

YSC Holdings Limited

Report and Financial Statements

Year Ended

30 April 2016

Company Number 08449751



YSC Holdings Limited

Company Information

Directors	D Amos G Bains L Jones E Pliner R Robinson R Sharrock M Turner G Williams
Registered number	08449751
Registered office	50 Floral Street London WC2E 9DA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

YSC Holdings Limited

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YSC Holdings Limited

Group strategic report For the year ended 30 April 2016

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 30 April 2016.

Strategic review and future developments

The principal activity of the group remains the provision of Insight based Leadership Consultancy to Board members and senior leaders in national and global organisations.

Our core strengths, and the value we bring to our clients, are founded in three core qualities: our ability to create great insights into leaders using a range of tools and psychological skills; our desire to make a measurable impact to our clients; and our professional independence. The latter presents us with major opportunities as the suppliers of executive search services, whose core business is threatened, move into the areas of leadership development. We believe our independence from executive search presents us with a unique perspective on senior executive skills, benchmarking and advice to the boardroom.

We are developing increasing expertise in CEO succession work where our independence is of particular value, and have developed several new client relationships as a result. We have also embarked upon a programme of meetings with Non-executive Directors and Chairmen in order to gain greater insights into the psychology of CEO succession.

The majority of our clients remain global corporations and emerging markets (India, Singapore, China, Hong Kong and South Africa) present great challenges to them. Our focus is to help them meet these needs by accelerating the development of their local leaders and providing advice on how to achieve this. Work in providing a fully integrated set of services in this area continues.

During the year we embarked on a brand review reflecting a continuation of a shift in strategic focus from business psychology services to leadership consulting that supports client strategy. Our developing in this way has been supported over the year by the growth in our Private Equity clients who are particularly demanding of business benefit.

We remain committed to leveraging our intellectual property (IP) that, in scale, can bring value to our clients and create new revenue streams for our company. We took the decision over the year to establish IP as a separate business line with clear targets and accountabilities, and have been successful in generating recurring licence revenue in a number of major clients.

Given our increasing ability to work at senior levels in organisations through, for example, developing a succession pipeline for CEO, and expanding the extent of our work through IP sales, we are in position to expand the share of spend in our clients on leaders and their development, and to increase revenues that are not dependent on limited consulting resource. Achieving both remains a key objective in each of our sizeable accounts.

YSC Holdings Limited

Group strategic report (continued) For the year ended 30 April 2016

Principal risks and uncertainties

The financial and non-financial performance of the Group is reviewed on a monthly basis by the Board. The directors utilise various Key Performance Indicators in order to measure the performance of the business. These include pipeline, revenues, utilisation, margin operating profit and debtor days. All KPIs are considered to be satisfactory.

In the opinion of the directors the principal risks faced by the business, other than economy-wide risks, are: the risk of significant client loss, failure to manage the pool of talent correctly, exchange rate fluctuations and cash flow management.

The Group seeks to manage the risk of losing clients by broadening the product offering and the service sectors in which the company operates. On an individual client level the company also ensures a high level of client satisfaction by close account management.

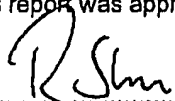
The products offered by the Group are continually reviewed by the directors of the Group, with new offerings often developed in conjunction with existing clients.

The Group values its employees highly and implements market appropriate policies to ensure high levels of employee retention. These remain under constant review.

The expansion of the international offices allows the performance of global contracts, whilst also developing new markets. Fees in the international offices are predominantly received in the local currency to match the cost base and to minimise exchange risk.

The business sectors in which the Group operate are regularly reviewed by the directors of the Group to ensure no over-reliance in one market area. Potential markets are also identified, allowing business development activity to source new clients.

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


.....
R Sharrock
Director

Date: 31 August 2016

YSC Holdings Limited

Directors' report For the year ended 30 April 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

Directors' responsibilities

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 judgements 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.

Results and dividends

The profit for the year, after taxation, amounted to £0.01m (2015 - loss £0.23m).

The directors do not recommend the payment of a dividend. (2015 - £nil).

Directors

The directors who served during the year were:

D Amos (appointed 5 June 2015)
G Bains
L Jones
E Pliner (appointed 28 October 2015)
R Robinson (appointed 28 October 2015)
K Rowe (resigned 17 July 2015)
R Sharrock
M Turner
G Williams

Political and charitable contributions

During the year the company made charitable contributions of £3,877 (2015: £1,494).

