

Mercia Fund Management Limited

Annual Report and Financial Statements

For the year ended 31 March 2016

Registered number: 06973399



Mercia Fund Management Limited

Annual Report and Financial Statements 2016

Contents	Page
Directors, Secretary and Advisers	1
Strategic Report	2
Directors' Report	4
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Profit and Loss Account	9
Statement of Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Mercia Fund Management Limited

Directors, Secretary and Advisers

Directors

Raymond Kenneth Chamberlain

Timothy Robert Anthony Hazell

Dr Mark Andrew Payton

Ian Bennett Scott

Matthew Sidney Mead

Secretary

Ian Bennett Scott

Registered Office

Forward House

17 High Street

Henley-in-Arden

Warwickshire

B95 5AA

England

Independent Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

Four Brindleyplace

Birmingham

B1 2HZ

Bankers

Lloyds Bank PLC

125 Colmore Row

Birmingham

B3 3SD

Mercia Fund Management Limited

Strategic Report

The Directors present their Annual Report and the audited financial statements of Mercia Fund Management Limited for the year ended 31 March 2016. The comparative figures cover the year ended 31 March 2015.

The Directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

Review of the business

The principal activity of Mercia Fund Management Limited ('the Company') during the year was fund management and technology transfer.

As shown in the Company's profit and loss account on page 9, revenues have increased by 14% over the prior year (2015: 18%). The increase in revenues arises from the continued growth in management fees generated from additional funds raised in the year. The loss for the year was £123,151 (2015: £152,248).

The balance sheet on page 11 shows the Company's financial position at the year end. Cash balances have increased by £3,699 (2015: £103,635)

Future developments

The Company will continue to execute its strategic plan to raise additional third party funds each year, thus securing its future income streams.

Key performance indicators

The key metrics measured by the Company are revenue, staff costs and cash.

Further analysis of the development of the business during the year is included in the Annual Report and financial statements of the Company's parent, Mercia technologies PLC ('the Group', 'Mercia'). The Company's Directors are of the opinion that, given the straightforward nature of the business, further analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the business.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties although these are not considered to be any more severe than for comparable companies adopting similar strategies. The Group's Board regularly reviews, evaluates and prioritises risks to ensure that appropriate measures are in place to effectively manage and mitigate those identified. Further discussion of these risks and uncertainties, in the context of Mercia Technologies PLC as a whole, is provided on pages 21 to 22 of the Group's Annual Report, which does not form part of this report.

Mercia Fund Management Limited

Strategic Report (continued)

Events after the balance sheet date

There have been no significant events since the balance sheet date.

Approval

Approved by the Board on 29 June 2016 and signed on its behalf by:



Ian Scott
Secretary

Forward House
17 High Street
Henley-in-Arden
Warwickshire
B95 5AA

Mercia Fund Management Limited

Directors' Report

Results and dividends

The loss for the year was £123,151 (2015: £152,248). The Directors do not recommend the payment of a dividend (2015: £nil).

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Directors

The Directors of the Company who were in office during the year and up to the date of signing these financial statements were:

Raymond Kenneth Chamberlain

Timothy Robert Anthony Hazell

Dr Mark Andrew Payton

Ian Bennett Scott

Matthew Sidney Mead (appointed 24 June 2015)

Directors' indemnities

The Company's parent, Mercia Technologies PLC, has made qualifying third party indemnity provisions for the benefit of the Company's Directors. These were in force during the financial year and remained in force at the date of approval of these financial statements.

Financial instruments

The Company's financial instruments comprise cash and various other items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to fund the Company's operations as well as to efficiently manage working capital and liquidity.

It is, and has been throughout the year under review, the Company's policy not to enter into derivative transactions and no trading in financial instruments has been undertaken during the year. The Company therefore faces few risks associated with financial instruments.

Going concern

Based on the overall strength of the Company's balance sheet, together with its forecast future operating and fund management performance, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors have continued to adopt the going concern basis in preparing the Company's Annual Report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies on page 13.

Mercia Fund Management Limited

Directors' Report (continued)

Statement of disclosure of information to auditor

In the case of each of the persons who are Directors at the time when the report is approved under section 418 (1) to (4) of the Companies Act 2006, the following applies:

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

Auditor

The auditor, Deloitte LLP, has indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Group's forthcoming Annual General Meeting.

