Registration number: 06792340

Mansion House Consulting Limited

Annual Report and Consolidated Financial Statements

For the Year Ended 31 January 2017

Mansion House Consulting Limited

Contents

Mansion House Consulting Limited

Group information

Directors	E J Werner N A Warren G A Kenny
Company secretary	C L Sood
Company number	06792340
Registered office	35 New Bridge Street London EC4V 6BW
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Mansion House Consulting Limited

Strategic report for the year ended 31 January 2017

The directors of Mansion House Consulting Limited ("the Company") present their strategic report for the year ended 31 January 2017.

Principal activities

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

Business review

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

	2017	2016
	£	£
Turnover	**35,543,304**	35,758,627
Operating profit	**4,313,440**	2,528,745
Profit before taxation for the financial period	**4,360,581**	2,579,985

The Balance Sheet on page 9 of the financial statements shows the Group's financial position at the year end. The Balance Sheet on page 10 of the financial statements shows the Company's financial position at the year end. There have been no significant events since the balance sheet date.

During the year ended 31 January 2017, the Group underwent a restructuring and acquired the remaining 50% of its US business, Mansion House Consulting Inc.. See note 19 to the financial statements for further details.

The exemptions applied in the preparation of these financial statements are disclosed in note 1 to the financial statements.

Principal risks and uncertainties

Risk Management Process

The Board recognises that it is important to identify and manage both financial and non-financial risks of the Group. Risks are identified on an ongoing basis and are reviewed by the Board on a monthly basis.

A summary of the key risks that could potentially impact the Group are shown below.

Competition related risk

Risk

The overall market has become increasingly competitive in terms of both pricing and quality of service. Our customers have a wider choice of vendors and service models which means pricing has to be competitive and quality of service is key.

Actions to mitigate risk

The Group continues to evolve its business and related operating model to meet changing market requirements and as such is looking at both off-shore and near-shore service offerings to remain competitive in its pricing, together with being able to continue to deliver the high quality of service as provided on previous projects.

Concentration risk

Risk

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

Actions to mitigate risk

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

Information security risk

Risk

The Group is reliant on its technological infrastructure to maintain client and resource data. A loss of confidential information or client data could have a material impact on the Group's reputation and, in turn, may impact highly on its operations.

Actions to mitigate risk

The Group maintains an IT security policy which is reviewed on a regular basis to significantly lower any risk of security issues. It has also deployed dedicated internal IT expert staff to monitor and manage the Group's IT, along with SLA governed external IT service providers.

Resource related risk

Risk

The Group has a significant dependence on sourcing, training and retaining highly skilled and fit for purpose resources to fulfil market demand for the rapidly evolving areas of specialist technology and IT skills.

Actions to mitigate risk

Where relevant, the Group is implementing staff training plans in order to diversify its resources' knowledge and skills base, and to allow the Group to remain agile and competitive within clients' fast paced technological environments. In turn, this training initiative assists with staff motivation and helps the Group retain a highly skilled resource pool and thereafter meet its clients' demanding delivery expectations.

Financial risk management

Foreign exchange risk

Due to the global nature of the Group's turnover, the Group has a foreign exchange risk depending on the currency in which we contract with our clients and also the currency in which our liabilities are incurred.

In order to try to limit the foreign exchange exposure, wherever possible, it is the Groups policy to align these currencies. Where this is not possible, the Group will look to limit its foreign exchange exposure with spot foreign exchange contracts.

Credit risk

In previous years, the Group has been exposed to a significant concentration of credit risk and has taken steps in the past year to diversify its customer base to limit this risk. The Group has a dedicated finance team who follow up on customer debtor accounts. During the year, there were no doubtful debts identified which require the Group to make a provision against.

Liquidity risk

The Group keeps sufficient bank deposits to be prudent and hence does not have any difficulties in meeting its financial obligations.

Approved by the Board on 19 July 2017 and signed on its behalf by:

E J Werner
Director

Mansion House Consulting Limited

Directors' report for the year ended 31 January 2017

The directors present their report and audited financial statements for the year ended 31 January 2017.

Future development

The directors are not, at the date of this report, aware of any other major changes in the Company's activities in the next year.