YSC Holdings Limited

Directors' report For the year ended 30 April 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

During August 2016 the Company completed a refinancing exercise. Additional funding of £11m was raised from the company's bankers HSBC, which together with £3m of the Company's own cash resources was used to fund an early partial redemption of the Loan Notes that were issued by the company in July 2013. The purpose of the refinancing is to reduce the annual interest charges incurred by the company.

Auditors

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 - 2. These matters relate to the principal activity and financial risk.

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



R Sharrock
Director

Date: 31 August 2016

YSC Holdings Limited

Independent Auditor's report to the members of YSC Holdings Limited

We have audited the financial statements of YSC Holdings Limited for the year ended 30 April 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (FRC'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 FRC'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 30 April 2016 and of the group's 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.

Opinion on other matters prescribed by the Companies Act 2006

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

YSC Holdings Limited

Independent Auditor's report to the members of YSC Holdings Limited

Matters on which we are required to report by exception

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

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



Andrew Viner (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 31 August 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

YSC Holdings Limited

Consolidated statement of comprehensive income For the year ended 30 April 2016

	Note	2016 £000	2015 £000
Turnover	4	32,205	29,581
Cost of sales		(18,009)	(15,763)
Gross profit		14,196	13,818
Administrative expenses		(10,348)	(10,746)
Operating profit	5	3,848	3,072
Interest receivable and similar income	9	22	13
Interest payable and expenses	10	(2,288)	(2,310)
Profit before taxation		1,582	775
Tax on profit	11	(1,569)	(1,007)
Profit/(loss) for the year		13	(232)
Other comprehensive income			
Currency translation differences		81	215
Total comprehensive income for the year		94	(17)

The notes on pages 14 to 36 form part of these financial statements.

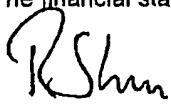
YSC Holdings Limited

Registered number:08449751

Consolidated statement of financial position As at 30 April 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	12	23,633	25,009
Tangible assets	14	830	793
		<u>24,463</u>	<u>25,802</u>
Current assets			
Debtors	16	14,195	14,524
Cash at bank and in hand		10,740	7,832
		<u>24,935</u>	<u>22,356</u>
Creditors: amounts falling due within one year	17	(13,596)	(12,146)
Net current assets		<u>11,339</u>	<u>10,210</u>
Total assets less current liabilities		<u>35,802</u>	<u>36,012</u>
Creditors: amounts falling due after more than one year	18	(28,056)	(28,360)
Provisions for liabilities			
Other provisions		-	-
Net assets		<u>7,746</u>	<u>7,652</u>
Capital and reserves			
Called up share capital	22	30	30
Share premium account	23	3,585	3,585
Capital redemption reserve	23	(2,501)	(2,501)
Other reserves	23	6,902	6,902
Profit and loss account	23	(270)	(364)
		<u>7,746</u>	<u>7,652</u>

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



R Sharrock
 Director

Date: 31 August 2016

The notes on pages 14 to 36 form part of these financial statements.

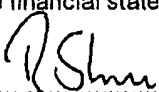
YSC Holdings Limited

Registered number:08449751

Company statement of financial position As at 30 April 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	15	32,144	32,144
		<u>32,144</u>	<u>32,144</u>
Current assets			
Debtors	16	476	127
Cash at bank and in hand		734	33
		<u>1,209</u>	<u>160</u>
Creditors: amounts falling due within one year	17	(9,169)	(4,746)
Net current liabilities		<u>(7,960)</u>	<u>(4,586)</u>
Total assets less current liabilities		<u>24,184</u>	<u>27,558</u>
Creditors: amounts falling due after more than one year	18	(28,056)	(28,360)
Net assets excluding pension asset		<u>(3,872)</u>	<u>(802)</u>
Net assets		<u>(3,872)</u>	<u>(802)</u>
Capital and reserves			
Called up share capital	22	30	30
Share premium account	23	3,585	3,585
Profit and loss account	23	(7,487)	(4,417)
		<u>(3,872)</u>	<u>(802)</u>

