Financial Statements MCSA Group Limited (formerly Maindec Computer Solutions Limited)

For the Year Ended 31 March 2016

Registered number: 01421913

Company Information

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

Contents

Group Strategic Report

For the Year Ended 31 March 2016

Business review and principal activities

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

During the year, the MCSA Group reported revenues £60.0 million (2015: £61.0 million) and profit before tax to £1.1 million (2015: £1.9 million). The Directors remain satisfied with the financial performance of the Group.

Over the last twelve months a major objective has been to fully consolidate all operations across both the Maindec and CSA Waverley brands and complete a formal combination of all trading activities across the Group. Significant progress has been made in this regard and the company invested heavily in new ERP systems to help facilitate this change. The formal hive-up of the trade and assets of the CSA Waverley subsidiary has also been completed and the company was renamed MCSA Group Limited as a pre-cursor to these changes in December 2015.

Continuing to underpin the business model employed by the Group is a clear emphasis on delivering a consistently excellent service to all clients. The majority of the Key Performance Indicators (KPIs) utilised within the business focus on measuring the effectiveness of our customer service. In the year to 31st March 2016, KPIs included: service calls addressed within SLA 99.5%, First Time Fix 95.2%, customer telephone lines answered within 15 seconds 99.7%, dead on arrival parts from workshop or stores 0%, customer response turnaround time within 24 hours 98.7%. This continues to be reflected in a high level of customer retention and the Directors believe quality of service is the key factor in both retaining clients and achieving a number of new client wins in the period.

Business environment and strategies

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

With effect from the start of the new financial year, the Group commenced trading under a single brand, MCSA the Maindec Group, reflecting the heritage of both the Maindec Computer Solutions and CSA Waverley brands. In addition to simplifying and consolidating the go to market strategy, other benefits are anticipated with improved efficiencies and greater capacity for growth in the support functions.

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

Principal risks and uncertainties

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

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

Group Strategic Report (continued)
For the Year Ended 31 March 2016

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the accounts. The Directors consider the state of affairs to be satisfactory at 31st March 2016.

Financial risk management

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

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

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

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

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

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

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

Mr R J Timms
Director

Date: 23/11/2016

Directors' Report
For the Year Ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

Results and dividends

The profit for the year, after taxation, amounted to £708,427 (2015 - £1,252,305).

Details of dividends are disclosed in note 12.

Directors

The Directors who served during the year were:

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

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report

For the Year Ended 31 March 2016

Future developments

Over the last twelve months a major objective has been to fully consolidate all operations across both the Maindec and CSA Waverley brands and complete a formal combination of all trading activities across the Group. Significant progress has been made in this regard and the company invested heavily in new ERP systems to help facilitate this change. The formal hive-up of the trade and assets of the CSA Waverley subsidiary has also been completed and the company was renamed MCSA Group Limited as a pre-cursor to these changes in December 2015.

With effect from the start of the new financial year, the Group commenced trading under a single brand, MCSA the Maindec Group, reflecting the heritage of both the Maindec Computer Solutions and CSA Waverley brands. In addition to simplifying and consolidating the go to market strategy, other benefits are anticipated with improved efficiencies and greater capacity for growth in the support functions.

Post balance sheet events

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

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Mr R J Timms
Director

Date: 23/11/2016

Grant Thornton

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

We have audited the financial statements of MCSA Group Limited (formerly Maindec Computer Solutions Limited) for the year ended 31 March 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 March 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Grant Thornton

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

James Rogers (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading
Date: 24 November 2016

Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4	**59,963,934**	61,020,375
Cost of sales		**(48,591,610)**	(49,532,843)
Gross profit		**11,372,324**	11,487,532
Administrative expenses		**(10,086,713)**	(9,509,909)
Operating profit	5	**1,285,611**	1,977,623
Interest receivable and similar income	9	**47,772**	74,386
Interest payable and expenses	10	**(194,680)**	(194,567)
Profit before taxation		**1,138,703**	1,857,442
Tax on profit	11	**(430,276)**	(605,137)
Profit for the year		**708,427**	1,252,305

There was no other comprehensive income for 2016 (2015:£NIL).