Results and dividends

The directors do not recommend, or propose, a dividend payment during the year (2016: £nil).

Directors of the Company

The directors who held office during the year and to the date of the approval of the financial statements were as follows:

G A Kenny
E J Werner
N A Warren
S S Sangha (appointed 14 October 2016, resigned 1 November 2016)

The Company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Political and charitable donations

The Company made no political donations during the year, however made charitable donations in the year amounting to £14,030 (2016: £27,709).

Going concern

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 19 July 2017 and signed on its behalf by:

E J Werner
Director

Mansion House Consulting Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Mansion House Consulting Limited

We have audited the financial statements of Mansion House Consulting Limited for the year ended 31 January 2017 set out on pages 7 to 27 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2017 and of the group's its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the auit of the financial statements and from reading the Strategic Report and the Directors Report:

- we have not identified material mistatements in those reports; and
- in our opinion, those reports have been prepare in accordance with the companies Act 2006.

Matters on which we are required to report by exception

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

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

Peter Hine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
19 July 2017

Mansion House Consulting Limited

Consolidated profit and loss account for the year ended 31 January 2017

	Note	2017 £	2016 £
Turnover	2	**35,543,304**	35,758,627
Cost of sales		**(25,519,522)**	(28,002,099)
Gross profit		**10,023,782**	7,756,528
Administrative expenses		**(5,710,342)**	(5,227,783)
Operating profit	3	**4,313,440**	2,528,745
Interest receivable and similar income	6	**51,495**	51,240
Interest payable and similar expenses	7	**(4,354)**	-
Profit before taxation		**4,360,581**	2,579,985
Tax on profit	8	**(902,808)**	(567,358)
Profit for the financial year		**3,457,773**	2,012,627
Profit attributable to			
Shareholders of the parent company		**3,457,773**	1,983,121
Non-controlling interests		**-**	29,506
Total profit		**3,457,773**	2,012,627

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated statement of other comprehensive income for the year ended 31 January 2017

	2017	2016
	£	£
Profit for the financial year	**3,457,773**	2,012,627
Foreign exchange differences	**-**	2,136
Total comprehensive income for the year	**3,457,773**	2,014,763

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

(Registration Number: 06792340)

Consolidated balance sheet as at 31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	-	3
Tangible assets	10	**59,314**	101,331
		59,314	101,334
Current assets			
Debtors	12	**6,893,835**	6,509,158
Cash at bank and in hand	13	**1,202,591**	1,745,603
		8,096,426	8,254,761
Creditors: amounts falling due within one year	14	**(5,083,785)**	(5,122,706)
Net current assets		**3,012,641**	3,132,055
Total assets less current liabilities		**3,071,955**	3,233,389
Provisions for liabilities			
Deferred tax liability	15	-	(16,440)
Net assets		**3,071,955**	3,216,949
Capital and reserves			
Called up share capital	17	**1,133**	1,133
Share premium		**176,187**	176,187
Profit and loss account		**2,894,635**	3,039,629
Total equity		**3,071,955**	3,216,949

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 19 July 2017 and were signed on its behalf by:

E J Werner
Director

Company registered number: 06792340

Mansion House Consulting Limited

(Registration Number: 06792340)

Company balance sheet as at 31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	-	3
Tangible assets	10	**59,314**	101,331
Investments	11	**2,446,477**	107,012
		2,505,791	208,346
Current assets			
Debtors	12	**6,602,046**	6,213,653
Cash at bank and in hand	13	**676,774**	1,259,500
		7,278,820	7,473,153
Creditors: amounts falling due within one year	14	**(4,843,995)**	(4,724,496)
Net current assets		**2,434,825**	2,748,657
Total assets less current liabilities		**4,940,616**	2,957,003
Provisions for liabilities			
Deferred tax liability	15	-	(16,440)
Net current assets		**4,940,616**	2,940,563
Capital and reserves			
Called up share capital	17	**1,133**	1,133
Capital redemption reserve		**176,187**	176,187
Profit and loss account		**4,763,296**	2,763,243
Total equity		**4,940,616**	2,940,563

The notes on pages 14 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 19 July 2017 and were signed on its behalf by:

E J Werner
Director

Company registered number: 06792340

Mansion House Consulting Limited

Consolidated statement of changes in equity for the year ended 31 January 2017

	Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 February 2015	1,273	176,187	1,347,556	1,525,016
Profit for the financial year	-	-	2,012,627	2,012,627
Foreign exchange difference	-	-	2,136	2,136
Total comprehensive income for the year	-	-	2,014,763	2,014,763
Transactions with owners, recorded directly in equity				
Issue of new shares	13	-	-	13
Purchase of own shares	(153)	-	(322,690)	(322,843)
Balance at 31 January 2016	1,133	176,187	3,039,629	3,216,949
Profit for the financial year	-	-	3,457,773	3,457,773
Total comprehensive income for the year	-	-	3,457,773	3,457,773
Transactions with owners, recorded directly in equity				
Acquisition of shares in group undertaking (see note 19)	-	-	(3,900,000)	(3,900,000)
Equity settled share based payment transactions	-	-	297,233	297,233
Balance at 31 January 2017	**1,133**	**176,187**	**2,894,635**	**3,071,955**

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Company statement of changes in equity for the year ended 31 January 2017

	Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 31 January 2015	1,273	176,187	1,179,277	1,356,737
Profit for the financial year	-	-	1,906,656	1,906,656
Total comprehensive income for the year	-	-	1,906,656	1,906,656
Transactions with owners, recorded directly in equity				
Issue of new shares	13	-	-	13
Purchase of own shares	(153)	-	(322,690)	(322,843)
Balance at 31 January 2016	1,133	176,187	2,763,243	2,940,563
Profit for the financial year	-	-	1,702,820	1,702,820
Total comprehensive income for the year	-	-	1,702,820	1,702,820
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	297,233	297,233
Balance at 31 January 2017	**1,133**	**176,187**	**4,763,296**	**4,940,616**

The notes on pages 14 to 27 form an integral part of these financial statements.

Mansion House Consulting Limited

Consolidated cash flow statement for the year ended 31 January 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	**3,457,773**	2,012,627
Adjustments for:		
Depreciation, amortisation and impairment	**49,894**	69,527
Foreign exchange losses	**(3,998)**	36,573
Gain on sales of tangible fixed asset	**-**	(167)
Tax charge	**910,402**	557,482
Increase in trade and other debtors	**(344,796)**	(1,981,374)
(Decrease)/increase in trade and other creditors	**(785,514)**	690,574
Tax paid	**(567,318)**	(397,401)
Options	**297,233**	-
Net cash generated from operating activities	**3,013,676**	987,841
Cash flows for investing activities		
Acquisition of tangible fixed assets	**(7,874)**	(108,379)
Proceeds from sale of tangible fixed assets	**-**	167
Investment in subsidiary	**(3,900,000)**	-
Net cash used in investing activities	**(3,907,874)**	(108,212)
Cash flows from financing activities		
Proceeds from the issue of share capital	**-**	13
Repurchase of own shares	**-**	(322,842)
Net cash used in financing activities	**-**	(322,829)
Net (decrease)/increase in cash and cash equivalents	**(894,198)**	556,800
Cash and cash equivalents at 1 February	**1,505,022**	982,374
Effect of exchange rate fluctuations on cash held	**13,796**	(34,152)
Cash and cash equivalents at 31 January	**624,620**	1,505,022

The notes on pages 14 to 27 form an integral part of these financial statements.

1. Accounting policies

Mansion House Consulting Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 06792340 and the registered address is 35 New Bridge Street, London, EC4V 6BW.

Accounting convention and standards

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £, unless stated otherwise.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review and Directors' Report. The Group has considerable financial resources, including significant cash reserves, as well as access to unused banking facilities, and good visibility of its medium term contractual commitments with its key customers. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future for a period of not less than 12 months from the date of these financial statement. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Revenue recognition

Turnover represents revenue recognised by the group in respect of services supplied during the year. It is presented net of VAT and any early settlement discounts.

Turnover includes amounts that are provided to customers on a time and materials basis and those provided to customers who have entered into a managed service agreement. For managed services, revenue is recognised on a pro rata basis over the term of the contract. Revenue from time and materials contracts is recognised once the services have been performed. Any amounts not billed to a customer where the group has fulfilled its service obligation is recognised as accrued income.

