# Financial Statements
# Paul Mason Consulting Limited

**For the year ended 31 March 2016**



**Registered number: 04144304**

# Company Information

| | |
|---|---|
| **Directors** | Paul Mason<br>Gordon Ambidge<br>Niall Gilna<br>Ian Edwards<br>Huw Thomas |
| **Company secretary** | Iris Mason |
| **Registered number** | 04144304 |
| **Registered office** | 30/32 Blacklands Way<br>Abingdon Business Park<br>Abingdon<br>Oxon<br>OX14 1DY |
| **Independent auditor** | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>3140 Rowan Place<br>John Smith Drive<br>Oxford Business Park South<br>Oxford<br>Oxfordshire<br>OX4 2WB |

**Paul Mason Consulting Limited**
**Registered number:04144304**

# Contents

# Group strategic report

**For the year ended 31 March 2016**

## Principal activity

The principal activity of the Group in the year under review was to provide IT services to the retail sector.

## Business review and future outlook

The results for the year and financial position of the Company and Group are shown in the attached financial statements. The Company's track record of delivering consistent top line growth was maintained, with revenues up by £1.1m or 13% to £9.7m. 2015/16 was planned to be a transitional year, laying the foundations for sustained future growth. Strategic investments - comprising both capital and revenue costs - were made in a number of key areas. EBITDA was respectable at £462k (4.8% of revenue), albeit £415k lower than last year due to the impact of a number of one-off revenue cost investments.

**Oracle Software Partnership For Retail-J Epos**

Following Oracle's acquisition of Retail-J as part of its purchase of Micros in late 2014, PMC has built the world's largest Retail-J practice and achieved Oracle Gold Partner status. Investment of £150,000 was made in recruiting and training additional consulting, technical and support resources. In addition, a robust transition process was built to enable the concurrent transition to PMC of multiple new Oracle Retail-J customers. During 2015/16, five Retail-J customers were transitioned from Oracle to PMC, driving additional recurring revenues and enabling significant new project opportunities. At least five additional transitions are expected in 2016/17.

**Successful Launch of PMC's Own Mobile Solution - Store Enabler**

PMC has been investing in the creation of its own mobile epos solution for two years. As expected, Store Enabler made its first contribution to revenues during the year. After a successful trial, the solution was approved for rollout in one of the UK's largest eye-care retailers.

**Acquisition of Microsoft Dynamix AX Skills**

The Microsoft Dynamics AX ERP system is becoming a solution of choice for medium to large retailers. £120,000 was invested in acquiring Dynamix AX skills in our testing team and these were proven in a large-scale customer project.

**Customer Zone Created in UK Office**

In order to better showcase PMC's capabilities to prospective customers, a Customer Zone was created in the Abingdon Office.

**Expansion of Facility in India**

As planned, PMC's new office in India was completed, giving an immediate increase in capacity to 400 people with an option for further expansion to 600.

At an operational level, a number of important achievements were delivered during the year:

- In addition to the five Retail-J transitions being completed, a further nine new customers were acquired across the PMC proposition set.

# Group strategic report (continued)
**For the year ended 31 March 2016**

- Annualised recurring revenues ended the year at £4m per annum.
- Overall staff numbers increased to 242, of which 163 are based in India.
- Revenue per employee was increased to £40,000.
- Supported by Red Box, PMC designed, developed and implemented the technology platform that underpinned the hugely successful multi-channel Treat Me reward card launched by Paperchase.
- Customer satisfaction and employee satisfaction scores were maintained in line with our expectations.

In the year ahead the Board expects to maintain the progress delivered in 2015/16 as a result of the investments made last year; and from further Retail-J transitions and the continued roll out of our Store Enabler solution.

## Risk management and financial controls

The principal risks and uncertainties facing the business are outlined below

The Group's activities expose it to the risk of changes in foreign exchange rates.

