

**MCFL HOLDINGS LIMITED**  
**FILLETED FINANCIAL STATEMENTS**  
**31 MAY 2016**

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# **MCFL HOLDINGS LIMITED**

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# **MCFL HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Tim Cooper  
Maurice Helfgott  
Maurice Bennett  
Michael Bennett  
Alistair Brew  
Adam Leigh  
Gavin Saunders  
Andrew Thomson

**Company secretary**

Gavin Saunders

**Registered number**

06898860

**Registered office**

Block B Imperial Works  
Perren Street  
London  
NW5 3ED

**Independent auditor**

Blick Rothenberg LLP  
Chartered Accountants & Statutory Auditor  
16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

**MCFL HOLDINGS LIMITED**

REGISTERED NUMBER: 06898860

**CONSOLIDATED BALANCE SHEET  
AS AT 31 MAY 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Intangible assets	7		288,105		74,514
Tangible assets	8		691,678		546,762
			<u>979,783</u>		<u>621,276</u>
<b>Current assets</b>					
Stocks		1,576,216		1,608,465	
Debtors	11	1,056,304		592,121	
Cash at bank and in hand	12	822,772		1,899,358	
		<u>3,455,292</u>		<u>4,099,944</u>	
Creditors: amounts falling due within one year	13	(929,403)		(850,619)	
<b>Net current assets</b>			<u>2,525,889</u>		<u>3,249,325</u>
<b>Total assets less current liabilities</b>			<u>3,505,672</u>		<u>3,870,601</u>
Creditors: amounts falling due after more than one year	14		(898,529)		(797,044)
<b>Net assets</b>			<u><u>2,607,143</u></u>		<u><u>3,073,557</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		58		58
Share premium account			4,830,857		4,830,857
Profit and loss account			(2,223,772)		(1,757,358)
<b>Equity attributable to owners of the parent Company</b>			<u><u>2,607,143</u></u>		<u><u>3,073,557</u></u>

The accounts have been prepared in accordance with provisions applicable to companies subject to the small companies' regime with Part 15 of the Companies Act 2006 and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (effective September 2015) Section 1A (Small Entities).

The accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime. The profit and loss account has not been filed.

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

  
Maurice Helfgott  
Director

Date: 31 05 2016

**MCFL HOLDINGS LIMITED**

REGISTERED NUMBER: 06898860

**COMPANY BALANCE SHEET  
AS AT 31 MAY 2016**

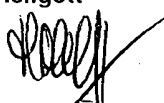
	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Intangible assets	7		7,482		7,482
Investments	9		4,681,218		3,540,231
			<u>4,688,700</u>		<u>3,547,713</u>
<b>Current assets</b>					
Debtors	11	13,286		411	
Cash at bank and in hand	12	460,314		1,658,832	
			<u>473,600</u>	<u>1,659,243</u>	
Creditors: amounts falling due within one year	13	(49,297)		(63,297)	
<b>Net current assets</b>			<u>424,303</u>		<u>1,595,946</u>
<b>Total assets less current liabilities</b>			<u>5,113,003</u>		<u>5,143,659</u>
Creditors: amounts falling due after more than one year	14		(797,044)		(797,044)
<b>Net assets</b>			<u><u>4,315,959</u></u>		<u><u>4,346,615</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		58		58
Share premium account			4,830,857		4,830,857
Profit and loss account			(514,956)		(484,300)
			<u><u>4,315,959</u></u>		<u><u>4,346,615</u></u>

The accounts have been prepared in accordance with provisions applicable to companies subject to the small companies' regime with Part 15 of the Companies Act 2006 and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (effective September 2015) Section 1A (Small Entities). The profit and loss account for the year dealt with in the accounts of the holding company was a loss of £30,656 (2015: loss of £89,048).

