u>1,710,659</u>	<u>15,473,583</u>
2017							
Gross trade accounts receivable	589,796	1,972,504	358,208	242,124	778,817	935,243	4,876,692
Less: allowance for bad debts	-	-	-	-	-	(91,567)	(91,567)
Other receivables	794,965	660,726	36,919	182,911	430,516	910,801	3,016,838
Forward exchange contracts	101	-	-	-	-	-	101
Cash and cash equivalents	2,144,341	1,018,700	39,617	-	584,483	153,380	3,940,521
Maximum on balance sheet exposure	<u>3,529,203</u>	<u>3,651,930</u>	<u>434,744</u>	<u>425,035</u>	<u>1,793,816</u>	<u>1,907,857</u>	<u>11,742,585</u>

The maximum off balance sheet exposure is £nil (2017: £nil).

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the balance sheet date. Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

32. FINANCIAL INSTRUMENTS (continued)

32.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdraft to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand, are secured against the assets of the Company to which the facility is made available.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	0 – 1 year £	1 – 2 years £	2 – 5 years £	> 5 years £	Total £
2018					
Trade payables	(834,715)	-	-	-	(834,715)
Forward exchange contracts	(31,365)	-	-	-	(31,365)
Other	(1,973,203)	(118,289)	-	-	(2,091,492)
	<u>(2,839,283)</u>	<u>(118,289)</u>	<u>-</u>	<u>-</u>	<u>(2,957,572)</u>
2017					
Trade payables	(872,482)	-	-	-	(872,482)
Forward exchange contracts	-	-	-	-	-
Other	(1,869,660)	(80,620)	(40,457)	-	(1,990,737)
	<u>(2,742,142)</u>	<u>(80,620)</u>	<u>(40,457)</u>	<u>-</u>	<u>(2,863,219)</u>

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk.

32.7 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 32.8) and interest rates (see note 32.9). The Group uses forward foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

32.8 Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price. The Group does not trade with forward exchange contracts for speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

32. FINANCIAL INSTRUMENTS (continued)

32.8 Foreign exchange risk management (continued)

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency are not the Pound Sterling.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2018	2017	2018	2017
	£	£	£	£
Other currencies	(1,597,443)	(2,210,959)	9,992,877	4,288,314

Forward foreign exchange contracts

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to approximately six months within 100% of the anticipated exposure generated. All forward contracts are held by the Company. The Group and the Company do not apply any hedge accounting. During the year the Group made gains on foreign exchange contracts of £71,275 which have been recognised in administrative expenses within the consolidated statement of comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the year end:

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value	
	2018	2017	2018	2017	2018	2017	2018	2017
					£	£	£	£
Sell USD								
Less than 3 months	1.3606	1.2486	3,625,000	2,120,000	2,664,362	1,697,854	69,010	(3,112)
Sell EUR								
Less than 3 months	1.1333	1.1686	2,430,000	2,820,000	2,144,239	2,413,045	5,416	23,379
Sell ZMW								
Less than 3 months	14.7000	-	1,306,446	-	92,198	-	(3,050)	-
Sell MXN								
Less than 3 months	-	27.179	-	5,762,111	-	212,007	-	(20,166)
							71,376	101

The fair value amounts are included within other debtors and prepayments or other payables on the balance sheet as appropriate. These forward foreign exchange contracts are classified as level 1 financial instruments.

32.9 Interest rate risk management

The Group is exposed to interest rate risk on any drawn balances of the general overdraft facility amounting to £1,500,000 (2017: £1,500,000), bearing interest at the UK base rate plus 2.0%. Interest rate risk is not currently considered significant, however management review interest rate risk on a regular basis and would take action if this became the case.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

33. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below.

Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Trading transactions

	Sales of services		Purchase of services		Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£	£	£
Datatec Limited	5,000	64,924	100,704	62,560	-	-	52,178	11,232
Datatec International Holdings Limited	28,620	25,513	52,244	182,269	47,580	34,366	20,174	12,294
Datatec Financial Services Limited	143,310	94,939	-	-	143,410	6,726	-	-
Datatec plc	221,733	200,876	-	-	221,733	14,749	-	-
Logicalis Limited	105,592	-	-	-	-	-	-	-
Logicalis-Mexico S. DE R.L. DE C.V.	-	-	2,184	-	-	-	8,985	-
Westcon Mexico S.A. de C.V.	-	-	2,853	5,388	-	-	-	-
Westcon Group Incorporated	-	-	-	-	-	-	-	9,559
Mason Advisory Limited	90,883	104,323	40,148	105,188	1,602,560	1,870,544	-	-

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

Sale of consulting services to Datatec Limited of £nil (2017: £43,497), Datatec International Holdings Limited of £5,500 (2017: £nil), Logicalis Limited of £105,592 (2017: £nil) and Mason Advisory Limited of £nil (2017: £1,200).

Loan interest charged to Mason Advisory Limited of £57,483 (2017: £69,423).

Purchases of consulting and research services from Mason Advisory Limited of £40,148 (2017: £105,188).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2018

33. RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel

The remuneration of the directors, who are deemed to be the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 2018 £	Year ended 2017 £
Short-term employee benefits	825,710	643,752
Post-employment benefits	62,606	53,442
Share-based payments	63,206	73,838
	<u>951,522</u>	<u>771,032</u>

The highest paid director received total emoluments of £329,066 (2017: £322,333), of which £8,036 were post-employment benefits (2017: £11,009). The highest paid director received part of their emoluments by way of 2,234 (2017: 2,464 shares) ordinary shares in the year upon the exercise of performance shares.

During the year directors of the Company entered into sale and purchase transactions of Analysys Mason Limited's shares, a summary of which is disclosed below.

	Type	Sale transaction			Purchase transaction		
		Date	Number of shares	Price per share £	Date	Number of shares	Price per share £
C A Stanford-Beale	Ordinary	-	-	-	27 Jul 2017	700	11.49
A C Moerman	D Shares	1 Aug 2017	5,000	2.97	-	-	-
F M Glennon	D Shares	1 Aug 2017	5,000	2.97	-	-	-
C A Stanford-Beale	D Shares	1 Aug 2017	5,000	2.97	-	-	-

Dividends totalling £7,278 (2017: £13,549) in respect of ordinary shares and £nil (2017: £5,250) in respect of D ordinary shares held by the Company's directors were paid in the year.

During the year there were no other material transactions or balances between the Group and its key management personnel or members of their close family.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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34. ACQUISITION OF SUBSIDIARY

On 1 June 2017 Analysys Mason Limited acquired 100% of the share capital of Nexia Management Consulting AS, a consulting company based in Norway. The primary reason for the acquisition is to expand the global reach of Analysys Mason Limited.

Consideration of up to NOK41.1 million is payable using a mixture of cash and shares in Analysys Mason Limited.

Consideration transferred

	NOK	£
Cash	16,500,000	1,544,585
Ordinary shares (117,312 shares)	17,500,248	1,586,058
Contingent consideration	7,089,000	649,537
	<u>41,089,248</u>	<u>3,780,180</u>

Identifiable assets acquired, and liabilities assumed

	NOK	£
Property plant and equipment	486,760	44,924
Acquired intangibles assets	14,751,195	1,361,484
Trade receivables	4,859,901	448,529
Other receivables	937,017	86,478
Cash	1,387,931	128,093
Deferred tax liabilities	(3,392,945)	(313,141)
Trade payables	(163,720)	(15,110)
Other payables	(4,905,474)	(452,735)
Tax liabilities	(713,530)	(65,853)
Total identifiable net assets acquired	<u>13,247,135</u>	<u>1,222,669</u>
Goodwill	<u>27,842,113</u>	<u>2,557,511</u>
	<u>41,089,248</u>	<u>3,780,180</u>
Cash	16,500,000	1,544,585
Ordinary shares (117,312 shares)	17,500,248	1,586,058
Contingent consideration	7,089,000	649,537
	<u>41,089,248</u>	<u>3,780,180</u>

The Group agreed to pay the selling shareholders NOK7.1m on certain criteria being met. NOK1.1m was paid on 2 October 2017. The remaining contingent consideration NOK6m is payable in the 12 months following the accounting date.