Approved by the Board on 29 June 2016 and signed on its behalf by:



Ian Scott
Secretary

Forward House
17 High Street
Henley-in-Arden
Warwickshire
B95 5AA

Mercia Fund Management Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the audited 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has 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 Company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Mercia Fund Management Limited

We have audited the financial statements of Mercia Fund Management Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 19. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss 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.

Independent Auditor's Report to the Members of Mercia Fund Management Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Andrew Halls FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
29 June 2016

Mercia Fund Management Limited

Profit and Loss Account

For the year ended 31 March 2016

	Note	2016 £	2015 £
Revenue	3	946,410	828,751
Cost of sales		(78,752)	(42,724)
Gross profit		867,658	786,027
Administrative expenses	4	(990,809)	(938,275)
Loss on ordinary activities before taxation		(123,151)	(152,248)
Taxation		-	-
Loss for the financial year		(123,151)	(152,248)

All results derive from continuing operations.

The notes on pages 13 to 23 are an integral part of these financial statements.

Mercia Fund Management Limited

Statement of Other Comprehensive Income For the year ended 31 March 2016

	2016 £	2015 £
Loss for the year	(123,151)	(152,248)
Total comprehensive loss for the year	(123,151)	(152,248)
Attributable to the owners of the Company	(123,151)	(152,248)

Mercia Fund Management Limited

Balance Sheet As at 31 March 2016

	Note	2016 £	2015 £
Non-current assets			
Tangible assets	9	22,657	27,978
Investments	10	112	111
		<u>22,769</u>	<u>28,089</u>
Current assets			
Debtors due within one year	11	467,712	464,998
Cash at bank and in hand		145,888	142,189
		<u>613,600</u>	<u>607,187</u>
Creditors: Amounts falling due within one year	12	<u>(429,523)</u>	<u>(305,279)</u>
Net current assets		<u>184,077</u>	<u>301,908</u>
Net assets		<u>206,846</u>	<u>329,997</u>
Capital and reserves			
Share capital	13	459,350	459,350
Capital redemption reserve	14	3,986	3,986
Profit and loss account	15	<u>(256,490)</u>	<u>(133,339)</u>
Shareholders' funds		<u>206,846</u>	<u>329,997</u>

The notes on pages 13 to 23 are an integral part of these financial statements.

The financial statements of Mercia Fund Management Limited, registered number 06973399, on pages 9 to 23 were approved by the Board of Directors and authorised for issue on 29 June 2016. They were signed on its behalf by:



Dr Mark Payton
Director



Ian Scott
Director

Mercia Fund Management Limited

Statement of Changes in Equity For the year ended 31 March 2016

	Share capital £ (note 13)	Capital redemption reserve £ (note 14)	Profit and loss account £ (note 15)	Total £
As at 1 April 2014	59,350	3,986	18,909	82,245
Total comprehensive loss for the year	-	-	(152,248)	(152,248)
Issue of share capital	400,000	-	-	400,000
As at 31 March 2015	459,350	3,986	(133,339)	329,997
Total comprehensive loss for the year	-	-	(123,151)	(123,151)
As at 31 March 2016	459,350	3,986	(256,490)	206,846

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016

1. Accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

General information

Mercia Fund Management Limited ('the Company') is a private limited company incorporated and domiciled in the United Kingdom with registered number 06973399. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016, the Company's accounting framework has been that of Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

The financial statements of the Company have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss as required by International Accounting Standard ("IAS") 39 'Financial Instruments: Recognition and Measurement' and explained further in the accounting policies below.

These financial statements are those of the standalone Company. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Mercia Technologies PLC, details of which are set out in note 19 to these financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group accounts of Mercia Technologies PLC, which are available to the public and can be obtained as set out in note 19.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2 and the Directors' Report on page 4, which describe the financial position of the Company, its objectives, policies and processes for managing its capital, its financial risk management objectives and details of its financial instruments.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

1. Accounting policies (continued)

Going concern (continued)

The Directors, having assessed the Company's forecasts and projections, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the Company's Annual Report and financial statements.