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

**Maurice Helfgott**  
Director

Date:



27/10/16

# MCFL HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2016

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 June 2015	58	4,830,857	(1,757,358)	3,073,557	3,073,557
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(466,414)	(466,414)	(466,414)
<b>Total comprehensive income for the year</b>	-	-	(466,414)	(466,414)	(466,414)
<b>At 31 May 2016</b>	<b>58</b>	<b>4,830,857</b>	<b>(2,223,772)</b>	<b>2,607,143</b>	<b>2,607,143</b>

# MCFL HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2015

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 June 2014	58	501,101	(1,572,037)	(1,070,878)	(1,070,878)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	(185,321)	(185,321)	(185,321)
<b>Total comprehensive income for the year</b>	-	-	(185,321)	(185,321)	(185,321)
Shares issued during the year	-	4,329,756	-	4,329,756	4,329,756
<b>At 31 May 2015</b>	<b>58</b>	<b>4,830,857</b>	<b>(1,757,358)</b>	<b>3,073,557</b>	<b>3,073,557</b>

# MCFL HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2016

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2015	58	4,830,857	(484,300)	4,346,615
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(30,656)	(30,656)
<b>Total comprehensive income for the year</b>	-	-	(30,656)	(30,656)
<b>At 31 May 2016</b>	<b>58</b>	<b>4,830,857</b>	<b>(514,956)</b>	<b>4,315,959</b>

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# MCFL HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2015

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2014	58	501,101	(395,252)	105,907
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(89,048)	(89,048)
<b>Total comprehensive income for the year</b>	-	-	(89,048)	(89,048)
Shares issued during the year	-	4,329,756	-	4,329,756
<b>At 31 May 2015</b>	<b>58</b>	<b>4,830,857</b>	<b>(484,300)</b>	<b>4,346,615</b>

# **MCFL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016**

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### **1. General information**

MCFL Holdings Limited is a private company limited by shares incorporated in England. Its registered office and principal place of business is Block B Imperial Works, Perren Street, London, NW5 3ED.

### **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 Section 1A of Financial Reporting Standard 102 (effective September 2015), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006. The company has early adopted FRS 102 in accordance with the relevant statutory instrument.

Information on the impact first-time adoption of FRS 102 1A is given in note 19.

The financial statements are presented in Sterling (£).

The financial statements are presented on a 52 week basis to the last Sunday in May. The financial statements for the current year relate to the 52 week period to 29 May 2016 and the financial statements for the prior year relate to the 52 week period to 31 May 2015.

The following principal accounting policies have been applied:

#### **2.2 Basis of consolidation**

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

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

#### **2.3 Going concern**

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Group has incurred a loss of £466,414 in the year. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# **MCFL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MAY 2016**

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## **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:

#### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **2.5 Intangible assets**

Intangible assets comprise the registration and protection of trademarks in various geographical territories. The intangible assets are amortised over their useful economic lives.

Intangible assets also comprise website developments costs that 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. Website development costs are amortised on a straight line basis over a period of two to three years.

### **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.

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:

Leasehold property	- 20 - 50% straight line
Fixtures and fittings	- 20 - 50% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

# **MCFL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MAY 2016**

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## **2. Accounting policies (continued)**

### **2.7 Valuation of investments**

Investments held as fixed assets are shown at cost less provision for impairment.

### **2.8 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 balance sheet 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.

### **2.9 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

#### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Such financial assets are subsequently measured at fair value through profit or loss, where they are publicly traded, or fair value can be measured reliably, for example by using a valuation technique. Where fair value cannot be measured reliably, the financial asset is measured at cost less impairment.

#### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

# **MCFL HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MAY 2016**

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## **2. Accounting policies (continued)**

### **2.9 Financial instruments (continued)**

#### **Derivative contracts**

Derivative contracts, including interest rate swaps and foreign exchange forward contracts, are not basic financial instruments.

Derivative contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

#### **Impairment of financial assets**

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

**MCFL HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)**

**2.10 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 profit and loss account 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 profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

**2.11 Finance costs**

Finance costs are charged to the profit and loss account 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.

**2.12 Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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

**2.13 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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**MCFL HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2016**

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**2. Accounting policies (continued)**

**2.14 Holiday pay accrual**

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

**2.15 Interest income**

Interest income is recognised in the profit and loss account using the effective interest method.

**3. Independent auditor's report**

The independent auditor's report on the Group's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg LLP and the auditor's report thereon was signed by Simon Mayston (senior statutory auditor).

**4. Auditor's remuneration**

	2016 £	2015 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	<u>22,000</u>	<u>19,826</u>

**5. Employees**

The average monthly number of employees of the Group, including directors, during the year was 65 (2015 - 58).