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



 R Sharrock
 Director

Date: 31 August 2016

YSC Holdings Limited

Consolidated statement of changes in equity For the year ended 30 April 2016

	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 May 2015	30	3,585	(2,501)	6,902	(364)	7,652
Comprehensive income for the year						
Profit for the year	-	-	-	-	13	13
Currency translation differences	-	-	-	-	81	81
Other comprehensive income for the year	-	-	-	-	81	81
Total comprehensive income for the year	-	-	-	-	94	94
At 30 April 2016	30	3,585	(2,501)	6,902	(270)	7,746

YSC Holdings Limited

Consolidated statement of changes in equity For the year ended 30 April 2015

	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 May 2014	30	3,585	(2,501)	6,902	(347)	7,669
Comprehensive income for the year						
Loss for the year	-	-	-	-	(232)	(232)
Currency translation differences	-	-	-	-	215	215
Other comprehensive income for the year	-	-	-	-	215	215
Total comprehensive income for the year	-	-	-	-	(17)	(17)
At 30 April 2015	30	3,585	(2,501)	6,902	(364)	7,652

The notes on pages 14 to 36 form part of these financial statements.

YSC Holdings Limited

Company statement of changes in equity For the year ended 30 April 2016

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 May 2015	30	3,585	(4,417)	(802)
Comprehensive income for the year				
Loss for the year	-	-	(3,070)	(3,070)
Total comprehensive income for the year	-	-	(3,070)	(3,070)
At 30 April 2016	30	3,585	(7,487)	(3,872)

Company statement of changes in equity For the year ended 30 April 2015

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 May 2014	30	3,585	(1,169)	2,446
Comprehensive income for the year				
Loss for the year	-	-	(3,248)	(3,248)
Total comprehensive income for the year	-	-	(3,248)	(3,248)
At 30 April 2015	30	3,585	(4,417)	(802)

The notes on pages 14 to 36 form part of these financial statements.

YSC Holdings Limited

Consolidated statement of cash flows For the year ended 30 April 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the financial year	13	(232)
Adjustments for:		
Amortisation of intangible assets	1,376	1,376
Depreciation of tangible assets	286	250
Interest paid	2,288	2,310
Interest received	(22)	(13)
Taxation	1,569	1,007
Decrease in debtors	894	575
Increase/(decrease) in creditors	1,632	(600)
Corporation tax	(1,217)	(1,356)
Foreign exchange	81	216
Net cash generated from operating activities	<u>6,900</u>	<u>3,533</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(341)	(473)
Sale of tangible fixed assets	19	-
Interest received	22	13
Net cash from investing activities	<u>(300)</u>	<u>(460)</u>
Cash flows from financing activities		
Repayment of loans	(1,404)	(1,404)
Interest paid	(2,288)	(312)
Net cash used in financing activities	<u>(3,692)</u>	<u>(1,716)</u>
Net increase / (decrease) in cash and cash equivalents	<u>2,908</u>	<u>1,357</u>
Cash and cash equivalents at beginning of year	<u>7,832</u>	<u>6,475</u>
Cash and cash equivalents at the end of year	<u><u>10,740</u></u>	<u><u>7,832</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>10,740</u>	<u>7,832</u>
	<u><u>10,740</u></u>	<u><u>7,832</u></u>

The notes on pages 14 to 36 form part of these financial statements.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

1. General information

YSC Holdings Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the group's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Information on the impact of first-time adoption of FRS 102 is given in note 32.

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

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the parent Company would be identical;
- No statement of cash flows has been presented for the parent Company;
- Disclosures in respect of the parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 May 2014. Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.3 Revenue

Turnover represents revenue (excluding VAT) earned under a wide variety of different contracts for the provision of consultancy services and online surveys. Revenue is recognised as the services are provided, and so for incomplete contracts, the recognised portion is the proportion of the project actually delivered in line with contractual obligations. Earned revenue that is not yet invoiced is included in debtors as accrued revenue, and payments made on account before the actual delivery of the consultancy are included in creditors as deferred revenue. Online surveys are recognised monthly for all surveys occurring that month.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the income statement over its useful economic life of 20 years. Estimates of useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business and the expected useful life of the cash generating units to which the goodwill is attributed.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.5 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:

Leasehold improvements	- Over term of the lease
Fixtures and fittings	- 10% per annum
Office equipment	- 33.33% per annum
Furniture	- 12.5% per annum

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

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

2.6 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Debtors

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

2.9 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.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.10 Financial instruments

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.

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, 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.

2.11 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.

2.12 Employee share ownership plan

The cost of the Group's shares held by the ESOP is deducted from equity in the Group and Company balance sheets under the heading ESOP share reserve. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the Group.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.13 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.

