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MXC Advisory Limited

Directors' Report and
Financial Statements
For the period
28 August 2015 to
31 August 2016

Registered number 9754010

Company information

Directors	A C Weaver (appointed 15 July 2016) M Young (appointed 15 July 2016) J Collighan (appointed 28 August 2015)
Company number	9754010
Registered office	c/o DAC Beachcroft 100 Fetter Lane London EC4A 1BN
Business address	25 Victoria Street London SW1H 0EX
Bankers	HSBC Bank plc 69 Pall Mall London SW1Y 5EY
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Contents

Directors' report

The directors present their report and the audited financial statements of the company for the period from incorporation on 28 August 2015 to 31 August 2016. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006, and as such, no Strategic Report has been prepared.

Principal activities

The company's principal activity was the provision of consultancy and other advisory services.

Business review

The company generated a profit after taxation for the period of £410,000. The directors do not recommend the payment of a dividend.

Future Developments

The directors expect the company to continue with the same trading activities. The company is currently trading in line with the directors' expectations.

Directors

The directors who served during the period are listed below. All directors served throughout the period unless otherwise indicated.

AC Weaver (appointed 15 July 2016)
M Young (appointed 15 July 2016)
J Collighan

The company has agreed to indemnify the directors against third party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Financial risk management

The company's financial instruments comprise cash, equity investments and various non-derivative financial investments such as trade debtors and trade creditors.

The company uses financial instruments to manage financial and commercial risk whenever it is appropriate to do so.

Currency risk

The vast majority of the company's revenues and costs are in sterling and involve no currency risk. At the end of the year the company had no material currency exposure.

Directors' report (continued)

Credit risk

The company has no significant concentrations of credit risk. The company's standard policies require appropriate credit checks on potential customers before sales commence. Surplus funds held by the company are invested, in line with board-approved policy, in high quality, short term liquid investments, usually money market funds or bank deposits.

Credit risk is managed by placing cash deposits with banks which carry a minimum credit rating of AA-, after also considering asset funding, capital and leverage ratios of the banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Prudent liquidity risk management requires the company to maintain sufficient cash, short-term liquid investments and available facilities to be able to settle its short-term payables as they fall due. The company monitors rolling forecasts of its cash and cash equivalent short term investments on the basis of expected cash flow.

Auditor

Grant Thornton UK LLP offers itself for reappointment as auditor in accordance with Section 485(4) of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

On behalf of the board

J Colligham.

Jill Collighan
Director

c/o DAC Beachcroft
100 Fetter Lane
London
EC4A 1BN

Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 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 and profit or loss of the company for that period. In preparing those 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the independent auditor to the members of MXC Advisory Limited

We have audited the financial statements of MXC Advisory Limited for the period ended 31 August 2016 which comprise the statement of profit or loss, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 auditors
As explained more fully in the Statement of directors' responsibilities, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the period 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of MXC Advisory Limited (continued)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and in preparing the Directors' Report.

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
31 January 2017

Statement of profit or loss
for the period 28 August 2015 to 31 August 2016

	Note	£000
Turnover	3	**1,905**
Cost of sales		**(17)**
Gross profit		**1,888**
Administrative expenses		**(1,358)**
Operating profit and profit on ordinary activities before taxation	4	**530**
Tax on profit on ordinary activities	6	**(120)**
Profit and total comprehensive income for the financial period		**410**

The notes on pages 12 to 18 form an integral part of these financial statements.

Balance sheet
as at 31 August 2016

	Note	£000
Current assets		
Debtors due within one year	7	**1,686**
Cash at bank and in hand		**56**
		1,742
Creditors: amounts falling due within one year	8	**(1,332)**
Net assets		**410**
Capital and reserves		
Called up share capital	9	**-**
Profit and loss account		**410**
Shareholders' funds		**410**

The notes on pages 12 to 18 form an integral part of these financial statements.

These financial statements were approved by the Board on 31 January 2017 and signed on its behalf by

M Young
Director

J Collighan.

J Collighan
Director

Registered number 9754010

Statement of changes in equity
as at 31 August 2016

	Share capital £000	**Profit and loss account £000**	**Total £000**
Balance at 28 August 2015	-	-	-
Profit for the period and total comprehensive income	-	410	410
Balance at 31 August 2016	-	410	410

Notes to the financial statements

1 Company information

MXC Advisory Limited is a private company incorporated and domiciled in England and Wales. The registered office is 100 Fetter Lane, London, EC4A 1BN and the principal place of business is the United Kingdom.

2 Accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the period unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£000).