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

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the Group's cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

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

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

During the year the Board reviewed and improved its existing risk management processes. The Board regularly monitors the principal business risks to the Group and the Chief Executive provides a monthly report to the Board of the current operational risks and actions taken to manage them

The Board also conducted its annual review of the Group's primary financial controls and fraud risks. This review concluded that the Group's primary internal controls and processes are appropriate to its activities.

This report was approved by the board on 7th November 2016 and signed on its behalf.

I Mason

**Iris Mason**
Secretary

# 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 £208,816 (2015 :£553,819).

Dividends of £40,000 were declared and paid in the year (2015: £278,500).

### Directors

The directors who served during the year were:

Paul Mason
Gordon Ambidge
Niall Gilna
Ian Edwards
Huw Thomas

### 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; 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.

### Charitable donations

During the year the Group made charitable donations totalling £1,974 which were as follows:

| | £ |
|---|---|
| Donations - Adoption UK (PMC UK) | 1,575 |
| Donations - other (PMC UK) | 399 |

# Directors' report

**For the year ended 31 March 2016**

### 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.

### Post balance sheet events

There have been no significant events affecting the Group since the year end.

### Auditors

Grant Thornton UK LLP were appointed auditor during the period to fill a casual vacancy.

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 on 7th November 2016 and signed on its behalf.

I Mason.

**Iris Mason**
Secretary

Grant Thornton

# Independent Auditor's Report to the Shareholders of Paul Mason Consulting Limited

We have audited the financial statements of Paul Mason Consulting Limited for the year ended 31 March 2016, which comprise of the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated statement of cash flows. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Financial Reporting Council's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 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.

Grant Thornton

# Independent Auditor's Report to the Shareholders of Paul Mason Consulting Limited

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

Grant Thornton UK LLP

Amrish Shah FCA (Senior statutory auditor)
For and on behalf of

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Oxford
Date: 14 November 2016

# Consolidated statement of comprehensive income
**For the year ended 31 March 2016**

| | Note | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| Turnover | | **9,691,635** | 8,542,290 |
| Cost of sales | | **(6,681,409)** | (5,432,756) |
| **Gross profit** | | **3,010,226** | 3,109,534 |
| Administrative expenses | | **(2,796,606)** | (2,398,272) |
| Other operating income | | **95** | 169 |
| **Operating profit** | 3 | **213,715** | 711,431 |
| Interest receivable and similar income | | **5,754** | 3,139 |
| Interest payable and expenses | | **(5,876)** | (8) |
| **Profit before taxation** | | **213,593** | 714,562 |
| Tax on profit | 7 | **(4,777)** | (160,743) |
| **Profit for the year** | | **208,816** | 553,819 |
| Currency translation differences | | **11,814** | 9,355 |
| **Other comprehensive income for the year** | | **11,814** | 9,355 |
| **Total comprehensive income for the year** | | **220,630** | 563,174 |

All amounts relate to continuing aperations.

The notes on pages 13 to 31 form part of these financial statements.

**Paul Mason Consulting Limited**
**Registered number:04144304**

# Consolidated statement of financial position
**As at 31 March 2016**

| | Note | | 2016 £ | | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 9 | | **637,896** | | 332,845 |
| Tangible assets | 10 | | **158,326** | | 177,215 |
| | | | **796,222** | | 510,060 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 12 | **2,704,219** | | 2,566,962 | |
| Cash at bank and in hand | | **987,665** | | 482,866 | |
| | | **3,691,884** | | 3,049,828 | |
| Creditors: amounts falling due within one year | 13 | **(2,723,687)** | | (2,186,837) | |
| **Net current assets** | | | **968,197** | | 862,991 |
| **Total assets less current liabilities** | | | **1,764,419** | | 1,373,051 |
| Creditors: amounts falling due after more than one year | | | **(201,029)** | | - |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 16 | **(46,290)** | | (36,581) | |
| | | | **(46,290)** | | (36,581) |
| **Net assets** | | | **1,517,100** | | 1,336,470 |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | **3,290** | | 3,290 |
| Share premium account | 18 | | **249,726** | | 249,726 |
| Profit and loss account | 18 | | **1,264,084** | | 1,083,454 |
| | | | **1,517,100** | | 1,336,470 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7/11/16

**Paul Mason**
Director

The notes on pages 13 to 31 form part of these financial statements.