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.

2.14 Finance costs

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

2.15 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.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

2.17 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 other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

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

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

2. Accounting policies (continued)

2.19 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.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

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

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed as necessary.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Group are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset.
- Revenue is earned through the delivery of psychological assessments by consultants and follow up report delivery. The company also deliver training online. There is a key estimate around revenue recognition and to what extent revenue is earned at the year end. Management assess this through timecards and course delivery records, to confirm all courses delivered are either invoiced or accrued for.

Other key sources of estimation uncertainty

- Goodwill is amortised over its estimated useful life of 20 years, with no residual value. Its actual life is assessed annually. When assessing its estimated useful life, management consider factors such as the successful trading history of the Group, historical customer retention and company growth.

4. Analysis of turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	16,065	14,993
Rest of Europe	1,617	454
Rest of the world	14,523	14,134
	<u>32,205</u>	<u>29,581</u>

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets - owned by the group	286	250
Amortisation of intangible assets, including goodwill	1,376	1,376
Exchange differences	35	63
Operating lease rentals - property	1,278	1,197

6. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	142	161
	142	161
Fees payable to the Group's auditor and its associates in respect of:		
All other services	141	172
	141	172

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	14,951	14,667
Social security costs	1,062	1,038
Cost of defined contribution scheme	638	576
	16,651	16,281

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

	2016 No.	2015 No.
Consultants	101	92
Administration	108	95
	209	187

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

8. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	1,277	1,340
Company contributions to defined contribution pension schemes	24	26
	<u>1,301</u>	<u>1,366</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £264,000 (2015 - £268,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2015 - £nil).

9. Interest receivable

	2016 £000	2015 £000
Other interest receivable	<u>22</u>	<u>13</u>

10. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	405	480
Other loan interest payable	1,637	1,585
Preference share dividends	246	245
	<u>2,288</u>	<u>2,310</u>

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

11. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	718	423
Adjustments in respect of previous periods	361	(56)
	<u>1,079</u>	<u>367</u>
 Double taxation relief	 (20)	 (233)
	<u>1,059</u>	<u>134</u>
 Foreign tax		
Foreign tax on income for the year	214	894
Foreign tax in respect of prior periods	280	(67)
	<u>494</u>	<u>827</u>
 Total current tax	 <u>1,553</u>	 <u>961</u>
 Deferred tax		
Origination and reversal of timing differences	(6)	52
Adjustment in respect of prior periods	26	(6)
UK corporate tax rate change	(4)	-
	<u>16</u>	<u>46</u>
 Total deferred tax	 <u>16</u>	 <u>46</u>
 Taxation on profit on ordinary activities	 <u>1,569</u>	 <u>1,007</u>

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.8%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	1,582	775
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.8%)	316	161
Effects of:		
Fixed asset differences	-	11
Expenses not deductible for tax purposes	426	550
Capital allowances for year in excess of depreciation	-	(70)
Utilisation of tax losses	(1)	-
Deferred tax not recognised	(46)	-
Effect of overseas tax rates	120	-
Foreign tax credits	(3)	-
Adjustments to tax charge in respect of prior periods	411	(56)
Adjustments to tax charge in respect of prior periods (overseas tax)	274	(67)
UK corporate tax rate change	71	-
Foreign tax	-	352
Other short term timing differences	1	126
Total tax charge for the year	1,569	1,007

Factors that may affect future tax charges

The UK statutory rate of corporation tax will fall to 19% from 1 April 2017 and it is expected to fall to 17% with effect from 1 April 2020.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

12. Intangible assets

	Goodwill £000
Cost	
At 1 May 2015	27,509
At 30 April 2016	<u>27,509</u>
Amortisation	
At 1 May 2015	2,500
Charge for the year	1,376
At 30 April 2016	<u>3,876</u>
Net book value	
At 30 April 2016	<u>23,633</u>
At 30 April 2015	<u>25,009</u>

13. Parent Company Profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £3.070m (2015 - £3.248m).

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

14. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 May 2015	445	254	569	1,268
Additions	24	98	221	341
Disposals	(9)	(12)	(2)	(23)
Exchange adjustments	3	4	12	19
At 30 April 2016	463	342	800	1,605
Depreciation				
At 1 May 2015	138	63	274	475
Charge for the year	74	36	176	286
Disposals	(2)	-	(2)	(4)
Exchange adjustments	2	6	10	18
At 30 April 2016	212	105	458	775
Net book value				
At 30 April 2016	251	237	342	830
At 30 April 2015	307	191	295	793

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 May 2015	32,144
At 30 April 2016	32,144
Net book value	
At 30 April 2016	32,144
At 30 April 2015	32,144

Details of the parent company's subsidiaries are included in note 31.