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Parent company

The company is a wholly owned subsidiary of MXC Capital Limited, its ultimate parent company, which prepares publicly available consolidated financial statements in accordance with IFRS. This company is included in the consolidated financial statements of MXC Capital Limited for the period ended 31 August 2016. These accounts are available from Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

Notes to the financial statements

2 Accounting policies (continued)

2.4 Disclosure exemptions adopted
In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- a statement of cash flows and related notes;
- the requirement to produce a balance sheet at the beginning of the earliest comparative period;
- the requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- presentation of comparative reconciliations for property, plant and equipment and investments;
- disclosure of key management personnel compensation;
- capital management disclosures;
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- the effect of future accounting standards not adopted;
- certain share based payment disclosures;
- disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).

2.5 Financial instruments
Financial assets are recognised when the company becomes a party to the contractual provisions of the contract. They are assigned to the categories described below by management on initial recognition, depending on the purpose for which they were acquired. The designations of financial assets are re-evaluated at every reporting date at which a choice of classification or accounting treatment is available, and are as follows:

Trade and other receivables
Trade and other receivables are recognised and carried at the lower of their original value and recoverable amounts. Provision is made where there is evidence that the balances will not be recovered in full. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

2.6 Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes a party to the contractual provisions of the contract. The company's financial liabilities include trade payables which are measured initially at fair value and subsequently at amortised cost using the effective interest rate method, based on management's expectations of performance.

Notes to the financial statements

2 Accounting policies (continued)

2.7 Derecognition of financial assets and liabilities
A financial asset or liability is generally derecognised only when the contract that gives rise to it is settled, sold, cancelled or expires.

2.8 Intercompany balances
Group loans are due on demand and are carried at the amount due/payable on an amortised cost basis.

2.9 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Equity
Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity.

2.11 Revenue
Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the company's activities. Revenue is shown net of Value Added Tax where applicable.

Rendering of services
The company's primary sources of revenue are retainer fees charged to third parties and the provision of services to other group companies. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the goods or services have been provided. The amount is not considered to be reliably measurable until all contingencies relating to the service have been resolved. In the case of retainers charged, these are recognised on a monthly basis in accordance with the provision of services. In the case of charges to group companies, revenue is recognised on provision of the relevant service.

2.12 Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Notes to the financial statements

2 Accounting policies (continued)

2.13 Taxation
The company's current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or of any other asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Tax losses which are available to be carried forward and other income tax credits to the company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income.

Current and deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

2.14 Profit from operations
Profit from operations comprises the results of the company before interest receivable and similar income, interest payable and similar charges, corporation tax and deferred tax.

2.15 Significant judgements and estimates
There are no significant judgements and estimates made in the preparation of these financial statements.

Notes to the financial statements

3 Turnover

Turnover, analysed geographically between markets, was as follows:

	£000
United Kingdom	413
Rest of Europe	1,492
Total turnover	1,905

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	£000
Auditor's remuneration	5
Management charges from group undertakings	1,341

5 Particulars of staff

Staff costs were paid by another group company and are included in the management charge cost detailed in note 4.

6 Tax on profit on ordinary activities

The tax charge represents:

	£000
UK Corporation tax at 20.0% (2015: 20.00%)	120

Tax reconciliation

Profit on ordinary activities before taxation	530
Tax using the UK corporation tax rate of 20.0%	106
Expenses not deductible for tax purposes	14
Current tax charge	120

Notes to the financial statements

7 Debtors

	£000
Due within one year:	
Trade debtors	**159**
Amounts owed from group undertakings	**1,492**
Accrued income	**35**
	1,686

8 Creditors: amounts falling due within one year

	£000
Trade creditors	**7**
Amounts owed to group undertakings	**1,150**
Corporation tax	**120**
Taxation and social security	**30**
Accruals and deferred income	**25**
	1,332

9 Share capital

	£000
Authorised, allotted and fully paid:	
1 Ordinary share of £1 each	-

10 Reserves

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

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

Notes to the financial statements

11 Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of the MXC Capital Limited group have not been disclosed.

A C Weaver, a director of the company and A I Smith are shareholders in MXC Capital Limited, the ultimate parent company. During the period A C Weaver and A I Smith were directors of companies that were provided with services by MXC Advisory Limited as follows:

Castleton Technology plc – services provided of £51,000. At 31 August 2016 the company was owed £61,000.

Redcentric plc – services provided of £9,000. At 31 August 2016 the company was owed £11,000.

12 Ultimate parent company and control

The company is controlled by its immediate parent company, MXC Capital (UK) Limited, a company incorporated in England and Wales. The ultimate parent undertaking is MXC Capital Limited, a company incorporated and domiciled in Guernsey.

The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate parent company, MXC Capital Limited. The consolidated accounts of MXC Capital Limited are available from the address stated in note 2.3 or on the group's website www.mxccapital.com.

There is no ultimate controlling party.

13 Transition to FRS 101

As this is the first period of account for the company there are no transitional adjustments in respect of the adoption of FRS 101.