**Paul Mason Consulting Limited**
**Registered number:04144304**

# Company statement of financial position

**As at 31 March 2016**

| | Note | | 2016 £ | | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 9 | | **331,130** | | 270,803 |
| Tangible assets | 10 | | **73,414** | | 87,526 |
| Investments | 11 | | **110,197** | | 110,197 |
| | | | **514,741** | | 468,526 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 12 | **2,886,592** | | 2,703,969 | |
| Cash at bank and in hand | | **919,545** | | 473,312 | |
| | | **3,806,137** | | 3,177,281 | |
| Creditors: amounts falling due within one year | 13 | **(2,662,217)** | | (2,249,823) | |
| **Net current assets** | | | **1,143,920** | | 927,458 |
| **Total assets less current liabilities** | | | **1,658,661** | | 1,395,984 |
| Creditors: amounts falling due after more than one year | | | **(193,358)** | | - |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 16 | **(49,875)** | | (33,641) | |
| | | | **(49,875)** | | (33,641) |
| **Net assets** | | | **1,415,428** | | 1,362,343 |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | **3,290** | | 3,290 |
| Share premium account | 18 | | **249,726** | | 249,726 |
| Profit and loss account | 18 | | **1,162,412** | | 1,109,327 |
| | | | **1,415,428** | | 1,362,343 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7/11/16

**Paul Mason**
Director

# Consolidated statement of changes in equity
**For the year ended 31 March 2016**

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 April 2015 | 3,290 | 249,726 | 1,083,454 | 1,336,470 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 208,816 | 208,816 |
| Exchange differences on retranslation | - | - | 11,814 | 11,814 |
| **Total comprehensive income for the year** | - | - | 220,630 | 220,630 |
| Dividends | - | - | (40,000) | (40,000) |
| **Total transactions with owners** | - | - | (40,000) | (40,000) |
| **At 31 March 2016** | 3,290 | 249,726 | 1,264,084 | 1,517,100 |

# Consolidated statement of changes in equity
**For the year ended 31 March 2015**

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 April 2014 | 3,290 | 249,726 | 798,780 | 1,051,796 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 553,819 | 553,819 |
| Exchange differences on retranslation | - | - | 9,355 | 9,355 |
| **Total comprehensive income for the year** | - | - | 563,174 | 563,174 |
| Dividends | - | - | (278,500) | (278,500) |
| **Total transactions with owners** | - | - | (278,500) | (278,500) |
| **At 31 March 2015** | 3,290 | 249,726 | 1,083,454 | 1,336,470 |

The notes on pages 13 to 31 form part of these financial statements.

# Company statement of changes in equity
**For the year ended 31 March 2016**

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 April 2015 | 3,290 | 249,726 | 1,109,327 | 1,362,343 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 93,085 | 93,085 |
| **Total comprehensive income for the year** | - | - | 93,085 | 93,085 |
| Dividends | - | - | (40,000) | (40,000) |
| **Total transactions with owners** | - | - | (40,000) | (40,000) |
| **At 31 March 2016** | 3,290 | 249,726 | 1,162,412 | 1,415,428 |

# Company statement of changes in equity
**For the year ended 31 March 2015**

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 April 2014 | 3,290 | 249,726 | 898,854 | 1,151,870 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 488,973 | 488,973 |
| **Total comprehensive income for the year** | - | - | 488,973 | 488,973 |
| Dividends | - | - | (278,500) | (278,500) |
| **Total transactions with owners** | - | - | (278,500) | (278,500) |
| **At 31 March 2015** | 3,290 | 249,726 | 1,109,327 | 1,362,343 |