Leases

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Retirement benefit costs

Payments to defined contribution personal pension plans are recognised as an expense when employees have rendered a service entitling them to the contributions. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting of a business combination, the tax effect is included in the accounting for the business combination.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities, in a transaction that affects neither the taxable profit nor the accounting profit.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their expected useful lives, using the straight-line method, on the following basis:

Office equipment	33%
------------------	-----

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Investments

Investments are stated at cost less provision for any impairment losses.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors have made the following judgements and estimates, which have had the most significant effect on the carrying amounts of the assets and liabilities in these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT. All revenue from services is generated within the United Kingdom. Revenue from services comprises:

Fund management fees

Fund management fees are generally earned as a fixed percentage of funds under management and are recognised as the related services are provided.

Initial management fees

Initial management fees are generally earned as a fixed percentage of the amounts invested by the Mercia Funds, are one-off payments made by the investee company and are recognised upon completion of the investment.

Portfolio directors' fees

Portfolio directors' fees are earned either as a percentage of the amounts invested by the Mercia Funds or as a fixed amount. These are annual fees, generally charged quarterly in arrears to the investee company. Amounts are initially recorded as accrued income, included under debtors due within one year and credited to the profit and loss account over the period to which the services relate.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

3. Segmental reporting

For the year ended 31 March 2016, the Company's revenue and loss was derived from its principal activity within the United Kingdom.

An analysis of the Company's revenue is as follows:

	2016 £	2015 £
Management fees	482,823	478,782
Portfolio directors' fees	294,073	221,297
Other revenue	169,514	128,672
	<u>946,410</u>	<u>828,751</u>

4. Operating loss

Operating loss is stated after charging:

	2016 £	2015 £
Depreciation	16,215	12,210
Operating lease costs	7,358	14,884
Fees payable to the Company's auditor for the audit (note 5)	<u>6,075</u>	<u>6,000</u>

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's Annual Report and financial statements were £6,075 (2015: £6,000). Audit fees represent the costs incurred for the statutory entity audit, which is additional to the audit of the Group's consolidated accounts, the costs of which are borne by the parent company.

Fees payable to Deloitte LLP and their associates for CASS-related assurance services were £15,000 (2015: £nil) and fees payable for other non-audit services to the Company were £5,500 (2015: £5,500).

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

6. Staff costs

The average monthly number of employees (including Directors) was:

	2016 Number	2015 Number
Fund management and technology transfer	6	7

The aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	427,508	430,269
Social security costs	49,528	49,500
Other pension costs (note 17)	33,668	51,445
	510,704	531,214

The total aggregate remuneration paid by the Company in the year was £2,370,806 (2015: £1,417,840). Recharges to fellow group undertakings, in respect of qualifying services provided, amounted to £1,860,102 (2015: £886,626).

7. Directors' remuneration and transactions

	2016 £	2015 £
Directors' remuneration		
Aggregate emoluments	90,207	203,980
Company contributions to personal pension plan	8,139	20,985
	98,346	224,965

A proportion of the cost of employment of the Directors, for the provision of qualifying services, is recharged to the Company's fellow group undertakings. For the year ended 31 March 2016, this amounted to £557,368 (2015: £166,205).

	2016 Number	2015 Number
Members of personal pension plans	4	3

	2016 £	2015 £
Remuneration of the highest paid Director		
Aggregate emoluments	48,865	89,338
Company contributions to personal pension plans	4,582	8,943

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

8. Taxation

	2016 £	2015 £
Corporation tax:		
Current year	-	-
Deferred tax	-	-
Total	-	-

The UK standard rate of corporation tax is 20% (2015: 21%). There is no current tax charge in the year. A reconciliation from reported loss to total tax charge is shown below.