Foreign currency

The Group's financial statements are presented in pounds sterling.

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Taxation

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1. Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in interest-bearing borrowings.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1. **Accounting policies (continued)**

Intangible assets

Development

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Expenses

Operating lease

Leased assets are depreciated over the shorter of the lease term and their useful lives.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2. Turnover

The table below sets out the turnover for the Group's geographical areas of operation. All revenues are derived from the Group's sole industry segment being consultancy services.

By geographical market

	2017 £	2016 £
United Kingdom	**30,186,507**	29,550,157
Rest of European Union	**750,030**	1,295,403
Rest of World	**4,606,767**	4,913,067
	35,543,304	35,758,627

3. Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets (note 10)	**49,891**	39,862
Audit of these financial statements	**47,150**	51,003
Audit of Company's subsidiaries	**11,000**	20,231
Amounts receivable by the Group's auditors in respect of tax services	**11,100**	10,750
Amounts receivable by the Group's auditors in respect of all other services	**7,500**	7,500
Operating lease charges	**448,582**	449,758
Foreign exchange differences	**(3,998)**	36,573
Amortisation of intangible assets (note 9)	**3**	29,667

4. Employees

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

	2017 No.	2016 No.
Administration	32	30
Fee earning staff	59	48
	91	78

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	6,476,686	5,172,332
Social security	695,272	260,505
Other pension costs	121,400	220,000
	7,293,358	5,652,837

5. Directors' remuneration

	2017 £	2016 £
Directors' remuneration	111,235	89,873
Company contribution to a defined contribution scheme	35,000	180,000

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £85,312 (2016: £163,744), and company pension contributions of £41,667 (2016: £147,000) were made to a defined contribution scheme on his behalf. The directors have determined that they themselves are the key management personnel of the Group and, therefore, no separate key management personnel note has been included in the notes to the financial statements.

	Number of directors	
	2017 No.	2016 No.
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	1	2

6. Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group companies	-	164
Other interest receivable	51,495	51,076
Total interest receivable and similar income	51,495	51,240

7. Interest payable and similar expenses

	2017 £	2016 £
Other interest payable	**4,354**	-
Total interest payable and similar charges	**4,354**	-

8. Taxation

Total tax expense recognised in profit and loss account

	2017 £	2016 £
Current tax:		
- UK Corporation tax on profits for the year	**958,775**	526,749
- Adjustments in respect of prior periods	**(8,871)**	(1,006)
Foreign tax		
- Current tax on income for the year	**9,225**	31,738
Total current tax	**959,129**	557,481
Deferred tax:		
- Originating and reversal of timing differences	**(55,408)**	10,533
- Impact of change in tax rate	**(913)**	(656)
Total deferred tax (note 15)	**(56,321)**	9,877
Total tax	**902,808**	567,358

Reconciliation of effective tax rate

Tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK for the year ended 31 January 2017 of 20.16% (2016: 20.16%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**4,360,581**	2,579,985
Corporation tax at the standard rate in the UK of 20.16% (2016: 20.16%)	**872,117**	520,167
Effects of:		
- Expenses not deductible for tax purposes	**66,998**	44,316
- Adjustments to tax charge in respect of prior years	**(8,871)**	(1,006)
- Foreign tax / credit	**(36,966)**	5,965
- Other differences leading to an increase/(decrease) in tax charge	**665**	(162)
- Deferred tax rate change	**8,865**	(1,922)
Total tax expense included in profit and loss	**902,808**	567,358

8. Taxation (continued)

Factors that may affect future tax charges

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

9. Intangible fixed asset - Group and Company

Intangible fixed asset - Group

	Development costs £
Cost	
At 1 February 2016	**89,000**
Additions	**-**
At 31 January 2017	**89,000**
Amortisation	
At 1 February 2016	**88,997**
Charge for the year	**3**
Impairment charge	**-**
At 31 January 2017	**89,000**
Net book value	
At 31 January 2017	**-**
At 31 January 2016	3

9. Intangible fixed asset - Group and Company (continued)

Intangible fixed asset - Company

	Development costs £
Cost	
At 1 February 2016	**89,000**
At 31 January 2017	**89,000**
Amortisation	
At 1 February 2016	**88,997**
Charge for the year	**3**
At 31 January 2017	**89,000**
Net book value	
At 31 January 2017	**-**
At 31 January 2016	3