The notes on pages 13 to 31 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 | 208,816 | 553,819 |
| **Adjustments for:** | | |
| Amortisation of intangible assets | 163,092 | 4,909 |
| Depreciation of tangible assets | 85,972 | 160,219 |
| Movement in work in progress | - | (65,215) |
| (Profit) / loss on disposal of tangible assets | (531) | 41 |
| Interest paid | 5,876 | 8 |
| Interest received | (5,754) | (3,139) |
| Taxation | 4,777 | 160,743 |
| Increase in debtors | (137,257) | (282,294) |
| Increase in creditors | 613,474 | 142,434 |
| Corporation tax | (135,580) | (122,671) |
| **Net cash generated from operating activities** | 802,885 | 548,854 |
| **Cash flows from investing activities** | | |
| Purchase of intangible fixed assets | (468,786) | (121,985) |
| Purchase of tangible fixed assets | (72,174) | (111,015) |
| Sale of tangible fixed assets | 8,001 | - |
| Interest received | 5,754 | 3,139 |
| **Net cash from investing activities** | (527,205) | (229,861) |
| **Cash flows from financing activities** | | |
| New secured loans | 310,289 | - |
| Repayment of loans | (35,294) | - |
| Dividends paid | (40,000) | (278,500) |
| Interest paid | (5,876) | (8) |
| **Net cash used in financing activities** | 229,119 | (278,508) |
| **Net increase in cash and cash equivalents** | 504,799 | 40,485 |
| Cash and cash equivalents at beginning of year | 482,866 | 442,381 |
| **Cash and cash equivalents at the end of year** | 987,665 | 482,866 |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | 987,665 | 482,866 |
| | 987,665 | 482,866 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

Paul Mason Consulting Limited is a limited liability company incorporated in the UK. Its registered office is 30-32 Blacklands Way, Abingdon Business Park, Abingdon, Oxfordshire, OX14 1DY.

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.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 22 for an explanation of the transition.

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 2).

The following principal accounting policies have been applied:

### 1.2 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.

### 1.3 Turnover

Turnover 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. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is calculated on a time basis of work done by consultants during the period and the sales value of software licences supplied.

Support services and upgrades invoiced in advance are included in deferred income.

### 1.4 Going concern

Having reviewed forecasts for a period of at least twelve months from the date of approval of the financial statements. The directors have prepared the financial statements on the going concern basis as they believe that the group headed by Paul Mason Consulting Limited can continue to meet its liabilities as they fall due.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.5 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.

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project when its future recoverability can be reasonably regarded as assured and is capitalised as an intangible asset. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Amortisation is provided on intangible fixed assets so as to write off the cost, less the estimated residual value, over their expected useful economic life. Development costs are written off over five years and Computer software over two years, straight line.

### 1.6 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Motor vehicles | - 3 years |
| Fixtures and fittings | - 3 years |
| Office equipment | - 3 years |

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.

# Notes to the financial statements

**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.7 Operating leases

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

### 1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 1.9 Work in progress

Work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. net realisable value is based on selling proce less anticipated costs to completion and selling costs. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

### 1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 1.11 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Notes to the financial statements
For the year ended 31 March 2016

## 1. Accounting policies (continued)

### 1.13 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

### 1.14 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 1.15 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**

## 1. Accounting policies (continued)

### 1.16 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.

### 1.17 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, except that:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. 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**

## 1. Accounting policies (continued)

### 1.18 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 from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may very in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgments that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

**Provisions**
In recognising provisions, the company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgments used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

**Deferred tax assets**
The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

## 3. Operating profit

The operating profit is stated after charging:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Depreciation of tangible fixed assets | **85,972** | 160,219 |
| Amortisation of intangible assets | **163,092** | 4,909 |
| Exchange differences | **(1,167)** | (3,508) |
| Other operating lease rentals | **(188,950)** | 181,921 |
| Defined contribution pension cost | **314,448** | 240,610 |

The earnings before interest, tax, depreciation and amortisation was £462,122 (2015: £877,195).