	2016 £	2015 £
Loss before taxation	(123,151)	(152,248)
Tax at the standard rate of corporation tax in the UK of 20% (2015: 21%)	(24,630)	(31,972)
Effects of:		
Expenses not deductible for tax purposes	8,383	7,965
Accelerated capital allowances not recognised	5,596	(250)
Other timing differences not recognised	13,231	6,292
Current year losses not recognised	(2,580)	12,797
Group relief surrendered for nil payment	-	5,168
Total	-	-

As at 31 March 2016, a deferred tax asset of £108,044 (2015: £95,176) has not been recognised due to uncertainty regarding its future recoverability.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

9. Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2014	31,295
Additions	13,402
At 31 March 2015	44,697
Additions	10,894
At 31 March 2016	55,591
Accumulated depreciation	
At 1 April 2014	4,509
Charge for the year	12,210
At 31 March 2015	16,719
Charge for the year	16,215
At 31 March 2016	32,934
Net book value	
At 31 March 2015	27,978
At 31 March 2016	22,657

10. Investments

	£
Cost and net book value	
At 1 April 2014	107
Additions	4
At 31 March 2015	111
Additions	1
At 31 March 2016	112

Details of the Company's subsidiaries as at 31 March 2016 are as follows. Unless otherwise indicated, all ownership interests are in the Ordinary share capital of the subsidiary.

Investments in subsidiary undertakings are stated at cost less provision for any impairment losses.

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

10. Investments (continued)

Name	Place of incorporation and operation	Proportion of ownership interest	Nature of business
Mercia Fund 1 General Partner Limited	England	98%	Investment fund general partner
Mercia Fund 2 General Partner Limited	England	100%	Dormant
Lothian Shelf (582) Limited	Scotland	100%	Dormant
Mercia Fund Management (Nominees) Limited	England	100%	Dormant
Mercia Growth Nominees Limited	England	100%	Dormant
Mercia Growth Nominees 2 Limited	England	100%	Dormant
Mercia Growth Nominees 3 Limited	England	100%	Dormant
Mercia Growth Nominees 4 Limited	England	100%	Dormant
Mercia Growth Nominees 5 Limited	England	100%	Dormant
Mercia Digital Nominees Limited	England	100%	Dormant
Mercia Investment Management Limited	England	100%	Dormant
Mercia Business Services Limited	England	100%	Dormant

11. Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	164,382	250,588
Amounts due from fellow subsidiaries	279,605	138,211
Other debtors	-	2,385
Prepayments and accrued income	23,725	73,814
	467,712	464,998

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

12. Creditors – amounts falling due within one year

	2016 £	2015 £
Trade creditors	48,831	90,482
Amounts owed to group undertakings	13,831	13,928
Taxation and social security	88,741	58,983
Other creditors	23,979	20,439
Accruals and deferred income	254,141	121,447
	429,523	305,279

13. Share capital

	2016 £	2015 £
Allotted, called-up and fully paid		
6,682 (2015: 6,682) "A" Ordinary shares of £1 each	6,682	6,682
6,232 (2015: 6,232) "B" Ordinary shares of £1 each	6,232	6,232
196,436 (2015: 196,436) "A" Preference shares of £1 each	196,436	196,436
250,000 (2015: 250,000) "B" Preference shares of £1 each	250,000	250,000
	459,350	459,350

14. Capital redemption reserve

	£
As at 1 April 2014	3,986
As at 31 March 2015	3,986
As at 31 March 2016	3,986

15. Profit and loss account

	£
As at 1 April 2014	18,909
Loss for the year	(152,248)
As at 1 April 2015	(133,339)
Loss for the year	(123,151)
As at 31 March 2016	(256,490)

Mercia Fund Management Limited

Notes to the Financial Statements For the year ended 31 March 2016 (continued)

16. Operating lease commitments

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

	2016		2015	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	7,358	8,070	7,358	2,506
Between two and five years	5,825	4,124	13,183	3,443
	13,183	12,194	20,541	5,949

Operating lease payments represent rentals payable by the Company for office premises and office equipment. The typical lease term for office premises and office equipment is three years.

17. Retirement benefit schemes

The Company contributes into the personal pension plans of all qualifying employees. The amount charged in the period to 31 March 2016 was £33,668 (2015: £51,445). As at 31 March 2016, contribution payments amounting to £23,979 were outstanding (2015: £20,000).

18. Related party transactions

The Company has taken advantage of the exemption granted under FRS 101 'Reduced Disclosure Framework' with regard to disclosures in respect of other subsidiary companies, which does not require disclosure of transactions between 100% owned subsidiary undertakings within the same group.

19. Controlling party

The Company's immediate and ultimate parent and controlling party is Mercia Technologies PLC which is incorporated in the United Kingdom. A copy of its financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. Its shares are listed on the Alternative Investment Market ("AIM").