The employees of McFI Holdings Limited comprise the 8 directors (2015 - 8).

**6. Directors' remuneration**

	2016 £	2015 £
Directors' emoluments	<u>273,776</u>	<u>190,993</u>
	<u>273,776</u>	<u>190,993</u>

During the year retirement benefits were accruing to 2 directors (2015 - NIL) in respect of defined contribution pension schemes.

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 7. Intangible assets

#### Group

	Website development costs £	Trademarks £	Total £
<b>Cost</b>			
At 1 June 2015	198,278	7,482	205,760
Additions - internal	273,678	-	273,678
At 31 May 2016	471,956	7,482	479,438
<b>Amortisation</b>			
At 1 June 2015	131,246	-	131,246
Charge for the year	60,087	-	60,087
At 31 May 2016	191,333	-	191,333
<b>Net book value</b>			
At 31 May 2016	280,623	7,482	288,105
At 31 May 2015	67,032	7,482	74,514

#### Company

	Trademarks £
<b>Cost</b>	
At 1 June 2015	7,482
At 31 May 2016	7,482
<b>Net book value</b>	
At 31 May 2016	7,482
At 31 May 2015	7,482



# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 8. Tangible fixed assets

#### Group

	Leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 June 2015	684,500	423,053	1,107,553
Additions	102,973	239,752	342,725
At 31 May 2016	<u>787,473</u>	<u>662,805</u>	<u>1,450,278</u>
<b>Depreciation</b>			
At 1 June 2015	246,207	314,584	560,791
Charge owned for the period	116,570	81,239	197,809
At 31 May 2016	<u>362,777</u>	<u>395,823</u>	<u>758,600</u>
<b>Net book value</b>			
At 31 May 2016	<u>424,696</u>	<u>266,982</u>	<u>691,678</u>
At 31 May 2015	<u>438,293</u>	<u>108,469</u>	<u>546,762</u>

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 9. Fixed asset investments

#### Company

	Investment in subsidiary undertaking £
<b>Cost or valuation</b>	
At 1 June 2015	3,540,231
Additions	1,140,987
At 31 May 2016	<u>4,681,218</u>
<b>Net book value</b>	
At 31 May 2016	<u>4,681,218</u>
At 31 May 2015	<u>3,540,231</u>

The investment comprises equity of £500,010 and a longer term loan of £4,181,208, reflecting the underlying substance of the transaction. The comparative has been restated accordingly.

### 10. Principal subsidiary

The following was a subsidiary undertaking of the company:

#### Subsidiary undertaking

Name	Country of incorporation	Class of shares	Holding	Principal activity
Oliver Sweeney Trading Limited	England and Wales	Ordinary	100 %	Retailing and wholesaling of menswear and shoes

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 11. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Due after more than one year</b>				
Other debtors	153,142	153,142	-	-
	<b>153,142</b>	<b>153,142</b>	<b>-</b>	<b>-</b>
<b>Due within one year</b>				
Trade debtors	542,412	138,312	-	-
Other debtors	58,997	113,070	186	186
Called up share capital not paid	225	225	225	225
Prepayments and accrued income	301,528	187,372	12,875	-
	<b>1,056,304</b>	<b>592,121</b>	<b>13,286</b>	<b>411</b>

### 12. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	822,772	1,899,358	460,314	1,658,832
	<b>822,772</b>	<b>1,899,358</b>	<b>460,314</b>	<b>1,658,832</b>

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	425,563	432,799	-	-
Amounts owed to group undertakings	-	-	49,272	49,272
Taxation and social security	180,832	152,099	-	-
Other creditors	19,354	19,280	25	14,025
Accruals and deferred income	303,654	246,441	-	-
	<b>929,403</b>	<b>850,619</b>	<b>49,297</b>	<b>63,297</b>

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accruals and deferred income	101,485	-	-	-
Share capital classed as liabilities (Note 16)	797,044	797,044	797,044	797,044
	<b>898,529</b>	<b>797,044</b>	<b>797,044</b>	<b>797,044</b>

The company has ordinary 'A' and ordinary 'B' shares that have a contractual right to a cumulative dividend, initially based on a coupon rate applied to the consideration for the shares.