# Notes to the financial statements

**For the year ended 31 March 2016**

## 4. Auditor's remuneration

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Fees payable to the Group's auditor for the audit of the Group's annual accounts | **18,750** | 7,260 |
| Other services relating to taxation | **3,000** | 3,934 |

## 5. Employees

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

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Wages and salaries | **4,802,697** | 3,743,198 |
| Social security costs | **465,069** | 363,751 |
| Pension costs | **314,448** | 240,610 |
| | **5,582,214** | 4,347,559 |

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

| | 2016 | 2015 Restated |
|---|---|---|
| | No. | No. |
| Technical | **209** | 164 |
| Administration | **37** | 29 |
| | **246** | 193 |

The 2015 financial statements disclosed the yearend number of employees and as such the comparative figures have been restated to disclose the average.

## 6. Directors' remuneration

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Directors' emoluments | **392,358** | 361,492 |
| Company contributions to defined contribution pension schemes | **33,507** | 40,937 |
| | **425,865** | 402,429 |

During the year retirement benefits were accruing to 2 directors (2015 - 2).

# Notes to the financial statements

**For the year ended 31 March 2016**

## 7. Taxation

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| **Corporation tax** | | |
| Current tax on profits for the year | - | 153,675 |
| Adjustments in respect of previous periods | (71,955) | 328 |
| | (71,955) | 154,003 |
| **Foreign tax** | | |
| Foreign tax | 63,238 | 5,065 |
| | 63,238 | 5,065 |
| **Total current tax** | (8,717) | 159,068 |
| **Deferred tax** | | |
| Deferred tax movement | 13,494 | 1,675 |
| **Total deferred tax** | 13,494 | 1,675 |
| **Taxation on profit on ordinary activities** | 4,777 | 160,743 |

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower 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 | **222,816** | 714,562 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%) | **44,563** | 150,058 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | **3,158** | 4,341 |
| Adjustments to tax charge in respect of prior periods | **(71,955)** | 328 |
| Deduction for R&D expenditure | **(36,544)** | - |
| Adjust closing deferred tax rate to average | **13,578** | - |
| Reversal of unrecognised deferred tax in prior years | **(34,077)** | - |
| Overseas tax differences | **29,373** | 5,065 |
| Other differences | **(2,284)** | 951 |
| Losses carried back | **58,965** | - |
| **Total tax charge for the year** | **4,777** | 160,743 |

## 8. Dividends

| | 2016 £ | 2015 £ |
|---|---|---|
| Equity dividends | **40,000** | 278,500 |

# Notes to the financial statements
**For the year ended 31 March 2016**

## 9. Intangible assets

Group

| | Development | Computer software | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2015 | 274,008 | 763,575 | 1,037,583 |
| Additions | 406,866 | 61,920 | 468,786 |
| Foreign exchange movement | (900) | - | (900) |
| At 31 March 2016 | 679,974 | 825,495 | 1,505,469 |
| **Amortisation** | | | |
| At 1 April 2015 | 248,953 | 455,785 | 704,738 |
| Charge for the year | 51,276 | 111,816 | 163,092 |
| Foreign exchange movement | (257) | - | (257) |
| At 31 March 2016 | 299,972 | 567,601 | 867,573 |
| **Net book value** | | | |
| At 31 March 2016 | 380,002 | 257,894 | 637,896 |
| At 31 March 2015 | 25,055 | 307,790 | 332,845 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 9. Intangible assets (continued)

Company

| | Development | Computer software | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2015 | 238,914 | 691,065 | 929,979 |
| Additions | 137,643 | 40,458 | 178,101 |
| At 31 March 2016 | 376,557 | 731,523 | 1,108,080 |
| **Amortisation** | | | |
| At 1 April 2015 | 238,914 | 420,262 | 659,176 |
| Charge for the year | 26,771 | 91,003 | 117,774 |
| At 31 March 2016 | 265,685 | 511,265 | 776,950 |
| **Net book value** | | | |
| At 31 March 2016 | 110,872 | 220,258 | 331,130 |
| At 31 March 2015 | - | 270,803 | 270,803 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 10. Tangible fixed assets