10. Tangible fixed assets - Group and Company

	Computer equipment £
Cost	
At 1 February 2016	**211,116**
Additions	**7,874**
At 31 January 2017	**218,990**
Depreciation	
At 1 February 2016	**109,785**
Charge for the year	**49,891**
At 31 January 2017	**159,676**
Net book value	
At 31 January 2017	**59,314**
At 31 January 2016	101,331

11. Fixed asset investments - Company

	Shares in group undertakings £
Cost	
At 1 February 2016	**107,012**
Additions	**3,900,000**
At 31 January 2017	**4,007,012**
Provisions	
Impairment	**(1,560,535)**
At 31 January 2017	**(1,560,535)**
Net book value	
At 31 January 2017	**2,446,477**
At 31 January 2016	107,012

The direct investments of the Company are in Mansion House Consulting PTE. Limited and MHC Holdings (US) Limited. During the year the Company received total dividends of £nil (2016: £nil) from its subsidiaries.

Principal subsidiaries

Set out below is a list of all subsidiaries of the Company as at 31 January 2017.

Country of incorporation or registration	Company	Type of business	Class of shares held	Proportion of share capital held percent Direct	Indirect
Singapore	Mansion House Consulting PTE. Ltd [1]	Trading Company	Ordinary	100%	-
UK	MHC Holdings (US) Ltd [2]	Holding Company	Ordinary	100%	-
US	Mansion House Consulting Inc [3]	Trading Company	Ordinary	-	100%

Trading companies provide management consultancy services.

[1] Registered office: 10 Hoe Chiang Road, #07-07 Keppel Towers, Singapore, 089315
[2] Registered office: 35 New Bridge Street, London, EC4V 6BW
[3] Registered office: 108 West 13th St, Wilmington, New Castle, 19081, USA

12. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	**3,733,814**	2,991,139	**3,522,141**	2,635,571
Amounts owed by group undertakings	**-**	-	**134,398**	269,443
Other debtors	**296,940**	191,534	**292,800**	188,176
Directors' current account (see note 19)	**348,341**	1,734,072	**468,136**	1,828,066
Prepayments and accrued income	**2,474,859**	1,592,413	**2,144,690**	1,292,397
Deferred tax asset (see note 15)	**39,881**	-	**39,881**	-
	6,893,835	6,509,158	**6,602,046**	6,213,653

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

13 Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	**1,202,591**	1,745,603	**676,774**	1,259,500

14. Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans and overdrafts	**577,971**	240,581	**577,971**	240,581
Trade creditors	**1,042,413**	1,368,791	**884,311**	1,198,782
Amounts owed to group undertakings	**-**	-	**108,453**	-
Other creditors	**40,858**	37,402	**40,858**	37,402
Corporation tax	**966,723**	557,519	**955,517**	535,620
Other tax and social security costs	**743,760**	734,322	**720,532**	707,566
Accruals and deferred income	**1,712,060**	2,184,091	**1,556,353**	2,004,545
	5,083,785	5,122,706	**4,843,995**	4,724,496

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

15. Deferred tax (asset)/liability

Deferred tax assets and liabilities

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
At 1 February 2016	**16,440**	6,563	**16,440**	6,563
Released during the year	**(56,321)**	9,877	**(56,321)**	9,877
At 31 January 2017	**(39,881)**	16,440	**(39,881)**	16,440

	2017 £	2016 £	2017 £	2016 £
Accelerated capital allowances	**10,084**	16,440	**10,084**	16,440
Short term timing differences	**(49,965)**	-	**(49,965)**	-
	(39,881)	16,440	**(39,881)**	16,440

16. Share based payment

Employee share scheme

The Company operates an Employee Share Option Scheme for the purposes of recruiting, incentivising and retaining its employees. Options are granted at the sole discretion of the business and are only granted to employees. The exercise price of the options is equal to the market price of the shares on the date of the grant which is derived from a valuation of the Company. The right to exercise the options vests on an Exit Event or at the Boards absolute discretion. The contractual life of each option granted is ten years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the years