16. Debtors

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Due after more than one year				
Other debtors	2,334	2,452	-	-
	2,334	2,452	-	-
Due within one year				
Trade debtors	5,356	6,148	-	-
Amounts owed by group undertakings	-	-	333	-
Other debtors	654	567	121	125
Prepayments and accrued income	4,622	4,694	4	1
Tax recoverable	1,207	625	17	1
Deferred taxation	22	38	-	-
	14,195	14,524	475	127

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

17. Creditors: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Bank loans	1,600	1,600	1,600	1,600
Trade creditors	1,391	1,073	5	34
Amounts owed to group undertakings	-	-	7,035	2,500
Corporation tax	918	-	-	-
Taxation and social security	1,020	346	7	-
Other creditors	1,158	1,380	382	612
Accruals and deferred income	7,509	7,747	140	-
	<u>13,596</u>	<u>12,146</u>	<u>9,169</u>	<u>4,746</u>

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

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Loan notes	18,747	18,747	18,747	18,747
Bank loans	1,974	3,378	1,974	3,378
Accruals and deferred income	4,347	3,247	4,347	3,247
Preference shares	2,988	2,988	2,988	2,988
	<u>28,056</u>	<u>28,360</u>	<u>28,056</u>	<u>28,360</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

19. Loans

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Amounts falling due within one year				
Bank loans	1,600	1,600	1,600	1,600
	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>
Amounts falling due between one and two years				
Bank loans	1,600	1,600	1,600	1,600
	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>
Amounts falling due after more than two years				
Bank loans	374	1,778	374	1,778
Debenture loans	18,747	18,747	18,747	18,747
	<u>19,121</u>	<u>20,525</u>	<u>19,121</u>	<u>20,525</u>

Issue costs have been deducted from the loan balance outstanding and are being amortised over the term of the debt. £196,511 was released to the income statement during the year and £425,783 remains outstanding at the year end.

20. Financial instruments

	Group 2016 £000	Group 2015 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>9,734</u>	<u>10,912</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(31,769)</u>	<u>(33,421)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise loans, trade creditors other creditors and accrued expenses.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

21. Deferred taxation

	Deferred tax £000
At 1 May 2015	38
Charged to the profit or loss	(16)
At 30 April 2016	<u>22</u>

The deferred tax asset is made up as follows:

	Group 2016 £000	Group 2015 £000
Accelerated capital allowances	<u>22</u>	<u>38</u>

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
3,585,209 (2015 -3,585,209) A Ordinary shares of £0.0005 each	1,793	1,793
2,492,528 (2015 -2,492,528) B Ordinary shares of £0.01 each	24,925	24,925
308,047 (2015 -308,047) C Ordinary shares of £0.001 each	308	308
1,581,346 (2015 -1,581,346) D Ordinary shares of £0.001 each	1,581	1,581
619,000 (2015 -170,090) E Ordinary shares of £0.001 each	619	1,360
118,616 (2015 - nil) Deferred shares of £0.00001 each	1	-
	<u>29,227</u>	<u>29,967</u>
	2016 £	2015 £
Shares classified as debt		
Allotted, called up and fully paid		
2,869,521 (2015 - 2,988,137) Preference shares of £0.00001 each	<u>29</u>	<u>30</u>

During the year 448,997 E ordinary shares were issued.

Persuant to the Articles of Association, 118,616 Preference shares were converted to Deferred shares in the year when the shareholders left the employment of the Group.

The holders of the preference shares are entitled to receive a cumulative preferential dividend at a rate of 7% (2015 – 6%) per annum on the aggregate issue price.

The dividend rate will increase by 1% per annum up to the year ended 30 April 2020, after which the dividend will accrue at a rate of 12% per annum.

The dividend is payable only on redemption of the preference shares. Subject to prior redemption in full of the A Loan stock and B Loan stock, together with all accrued interest thereon, the preference shares and accrued and unpaid preferential dividend shall be redeemed on the earlier of:

- A share sale as defined in the articles of association
- A listing as defined in the articles of association

The company may at any time redeem the preference shares, with investor consent, in tranches of not less than 50,000 shares at the issue price plus accrued and unpaid preferential dividend by serving between 14 and 30 days' notice on the preference shareholders.