Group

| | Motor vehicles | Fixtures and fittings | Office equipment | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost or valuation** | | | | |
| At 1 April 2015 | 7,439 | 295,417 | 217,481 | 520,337 |
| Additions | 11,739 | 32,712 | 27,723 | 72,174 |
| Disposals | (7,248) | (753) | - | (8,001) |
| Exchange adjustments | (74) | (2,682) | (557) | (3,313) |
| At 31 March 2016 | 11,856 | 324,694 | 244,647 | 581,197 |
| **Depreciation** | | | | |
| At 1 April 2015 | 4,571 | 173,466 | 165,084 | 343,121 |
| Charge owned for the period | 1,452 | 42,124 | 42,396 | 85,972 |
| Disposals | (5,208) | - | - | (5,208) |
| Exchange adjustments | - | (816) | (197) | (1,013) |
| At 31 March 2016 | 815 | 214,774 | 207,283 | 422,872 |
| **Net book value** | | | | |
| At 31 March 2016 | 11,041 | 109,920 | 37,364 | 158,325 |
| At 31 March 2015 | 2,868 | 121,951 | 52,396 | 177,215 |

# Notes to the financial statements
**For the year ended 31 March 2016**

Company

| | Fixtures and fittings | Office equipment | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost or valuation** | | | |
| At 1 April 2015 | 190,828 | 195,775 | 386,603 |
| Additions | 32,238 | 21,555 | 53,793 |
| At 31 March 2016 | 223,066 | 217,330 | 440,396 |
| **Depreciation** | | | |
| At 1 April 2015 | 141,657 | 157,419 | 299,076 |
| Charge owned for the period | 30,433 | 37,473 | 67,906 |
| At 31 March 2016 | 172,090 | 194,892 | 366,982 |
| At 31 March 2016 | 50,976 | 22,438 | 73,414 |
| At 31 March 2015 | 49,171 | 38,355 | 87,526 |

# Notes to the financial statements
**For the year ended 31 March 2016**

## 11. Fixed asset investments

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|---|---|---|---|
| Paul Mason Consulting (India) Pvt. Ltd | India | Ordinary shares | 100 % | Supporting the Group to provide IT services to the Retail Sector. |

Company

| | Investments in subsidiary companies |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 April 2015 | **110,197** |
| At 31 March 2016 | **110,197** |
| **Net book value** | |
| At 31 March 2016 | **110,197** |
| At 31 March 2015 | 110,197 |

## 12. Debtors

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Trade debtors | **2,059,873** | 2,254,465 | **2,059,873** | 2,254,465 |
| Amounts owed by group undertakings | **-** | - | **314,503** | 239,884 |
| Other debtors | **120,114** | 83,835 | **4,237** | 3,625 |
| Prepayments and accrued income | **461,682** | 228,662 | **445,429** | 205,995 |
| Corporation tax recoverable | **62,550** | - | **62,550** | - |
| | **2,704,219** | 2,566,962 | **2,886,592** | 2,703,969 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 13. Creditors: Amounts falling due within one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|---|---|---|---|---|
| Bank loan | **73,967** | - | **72,225** | - |
| Trade creditors | **661,918** | 313,569 | **659,301** | 302,961 |
| Corporation tax | - | 140,357 | - | 140,357 |
| Taxation and social security | **675,752** | 654,757 | **663,410** | 649,249 |
| Other creditors | **43,379** | 28,938 | **27,892** | 23,985 |
| Accruals and deferred income | **1,268,671** | 1,049,216 | **1,239,389** | 1,133,271 |
| | **2,723,687** | 2,186,837 | **2,662,217** | 2,249,823 |

The group have secured a new loan facility for £300,000 with monthly repayments of £6,734. The loan is secured over the assets of the Company. The interest on the loan is charged at 3.70% per annum over the Bank of England Base Rate.