Analysys Mason Limited incurred acquisition related costs of £0.1m on legal fees. These costs have been included within "Administrative expenses" in the consolidated statement of comprehensive income.

The acquired subsidiary contributed £2.3m revenue and £0.3m to the Group's operating profit from the acquisition date to the balance sheet date.

Had the acquisition taken place on the first day of the accounting period the Group revenue would have been £32.5m and operating profit £1.2m

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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35. SUBSEQUENT EVENTS

On 17 July 2018 Analysys Mason Limited acquired 100% of the share capital of Access Markets International (AMI) Partners Inc, a research company based in the United States of America which also operates in India and Singapore. The primary reason for the acquisition is to enable Analysys Mason Limited to expand its research department into high growth markets and different geographies.

Consideration of up to USD3,500,000 is payable to the previous shareholders

Access Markets International (AMI) Partners Inc accounts are made up to 31 December 2017. Reported revenues of USD2,685,770 and profits after tax of USD161,757. The goodwill arising on acquisition of Access Markets International (AMI) Partners Inc has not been calculated at the date the financial statements were signed.

36. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party of the Group is Datatec Limited, a company incorporated in South Africa. Datatec Limited is the largest group in which the results of the Company are consolidated. Analysys Mason Limited is the smallest group in which the results of the Company are consolidated. Financial statements for Datatec Limited are publicly available for PO Box 76226, Wendywood, Johannesburg 2144, South Africa.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2018

37. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own statement of comprehensive income for the year. Analysys Mason Limited reported a profit for the year ended 28 February 2018 of £5,748,997. Included in the profit for the year ended 28 February 2018 were dividends received from subsidiaries of £4,617,986 (2017: £nil).

Analysys Mason Limited reported a loss of £1,373,764 for the year ended 28 February 2017 which included the write off of an intercompany receivable of £2,070,207.

The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

38. STAFF COSTS

	2018 No.	2017 No.
The average monthly number of employees (including directors) was:		
Office and management	142	140
This is split between direct employees and non-direct employees:		
Direct employees	103	100
Non-direct employees	39	40
	<u> </u>	<u> </u>
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	10,558,617	10,149,672
Social security	1,384,617	1,276,573
Pension costs	659,987	662,647
	<u> </u>	<u> </u>
	<u>12,603,221</u>	<u>12,088,892</u>

39. GOODWILL

Carrying amount

At 1 March 2016, 28 February 2017 and 28 February 2018

£
12,707,560

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

40. PROPERTY, PLANT AND EQUIPMENT

	Capitalised leased assets £	Leasehold improvements £	Fixtures & equipment £	Total £
Cost				
At 1 March 2016	319,250	346,270	605,272	1,270,792
Additions	241,378	483,139	257,649	982,166
Disposals	(319,250)	(60,530)	(180,916)	(560,696)
At 28 February 2017	241,378	768,879	682,005	1,692,262
Additions	-	83,822	57,711	128,367
Disposals	(13,166)	(11,716)	(24,054)	(35,770)
Transfers	-	26,396	2,715	29,111
At 28 February 2018	228,212	867,381	718,377	1,813,970
Depreciation				
At 1 March 2016	257,175	317,081	437,448	1,011,704
Charge for the year	93,773	77,304	128,110	299,187
Eliminated on disposals	(319,250)	(60,530)	(179,738)	(559,518)
At 28 February 2017	31,698	333,855	385,820	751,373
Charge for the year	76,070	135,482	117,776	329,328
Eliminated on disposals	-	(11,716)	(24,054)	(35,770)
Transfers	-	26,396	22,802	49,198
At 28 February 2018	107,768	484,017	502,344	1,094,129
Carrying amount				
At 28 February 2018	120,444	383,364	216,033	719,841
At 28 February 2017	209,680	435,024	296,185	940,889

Capitalised leased assets relate to IT equipment.