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 13 to 34 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	13		**1,837,759**		2,638,088
Tangible assets	14		**1,202,306**		1,300,488
			3,040,065		3,938,576
Current assets					
Stocks	17	**1,063,726**		1,707,113	
Debtors: amounts falling due within one year	18	**17,932,464**		17,575,784	
Cash at bank and in hand	19	**5,871,471**		7,730,395	
		24,867,661		27,013,292	
Creditors: amounts falling due within one year	20	**(23,382,721)**		(22,959,589)	
Net current assets			**1,484,940**		4,053,703
Total assets less current liabilities			**4,525,005**		7,992,279
Creditors: amounts falling due after more than one year	21		**(3,009,931)**		(4,134,113)
Provisions for liabilities					
Deferred taxation	24	**(28,852)**		(30,371)	
			(28,852)		(30,371)
Net assets			**1,486,222**		3,827,795
Capital and reserves					
Called up share capital	26		**3,000**		3,000
Capital redemption reserve	27		**2,500**		2,500
Profit and loss account	27		**1,480,722**		3,822,295
Shareholders' funds			**1,486,222**		3,827,795

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

Mr R J Timms
Director
Date: 23/11/2016

The notes on pages 13 to 34 form part of these financial statements.

Company Statement of Financial Position
As at 31 March 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	13		**130,758**		-
Tangible assets	14		**1,196,858**		1,277,028
Fixed asset investments	15		**7,141,396**		7,141,396
			8,469,012		8,418,424
Current assets					
Stocks	17	**886,863**		993,829	
Debtors: amounts falling due within one year	18	**16,670,795**		3,423,318	
Cash at bank and in hand	19	**4,031,013**		6,661,342	
		21,588,671		11,078,489	
Creditors: amounts falling due within one year	20	**(22,608,881)**		(12,270,519)	
Net current liabilities			**(1,020,210)**		(1,192,030)
Total assets less current liabilities			**7,448,802**		7,226,394
Creditors: amounts falling due after more than one year	21		**(3,008,477)**		(4,014,356)
Provisions for liabilities					
Deferred taxation	24	**(28,852)**		(28,343)	
			(28,852)		(28,343)
Net assets			**4,411,473**		3,183,695
Capital and reserves					
Called up share capital	26		**3,000**		3,000
Capital redemption reserve	27		**2,500**		2,500
Profit and loss account	27		**4,405,973**		3,178,195
Shareholders' funds			**4,411,473**		3,183,695

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

Mr R J Timms
Director
Date: 23/11/2016

The notes on pages 13 to 34 form part of these financial statements.

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

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

Consolidated Statement of Changes in Equity
For the Year Ended 31 March 2015

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2014	3,000	2,500	3,069,990	3,075,490
Comprehensive income for the year				
Profit for the year	-	-	1,252,305	1,252,305
Total comprehensive income for the year	-	-	1,252,305	1,252,305
Dividends: Equity capital	-	-	(500,000)	(500,000)
At 31 March 2015	3,000	2,500	3,822,295	3,827,795

The notes on pages 13 to 34 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 March 2016

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

Company Statement of Changes in Equity

For the Year Ended 31 March 2015

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2014	3,000	2,500	2,682,888	2,688,388
Comprehensive income for the year				
Profit for the year	-	-	995,307	995,307
Total comprehensive income for the year	-	-	995,307	995,307
Dividends: Equity capital	-	-	(500,000)	(500,000)
At 31 March 2015	3,000	2,500	3,178,195	3,183,695