In accordance with FRS102 the contractual dividend which arises on the 'A' and 'B' ordinary shares meets the definition of a financial liability. The ordinary 'A' and 'B' shares which contain this obligation also contain equity components (such as the ability to receive discretionary dividends). The directors therefore consider that the ordinary 'A' and 'B' shares are compound instruments comprising of both a debt and equity component. Under FRS102 the debt's initial carrying value represents the fair value of the company's obligation to pay dividends on the ordinary 'A' and 'B' shares and therefore an obligation of £797,044 (stated after issue costs of £37,802) has been recognised in creditors. This liability represents the estimated future dividend obligations discounted to current value, using a rate of 40% which is estimated to be the market rate of similar debt instruments.

### 15. Commitments under operating leases

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

	Group 2016 £	Group 2015 £
Not later than 1 year	64,000	61,627
Later than 1 year and not later than 5 years	1,703,009	1,278,932
Later than 5 years	1,421,184	263,014
	<b>3,188,193</b>	<b>1,603,573</b>

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 16. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
7,400,000 Ordinary shares of £0.000005 each	37	37
3,064,000 Ordinary 'A' shares of £0.000005 each	15	15
1,226,000 Ordinary 'B' shares of £0.000005 each	6	6
	<u>58</u>	<u>58</u>

The shares were subject to 1 to 2000 share split on 16 March 2016.

### 17. Share-based payments

#### Equity-settled share-based payments

The company has a share option scheme for certain employees of the group (including directors). Options are exercisable at a price determined by the company but shall not be less than the nominal value of the shares.

The board of directors of the company, at their discretion, may allow for the options to be exercised at any time by written notice to the option holders. Furthermore, the options may be exercised on or following an exit event, including a sale, disposal, liquidation or listing of the company. The option period is for 10 years from the grant date and no options have been cancelled or exercised in the year.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

During the year 216,000 options lapsed due to employment cessation. The share options reflect the share split that occurred on 16 March 2016 (refer to note 16).

Details of the number of share options outstanding during the year are as follows:

Expiry date	Exercise price £	2016 No	2015 No
6 April 2025	0.05	<u>598,828</u>	<u>814,000</u>
		<u>598,828</u>	<u>814,000</u>

# MCFL HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

### 18. Related party transactions and controlling party

In the opinion of the directors there is no ultimate controlling party.

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with other related parties are as follows:

Name (relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2016 £	2015 £	2016 £	2015 £
Shareholders	Shareholder loans	-	2,025,000	-	-
	Loan interest waived	-	50,625	-	-
Tim Cooper (Shareholder and director)	Shareholder loan	-	25,000	-	-
	Loan interest waived	-	625	-	-
S&T Cooper Limited (Common director)	Consultancy fees	-	20,352	(798)	(294)
Amery Capital Limited (Common director)	Consultancy fees	18,750	16,444	1,845	-
HBAL Limited (Common director)	Consultancy fees	17,500	7,000	-	(3,500)
TW Finance Limited (Common director)	Consultancy fees	10,763	13,714	(5,760)	-

Amounts owed to related parties are unsecured, interest free and due for repayment within one year.

### 19. First time adoption of FRS 102

This is the first year that the company has presented its results and financial position in accordance with FRS 102 1A. The last financial statements under previous UK GAAP were for the period ended 31 May 2015. The date of transition to FRS 102 was 1 June 2014.

Application of the requirement of FRS 102 has reduced reported equity at 31 May 2014 by £20,829. The loss for the year ended 31 May 2015 has increased by £5,017, with a reduction in reported equity at 31 May 2015 of £25,846. This is due to the transition adjustment for a holiday pay accrual. The holiday pay accrual of £25,846 at 31 May 2015 is included in accruals and deferred income.

In addition, website development costs have been reclassified from tangible fixed assets to intangible fixed assets, in line with FRS102. At the date of transition, 1 June 2014, the website development costs were £138,980, with accumulated depreciation of £84,646 resulting in a net book value of £54,334. At 31 May 2015 the website development costs were £198,278, with accumulated depreciation of £131,246 resulting in a net book value of £67,032.