During the prior year the group adopted IAS 38 Intangible Assets. As a result any intangible assets that were included within the property, plant and equipment were removed and restated below in note 41.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

41. INTANGIBLE ASSETS

	Software £
Cost	
At 1 March 2016	908,483
Additions	53,982
Disposals	(213,474)
	<hr/>
At 28 February 2017	748,991
Additions	70,458
Disposals	(94,645)
Transfers	13,687
	<hr/>
At 28 February 2018	<u>738,491</u>
Amortisation	
At 1 March 2016	829,887
Charge for the year	67,281
Eliminated on disposals	(213,474)
	<hr/>
At 28 February 2017	683,694
Charge for the year	63,293
Eliminated on disposals	(94,645)
Transfers	(6,402)
	<hr/>
At 28 February 2018	<u>645,940</u>
Carrying amount	
At 28 February 2018	<u>92,551</u>
At 28 February 2017	<u>65,297</u>

42. INVESTMENTS IN SUBSIDIARIES

	£
Cost and net book value	
At 1 March 2016 and 28 February 2017	6,171,213
Additions	3,796,411
Impairments	-
	<hr/>
At 28 February 2018	<u>9,967,624</u>

The investments in subsidiaries are all stated at cost. Details of the Company's subsidiaries are given in note 14 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

43. DEFERRED TAX

	Accelerated tax depreciation £	Provision £	Losses £	Total £
At 1 March 2016	218,734	76,866	-	295,600
(Charge)/ credit to income	(24,420)	(1,026)	6,487	(18,959)
At 28 February 2017	194,314	75,840	6,487	276,641
(Charge)/ credit to income	(29,214)	241,669	(6,487)	205,968
At 28 February 2018	165,100	317,509	-	482,609

At the balance sheet date, the Company has unused tax losses of £530,089 (2017: £611,222) available for offset against future profits for which a deferred tax asset of £nil has been recognised (2017: £6,487).

44. FINANCIAL ASSETS

Trade and other receivables

	2018 £	2017 £
Amounts receivable for the sale of services	4,806,123	3,677,311
Allowance for doubtful debts	(97,063)	(91,567)
Other debtors and prepayments	4,709,060	3,585,744
	1,404,206	595,247
	<u>6,113,266</u>	<u>4,180,991</u>

Trade receivables

Total trade receivables (net of allowances) held by the Company as at 28 February 2018 amounted to £4,709,060 (2017: £3,585,744). As at 28 February 2018 no trade receivables were classified as held for sale (2017: £nil).

The average credit period taken on sales of services is 53 days (2017: 50). Trade receivables greater than 30 days are provided for based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

Included in the Company's trade receivable balance are debtors with a carrying amount of £1,364,485 (2017: £1,484,754), which are past due at the reporting date for which the Company has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. An analysis of those amounts is shown below. The directors consider that the carrying amount of trade receivables approximates to their fair value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

44. FINANCIAL ASSETS (continued)

	2018 £	2017 £
30 - 60 days	1,120,095	633,604
60 - 90 days	680,646	457,717
90 - 120 days	7,965	30,927
120+ days	288,427	362,506
	<u>2,097,133</u>	<u>1,484,754</u>

	2018 £	2017 £
Movement in the allowances for doubtful debts		
Balance at the beginning of the year	(91,567)	(33,209)
Increases in impairment allowances during the year	(15,354)	(91,567)
Decreases in impairment allowances during the year	9,858	27,451
Bad debt write offs	-	5,758
Balance at the end of the year	<u>(97,063)</u>	<u>(91,567)</u>

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

Included in the Company's trade receivable balance are debtors against which the Company has made a provision.

	2018 £	2017 £
Gross value of debtors that have been individually impaired	201,802	183,134
Impairment loss against these debtors	(97,603)	(91,567)
	<u>104,199</u>	<u>91,567</u>

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	2018 £	2017 £
Cash and cash equivalents	<u>2,451,351</u>	<u>2,722,861</u>

Loans to other Group entities

At the balance sheet date amounts receivable from fellow Group companies were £2,322,351 (2017: £1,496,947). The carrying amount of these assets approximates their fair value. There are no past due or impaired receivables balances (2017: £nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

45. OTHER FINANCIAL LIABILITIES

Trade and other payables

	2018	2017
	£	£
Trade and other payables	7,748,072	5,353,490

Trade creditors and payables principally comprise amounts outstanding for trade purchases, social security on employment, value added taxes, and ongoing costs. The average credit period taken for trade purchases is 35 days (2017: 29 days). The Company ensures that all payables are paid within the credit time frame.