The notes on pages 13 to 34 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	**708,427**	1,252,305
Adjustments for:		
Amortisation of intangible assets	**931,087**	931,087
Depreciation of tangible assets	**351,995**	306,590
Loss/(profit) on disposal of tangible assets	**16,901**	(3,538)
Increase in stocks	**643,387**	85,976
Interest paid	**194,680**	194,567
Interest received	**(47,772)**	(74,386)
Taxation	**430,276**	605,137
Increase in debtors	**(356,680)**	(5,149,409)
Increase in creditors	**593,148**	5,234,762
Corporation tax	**(557,361)**	(949,408)
Net cash generated from operating activities	**2,908,088**	2,433,683
Cash flows from investing activities		
Purchase of intangible fixed assets	**(130,758)**	-
Purchase of tangible fixed assets	**(151,848)**	(145,567)
Sale of tangible fixed assets	**65,186**	130,072
Purchase of subsidiary - deferred consideration	**(983,985)**	(1,000,000)
Interest received	**47,772**	74,386
HP interest paid	**(19,067)**	(18,051)
Net cash from investing activities	**(1,172,700)**	(959,160)
Cash flows from financing activities		
Repayment of/new finance leases	**(368,699)**	(373,572)
Dividends paid	**(3,050,000)**	-
Interest paid	**(175,613)**	(176,517)
Net cash used in financing activities	**(3,594,312)**	(550,089)
Net increase / (decrease) in cash and cash equivalents	**(1,858,924)**	924,434
Cash and cash equivalents at beginning of year	**7,730,395**	6,805,961
Cash and cash equivalents at the end of year	**5,871,471**	7,730,395
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,871,471**	7,730,395
	5,871,471	7,730,395

Notes to the Financial Statements
For the Year Ended 31 March 2016

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 34.

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

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

2.3 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review in the Strategic Report. The group has considerable financial resources together with long term contracts with a number of customers. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.4 Revenue

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

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

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

2.5 Intangible assets

Goodwill

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

Other intangible assets

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

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

Amortisation is provided on the following bases:

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

2.6 Tangible fixed assets

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

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

Depreciation is provided on the following basis:

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

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

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

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.8 Finance leases: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.10 Stocks

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

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

2.11 Debtors

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

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

2.12 Cash and cash equivalents

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

2.13 Financial instruments

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price.

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

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.16 Finance costs

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

2.17 Dividends

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

2.18 Pensions

Defined contribution pension plan

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.19 Holiday pay accrual

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

2.20 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

2.22 Provisions for liabilities

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

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

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

2.23 Current and deferred taxation

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

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

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

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

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

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

4. Analysis of turnover

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

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	**351,995**	306,590
Amortisation of intangible assets, including goodwill	**931,087**	931,087
Exchange differences	**(2)**	32
Other operating lease rentals	**467,030**	575,070
Defined contribution pension cost	**272,108**	237,595

Notes to the Financial Statements

For the Year Ended 31 March 2016

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable to the Group's auditor for the audit of the Group's accounts	**33,515**	28,850
	33,515	28,850

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

	2016	2015
Services relating to taxation advisory	**8,000**	-
Services relating to taxation compliance	**6,420**	6,250
Services relating to information technology	**1,800**	-
	16,220	6,250

Fees payable to the Group's auditor for the audit of the Company were £18,500 (2015: £15,600).

7. Employees

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

	2016	2015
	£	£
Wages and salaries	**7,102,346**	7,133,399
Social security costs	**657,616**	681,444
Cost of defined contribution scheme	**272,108**	237,595
	8,032,070	8,052,438

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

	2016	2015
	No.	No.
Number of production staff	**49**	49
Number of administrative staff	**82**	82
Number of management staff	**5**	5
	136	136

Notes to the Financial Statements
For the Year Ended 31 March 2016

8. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	**1,118,358**	1,228,156
Company contributions to defined contribution pension schemes	**155,388**	74,450
	1,273,746	1,302,606

During the year retirement benefits were accruing to 3 Directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £512,761 (2015 - £511,654).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £25,863 (2015 - £31,035).