## 14. Creditors: Amounts falling due after more than one year

As at the year end the Company owed £193,358 (2015: £nil) greater than one year in relation to bank loans.

As at the year end the Group owed £201,029 (2015: £nil) greater than one year in relation to bank loans.

## 15. Financial instruments

Group financial assets measured at amortised cost amount to £3,167,652 (2015 - £2,811,166). This consists of cash, trade debtors, amounts owed by group undertakings and other debtors.

Group financial liabilities measured at amortised cost amount to £1,217,905 (2015 - £615,273). This consists of the bank loan, trade creditors and other creditors.

The Company's financial assets measured at amortised cost amount to £3,298,158 (2015 - £2,971,286). This consists of cash, trade debtors, amounts owed by group undertakings and other debtors.

The Company's financial liabilities measured at amortised cost amount to £1,176,448 (2015 - £683,767). This consists of the bank loan, trade creditors and other creditors.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 16. Deferred taxation

Group

| | Deferred tax |
|---|---|
| | **£** |
| At 1 April 2015 | **(36,581)** |
| Charged to the profit or loss | **(9,709)** |
| **At 31 March 2016** | **(46,290)** |

Company

| | Deferred tax |
|---|---|
| | **£** |
| At 1 April 2015 | **(33,641)** |
| Charged to the profit or loss | **(16,234)** |
| **At 31 March 2016** | **(49,875)** |

| | **Group 2016** | Group 2015 | **Company 2016** | Company 2015 |
|---|---|---|---|---|
| | **£** | £ | **£** | £ |
| Accelerated capital allowances | **(46,290)** | (36,581) | **(49,875)** | (33,641) |
| | **(46,290)** | (36,581) | (49,875) | (33,641) |

## 17. Share capital

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| **Allotted, called up and fully paid** | | |
| 225,000 Ordinary A shares shares of £0.01 each | **2,250** | 2,250 |
| 88,353 Ordinary B shares shares of £0.01 each | **884** | 884 |
| 15,579 Ordinary C shares shares of £0.01 each | **156** | 156 |
| | **3,290** | 3,290 |

All shares have full voting rights.
Ordinary B and C shares can be fully redeemed.

# Notes to the financial statements

**For the year ended 31 March 2016**

## 18. Reserves

### Share premium

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

## 19. Prior year adjustment

The prior year financial statements included work in progress of £132,246 within the group and £136,353 within the company. Management have determined that the capitalised costs should appropriately be classified as development costs under intangible assets. The comparative figures have been adjusted accordingly. There is no impact on the prior year statement of comprehensive income.

## 20. Capital commitments

The Group had capital commitments of £nil at 31 March 2016 (2015: £nil).

## 21. 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 | **105,103** | 201,393 | **103,115** | 115,774 |
| Later than 1 year and not later than 5 years | **366,776** | 463,096 | **358,822** | 463,096 |
| Later than 5 years | **44,125** | 173,661 | **44,125** | 173,661 |
| **Total** | **516,004** | 838,150 | **506,062** | 752,531 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 22. First time adoption of FRS 102

The Group has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Under FRS 102 capitalised computer software is classified as intangible fixed assets and as such the Group has reclassified computer software costs, previously disclosed under tangible fixed assets, with a net book value of £175,543 in 2015 and £204,349 in 2014. The impact on the Company only is a reclassification of £134,450 in 2015 and £183,816 in 2014.

Under FRS 102 a holiday pay accrual is required to be recognised and as such the Company and Group has recognised an additional accrual of £26,818 in 2014 and a movement of £13,930 in 2015 resulting in an overall holiday accrual in 2015 and an impact on the profit and loss reserves brought forward in 2016 of £40,748.

## 23. Related party transactions

### Controlling entity

The Group is controlled by Paul Mason by virtue of his majority shareholding.

### Related party transactions

Dividends of £40,000 (2015 - £278,500) were paid to officers of the Group.