The carrying amount of trade payables approximates to their fair value.

Loans from other Group entities

At the balance sheet date amounts payable to fellow Group companies were £1,600,681 (2017: £5,526,675) on which no interest is charged. The carrying amount of these liabilities approximates their fair value.

46. RETAINED EARNINGS

	£
At 1 March 2016	6,620,921
Debit to equity for equity-settled share-based payments	(52,552)
Shares in employee Benefit Trust transacted at discount	275,554
Dividends paid during the year	(679,032)
Retained Earnings At 28 February 2017 (excluding net loss for the year)	6,164,891
Net loss for the year	(1,373,764)
At 28 February 2017	4,791,127
Debit to equity for equity-settled share-based payments	21,527
Shares in employee Benefit Trust transacted at discount	651,828
Dividends paid during the year	(384,431)
Retained Earnings At 28 February 2018 (excluding net profit for the year)	5,080,051
Net profit for the year	5,748,997
At 28 February 2018	10,829,048

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

47. NOTES TO THE CASH FLOW STATEMENT

	2018	2017
	£	£
Profit/ (loss) for the year	5,748,997	(1,373,764)
Adjustment for:		
Investment revenue	(60,400)	(73,814)
Finance costs	3,127	2,947
Income tax expense	499,491	361,096
Depreciation of property and equipment	329,328	299,187
Amortisation of intangible assets	63,293	67,281
Share-based payment expense	769,734	170,910
Unrealised foreign exchange gains	(58,120)	(139,479)
(Gain)/ Loss on disposal of property and equipment	(691)	778
Write off intercompany receivable	-	2,070,207
Operating cash flows before movements in working capital	<u>7,294,759</u>	<u>1,385,349</u>
Increase in inventories	(854,941)	(42,199)
(Increase)/ decrease in receivables	(2,699,559)	1,044,009
Decrease in payables	<u>(1,766,221)</u>	<u>(280,299)</u>
Cash from operations	1,974,038	2,106,860
Income tax paid	(362,234)	(303,879)
Interest paid	<u>(3,127)</u>	<u>(2,947)</u>
Net cash from operating activities	<u><u>1,608,677</u></u>	<u><u>1,800,034</u></u>

No bank accounts are overdrawn at the year end.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2018

48. RELATED PARTY TRANSACTIONS

Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below. Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Trading transactions

	Sales of services		Purchase of services		Amounts owed by related parties		Amounts owed to related parties	
	2018	2017	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£	£	£
Datatec Limited	5,000	64,924	100,704	62,560	-	-	52,178	11,232
Datatec International Holdings Limited	5,500	-	52,244	182,269	-	-	20,174	12,294
Datatec Financial Services Limited	143,310	94,939	-	-	143,310	6,726	-	-
Datatec plc	221,733	200,876	-	-	221,733	14,749	-	-
Logicalis Limited	105,592	-	-	-	-	-	-	-
Logicalis-Mexico S.DE R.L. DE C.V.	-	-	2,184	-	-	-	8,985	-
Westcon Mexico S.A. de C.V.	-	-	2,853	5,388	-	-	-	-
Westcon Group Incorporated	-	-	-	-	-	-	-	9,559
Mason Advisory Limited	90,883	104,323	40,148	105,188	1,598,105	1,870,544	-	-

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

Sale of consulting services to Datatec Limited of £nil (2017: £43,497), Datatec International Holdings Limited of £5,500 (2017: £nil), Logicalis Limited £105,592 (2017:£nil) and Mason Advisory Limited of £nil (2017: £1,200).

Loan interest charged to Mason Advisory Limited of £57,483 (2017: £69,423).

Purchases of consulting and research services from Mason Advisory Limited of £40,148 (2017: £105,188).