9. Interest receivable

	2016	2015
	£	£
Other interest receivable	**47,772**	74,386
	47,772	74,386

10. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	**-**	658
On directors' loan account	**175,000**	175,858
Finance leases and hire purchase contracts	**19,067**	18,051
Other interest payable	**613**	-
	194,680	194,567

Notes to the Financial Statements
For the Year Ended 31 March 2016

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	**431,795**	594,980
Total current tax	**431,795**	594,980
Deferred tax		
Origination and reversal of timing differences	**1,255**	10,157
Adjustment in respect of prior periods	**292**	-
Effect of tax rate change on opening balance	**(3,066)**	-
Total deferred tax	**(1,519)**	10,157
Taxation on profit on ordinary activities	**430,276**	605,137

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	**1,138,703**	1,857,441
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	**227,741**	390,063
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**186,217**	195,528
Expenses not deductible for tax purposes	**16,978**	19,845
Fixed asset differences	**2,465**	208
Changes in tax rates	**(3,162)**	(507)
Adjustment in respect of prior periods	**292**	-
Other timing differences	**(255)**	-
Total tax charge for the year	**430,276**	605,137

Notes to the Financial Statements
For the Year Ended 31 March 2016

12. Dividends

	2016	2015
	£	£
Dividends paid on equity shares	**3,050,000**	500,000
	3,050,000	500,000

13. Intangible assets

Group

	Software	Goodwill	Total
	£	£	£
Cost			
At 1 April 2015	-	**4,468,263**	**4,468,263**
Additions	**130,758**	-	**130,758**
At 31 March 2016	**130,758**	**4,468,263**	**4,599,021**
Amortisation			
At 1 April 2015	-	**1,830,175**	**1,830,175**
Charge for the year	-	**931,087**	**931,087**
At 31 March 2016	-	**2,761,262**	**2,761,262**
Net book value			
At 31 March 2016	**130,758**	**1,707,001**	**1,837,759**
At 31 March 2015	-	2,638,088	2,638,088

Notes to the Financial Statements
For the Year Ended 31 March 2016

13. Intangible assets (continued)

Company

	Software
	£
Cost	
At 1 April 2015	-
Additions	130,758
At 31 March 2016	130,758
Amortisation	
At 31 March 2016	-
Net book value	
At 31 March 2016	130,758
At 31 March 2015	-

Notes to the Financial Statements

For the Year Ended 31 March 2016

14. Tangible fixed assets

Group

	Leasehold Property	Plant & machinery	Motor vehicles	Fixtures & fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2015	686,954	581,462	1,594,007	574,217	3,436,640
Additions	-	119,622	184,052	32,226	335,900
Disposals	-	(26,651)	(274,331)	(30,315)	(331,297)
At 31 March 2016	686,954	674,433	1,503,728	576,128	3,441,243
Depreciation					
At 1 April 2015	686,954	402,982	624,159	422,057	2,136,152
Charge owned for the period	-	51,036	101,734	45,211	197,981
Charge financed for the period	-	-	154,014	-	154,014
Disposals	-	(21,813)	(207,791)	(19,606)	(249,210)
At 31 March 2016	686,954	432,205	672,116	447,662	2,238,937
Net book value					
At 31 March 2016	-	242,228	831,612	128,466	1,202,306
At 31 March 2015	-	178,480	969,848	152,160	1,300,488

The net book value of motor vehicles held under finance leases or hire purchase contracts, included above, is £539,137 (2015: £726,512).

The depreciation charged to the financial statements in the year in respect of such assets amounted to £154,014 (2015: £134,390).

Notes to the Financial Statements
For the Year Ended 31 March 2016

Company

	Leasehold Property	Plant & machinery	Motor vehicles	Fixtures & fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2015	686,954	581,462	1,594,007	505,995	3,368,418
Additions	-	119,622	184,052	32,226	335,900
Disposals	-	(26,651)	(274,331)	(2,623)	(303,605)
At 31 March 2016	686,954	674,433	1,503,728	535,598	3,400,713
Depreciation					
At 1 April 2015	686,954	402,982	624,159	377,295	2,091,390
Charge owned for the period	-	51,036	101,734	37,907	190,677
Charge financed for the period	-	-	154,014	-	154,014
Disposals	-	(21,813)	(207,791)	(2,622)	(232,226)
At 31 March 2016	686,954	432,205	672,116	412,580	2,203,855
At 31 March 2016	-	242,228	831,612	123,018	1,196,858
At 31 March 2015	-	178,480	969,848	128,700	1,277,028

The net book value of motor vehicles held under finance leases or hire purchase contracts, included above, is £539,137 (2015: £726,512).