	Number of options 2017 £	Weighted average exercise price 2017 £	Number of options 2016 £	Weighted average exercise price 2016 £
Outstanding at the beginning of the year	**27,500**	**10.80**	20,500	7.72
Granted during the year	**10,000**	**36.00**	10,000	15.98
Forfeited during the year	**(800)**	**(7.95)**	(3,000)	(6.98)
Outstanding at the end of the year	**36,700**	**17.73**	27,500	10.80

On 16 December 2016, 10,000 share options were issued on C ordinary shares. The exercise period of these options is from the date of issue until 15 December 2026 and the exercise price is £36.00 per share. Exercise of the options is subject to vesting conditions and these options remain outstanding at the balance sheet date.

The fair value of the share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options has been included in the accounts.

The total expense recognised in the Profit and Loss Account for the year is £297,233 (2016: £nil).

17. Share capital - Group and Company

	2017	2016
	£	£
Allotted and fully paid		
80,000 'A' Ordinary shares of £0.01 each	**800**	800
18,413 (2016: 18,413) 'B' Ordinary shares of £0.01 each	**184**	184
1,000 (2016: 1,000) 'C' Ordinary shares of £0.01 each	**10**	10
13,858 (2016: 13,858) 'D' Ordinary shares of £0.01 each	**139**	139
	1,133	1,133

18. Operating leases

Non-cancellable operating lease rentals are payable as follows:

Land and buildings

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Less than one year	**306,600**	443,596	**306,600**	426,000
	306,600	443,596	**306,600**	426,000

During the year £448,582 (2016: £449,758) was recognised as an expense in the profit and loss account in respect of operating leases.

There were no contractual commitments to purchase tangible or intangible fixed asset at 31 January 2017 (2016: £nil).

19. Related party disclosures

During the year ended 31 January 2017, a direct 100% owned subsidiary of the Company was incorporated, MHC Holdings (US) Limited.

The Company's 50% share in the ownership of Mansion House Consulting Inc. was transferred to the new entity, MHC Holdings (US) Limited, and the latter also acquired the residual 50% of Mansion House Consulting Inc., such that it then fully owned the latter company.

The acquisition of the latter 50% was for consideration of £3.9m and is reflected as an addition in the Company's investments (see note 11). Subsequent to the acquisition and due to events which could not have been foreseen at the time, the results of Mansion House Consulting Inc. deteriorated. An impairment review was carried out and the investment was reduced to its recoverable amount, resulting in an impairment expense for the Company of £1.56m.

Since the ultimate owners of Mansion House Consulting Inc. and the Group were unchanged before and after the acquisition, in the Group's consolidated financial statements no goodwill has been recognised and an amount has been recorded directly in the Profit and Loss Account in the Statement of Changes in Equity.

The consideration for the acquisition of £3.9m was transferred by waiving amounts owed to the Company by directors (also the ultimate shareholders and both the ultimate buyers and sellers in the transaction) of £3.9m from the directors' current account.

At 31 January 2016 Mr E Werner, a director, owed the Company £789,393. He was advanced various further sums during the year with an interest rate payable of 3%. At 31 January 2017, £450,304 remained outstanding. It is intended that this will be repaid in 2017 via dividends received by the director. During the period Mr Werner was charged interest of £39,050 (2016: £24,391) in respect of these loan.

At 31 January 2017 Mansion House Consulting Inc, a company in the Group, owed £59,897 to Mr E Werner. The company was charged interest at a rate of 5% per annum. The balance at the year end included interest payable of £2,673.

At 31 January 2016 Mr G Kenny, a director, owed the Company £933,293. He was advanced various further sums during the year with an interest rate payable of 3%. At 31 January 2017, £17,832 remained outstanding. It is intended that this will be repaid in 2017 via dividends received by the director. During the period Mr Kenny was charged interest of £16,788 (2016: £22,259) in respect of these loans.

At 31 January 2017 Mansion House Consulting Inc, a company in the Group owed £59,897 to Mr G Kenny. The company was charged interest at a rate of 5% per annum. The balance at the year end included interest payable of £2,673.

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

20. Ultimate parent Company

The Company has no single ultimate controlling party.

The Group headed by Mansion House Consulting Limited is the largest and smallest group in which the results of the Company are consolidated.