The holders of the preference shares have no voting rights and no right to participate in any dividend or distribution declared by the company other than the preferential dividend.

On return of assets on liquidation or capital reduction, the surplus assets of the company remaining after settling its liabilities shall be applied first to settle the nominal value and accrued unpaid preferential dividend, before the other shareholders have any entitlement.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

23. Reserves

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

Amounts transferred from share capital on redemption of issued shares.

Merger Reserve

Merger reserve arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

24. Share based payments

Movement in share options during the year are shown below:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	28.3	712,531	11.5	1,804,996
Granted during the year	99.6	1,518,564		-
Exercised during the year	0.8	(437,731)		-
Lapsed during the year	133.9	(42,066)	0.5	(1,092,465)
Outstanding at the end of the year	90.9	1,751,298	28.3	712,531

The Company uses the Black-Scholes model to calculate the fair value of options on grant date. The key inputs are listed below:

	2016
Option pricing model used	Binomial
Weighted average contractual life (periods)	10
Expected volatility	20%
Expected dividend growth rate	0%
Risk-free interest rate	2.5%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on statistical analysis of daily share prices for selected number of comparable listed businesses over the last three periods.

The company did not enter into any share based payment transactions with parties other than employees during the current period.

At 30 April 2016, the following share options were outstanding in respect of the ordinary shares:

Date of grant	Number & class of shares	Period of option	Price per share (£)
4 October 2013	565,299 E ordinary shares	4 October 2013 - 3 October 2023	£0.007996
4 October 2013	105,166 D ordinary shares	4 October 2013 - 3 October 2023	£1.339026
6 October 2015	677,485 D ordinary shares	6 October 2015 - 5 October 2025	£1.339026
25 April 2016	403,348 D ordinary shares	25 April 2016 - 24 April 2026	£1.339026

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £638,414 (2015 - £576,000). Contributions totalling £157,026 (2015 - £135,131) were payable to the fund at the reporting date.

YSC Holdings Limited

Notes to the financial statements For the year ended 30 April 2016

26. Commitments under operating leases

At 30 April 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Group 2015 £000
Not later than 1 year	1,275	1,156
Later than 1 year and not later than 5 years	3,837	2,571
Later than 5 years	614	956
Total	5,726	4,683

27. Investment in own shares

The Employee Benefit Trust (EBT) was established in 2004 to provide for the future obligations of the company for shares awarded under the Share Ownership Plans detailed in note 24. At 30 April 2016 1,185,999 ordinary D shares held by the EBT are under option to employees.

	Shares held In Trust Number	Nominal Value £	Cost £
At 1 May 2015 and 30 April 2016	1,581,346	1,581	2,500,950

28. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that the subsidiaries party to the transactions are wholly owned members of the group.

29. Post balance sheet events

During August 2016 the Company completed a refinancing exercise. Additional funding of £11m was raised from the company's bankers HSBC, which together with £3m of the Company's own cash resources was used to fund an early partial redemption of the Loan Notes that were issued by the company in July 2013. The purpose of the refinancing is to reduce the annual interest charges incurred by the company.

30. Controlling party

In the opinion of the directors there is no ultimate controlling party by virtue of the fact that no individual shareholder has a majority shareholding.

YSC Holdings Limited

Notes to the financial statements
For the year ended 30 April 2016

31. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country	Holding
Young Samuel Chambers ("YSC") Limited	United Kingdom	100 % Business psychologists
Young Samuel Psychologists Pty Ltd	South Africa	100 % Business psychologists
YSC (Americas), Inc	USA	100 % Dormant company
YSC India Business Psychologists Private Limited	India	100 % Business psychologists
Young Samuel Chambers SA de CV	Mexico	100 % Business psychologists
YSC International Limited	United Kingdom	100 % Business psychologists
YSC Brasil Consultoria Em Lideranca e Talento Limitada	Brazil	100 % Business psychologists
YSC Consulting Private Limited	Singapore	100 % Business psychologists
YSC (Shanghai) Management Consulting Co. Limited	China	100 % Business psychologists
YSC Limited	Canada	100 % Business psychologists

32. First time adoption of FRS 102

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