The depreciation charged to the financial statements in the year in respect of such assets amounted to £154,014 (2015: £134,390).

Notes to the Financial Statements

For the Year Ended 31 March 2016

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	**7,141,396**
At 31 March 2016	**7,141,396**
Net book value	
At 31 March 2016	**7,141,396**
At 31 March 2015	7,141,396

16. Subsidiary undertakings

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

Name	Country of incorporation	Class of shares	Principal activity
CSA Waverley Limited	UK	Ordinary	Computer system sales and support
Maindec Computer Systems Limited	UK	Ordinary	Dormant
Maindec Computer Solutions Alba Limited	UK	Ordinary	Dormant
Maindec Computer Solutions Limited	UK	Ordinary	Dormant

Notes to the Financial Statements

For the Year Ended 31 March 2016

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
CSA Waverley Limited	2,508,944	(138,168)
Maindec Computer Systems Limited	100	-
Maindec Computer Solutions Alba Limited	1	-
Maindec Computer Solutions Limited	100	-
	2,509,145	(138,168)

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

17. Stocks

	Group 2016	Group 2015	Company 2016	Company 2015
	£	£	£	£
Work in progress	-	495,626	-	-
Goods for resale	1,063,726	1,211,487	886,863	993,829
	1,063,726	1,707,113	886,863	993,829

An impairment loss of £nil (2015: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

18. Debtors

	Group 2016	Group 2015	Company 2016	Company 2015
	£	£	£	£
Trade debtors	15,475,806	15,410,428	12,100,081	1,928,278
Amounts owed by group undertakings	-	-	2,819,361	495,826
Other debtors	1,000	1,000	1,000	1,000
Prepayments and accrued income	2,455,658	2,164,356	1,750,353	998,214
	17,932,464	17,575,784	16,670,795	3,423,318

Notes to the Financial Statements
For the Year Ended 31 March 2016

19. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	**5,871,471**	7,730,395	**4,031,013**	6,661,342
	5,871,471	7,730,395	**4,031,013**	6,661,342

20. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	**12,200,307**	11,213,248	**9,193,159**	1,138,826
Amounts owed to group undertakings	**-**	-	**3,009,369**	3,611,976
Corporation tax	**147,304**	272,870	**270,339**	77,194
Taxation and social security	**1,327,248**	2,079,353	**1,200,132**	1,373,062
Obligations under finance leases	**217,293**	303,762	**217,293**	303,762
Other creditors	**992,238**	1,502,559	**991,000**	1,483,985
Accruals and deferred income	**8,498,331**	7,587,797	**7,727,589**	4,281,714
	23,382,721	22,959,589	**22,608,881**	12,270,519

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	**2,800,000**	2,800,000	**2,800,000**	2,800,000
Net obligations under finance leases	**35,092**	133,270	**35,092**	133,270
Other creditors	**-**	991,000	**-**	991,000
Deferred income	**174,839**	209,843	**173,385**	90,086
	3,009,931	4,134,113	**3,008,477**	4,014,356

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Within one year	**217,293**	303,762	**217,293**	303,762
Between 1-2 years	**35,092**	133,270	**35,092**	133,270
	252,385	437,032	**252,385**	437,032

Notes to the Financial Statements

For the Year Ended 31 March 2016

23. Financial instruments

The table below details financial assets and liabilities measured at amortised cost:

	Group 2016 £	Group 2015 £	**Company 2016 £**	Company 2015 £
Trade debtors	**15,475,806**	15,410,428	**12,100,081**	1,928,278
Other debtors	**1,000**	1,000	**1,000**	1,000
Accrued income	**604,490**	1,125,961	**541,643**	111,957
Amounts owed by group companies	**-**	-	**2,819,361**	495,826
Cash at bank and in hand	**5,871,471**	7,730,395	**4,031,013**	6,661,342
	21,952,767	24,267,784	**19,493,098**	9,198,403
Trade creditors	**(12,200,307)**	(11,213,248)	**(9,193,159)**	(1,138,826)
Amounts owed to group companies	**-**	-	**(3,009,369)**	(3,611,976)
Other loans	**(2,800,000)**	(2,800,000)	**(2,800,000)**	(2,800,000)
Accruals and other creditors	**(3,396,169)**	(4,331,967)	**(3,189,153)**	(1,007,311)
Deferred consideration	**(991,000)**	(1,974,985)	**(991,000)**	(1,974,985)
	(19,387,476)	(20,320,200)	**(19,182,681)**	(10,533,098)

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

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

24. Deferred taxation

Group

	Deferred tax £
At 1 April 2015	**(30,371)**
Charged to the profit or loss	**1,519**
At 31 March 2016	**(28,852)**

Notes to the Financial Statements

For the Year Ended 31 March 2016

Company

	Deferred tax
	£
At 1 April 2015	**(28,343)**
Charged to the profit or loss	**(509)**
At 31 March 2016	**(28,852)**

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £	**Company 2016 £**	Company 2015 £
Accelerated capital allowances	**(33,704)**	(36,227)	**(33,704)**	(33,534)
Short term timing differences	**4,852**	5,856	**4,852**	5,191
	(28,852)	(30,371)	(28,852)	(28,343)

25. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £4,277,778 (2015 - £995,307).

26. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
2,500 Ordinary A shares of £1 each	**2,500**	2,500
500 Ordinary B shares of £1 each	**500**	500
	3,000	3,000

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

Notes to the Financial Statements
For the Year Ended 31 March 2016

27. Reserves

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

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

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

28. Share based payments

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

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

The exercise price of the options is £1 per share and there are 2,125 share options outstanding (2015: 2,225) at the end of the period.

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

29. Contingent liabilities

The company historically operated an incentive arrangement for key personnel. These arrangements are currently subject to enquiry by Her Majesty's Revenue and Customs 'HMRC'.

If HMRC determine that the arrangements are not a valid incentive plan for tax purposes, Employers and Employees National Insurance Contributions and PAYE could be due and payable by the company. The directors are defending the tax status of the arrangements however it is considered appropriate to disclose a contingent liability in respect of this issue.

If the company is unsuccessful in defending its position the current best estimate of the maximum potential exposure is £4m. However, under the terms of the arrangement, the company has recourse to be reimbursed for a substantial portion of any potential exposure from the beneficiaries of the arrangement.

The bank has given a bond on behalf of MCSA Group Limited for the sum of £5,000 (2015: £10,000) in favour of HMRC.

There were no other contingent liabilities at 31 March 2016 or 31 March 2015.

Notes to the Financial Statements
For the Year Ended 31 March 2016

30. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £177,047 (2015: £237,595). Contributions totaling £26,960 (2015: £29,277) were payable to the fund at the statement of financial position date.

31. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	**Company 2016 £**	Company 2015 £
Not later than 1 year	**351,152**	322,860	**351,152**	322,860
Later than 1 year and not later than 5 years	**49,185**	127,372	**49,185**	127,372
Total	**400,337**	450,232	**400,337**	450,232

32. Related party transactions

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

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

Mr R J Timms made a loan to the company of £2,000,000 during the year ended 31 March 2010. A further £800,000 was loaned during the year ended 31 March 2014. The loan bears interest at 6.25% per annum. At 31 March 2016 the balance outstanding on the loan was £2,800,000 (2015: £2,800,000) which has been included within creditors due in more than one year.

Hiltfalcon Limited is a company commonly controlled by Mr R J Timms. Hiltfalcon Limited charged the company £348,014 (2015: £404,325) in respect of rent and recharged expenses. At the reporting date £82,415 was owed to MCSA Group Limited by Hiltfalcon Limited, this is included within prepayments and accrued income (2015: £82,855).

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

Notes to the Financial Statements

For the Year Ended 31 March 2016

33. Key management personnel remuneration

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals was £1,981,419 (2015 - £1,987,432).

34. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.