

Company Registration No. 08906732 (England and Wales)

**METHODS CONSULTING (ADVISORY) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2016**



# **METHODS CONSULTING (ADVISORY) LIMITED**

## **COMPANY INFORMATION**

---

<b>Directors</b>	P Rowlin M Thompson A Hartshorn
<b>Company number</b>	08906732
<b>Registered office</b>	16 St Martin's Le Grand London EC1A 4EN
<b>Auditor</b>	HW Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
<b>Business address</b>	16 St Martin's Le Grand London EC1A 4EN

---

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Group profit and loss account	7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Company statement of cash flows	14

---

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **CONTENTS**

---

Notes to the financial statements

15 - 34

---

# METHODS CONSULTING (ADVISORY) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 APRIL 2016**

---

The directors present the strategic report for the year ended 30 April 2016.

### **Fair review of the business**

The group has had a solid year of trading across its core markets of local and central government and healthcare, in spite of the challenging market conditions from austerity measures. We also consolidated our position in the police market, with some significant delivery contracts that enabled a broadening of our skill base.

### **Principal risks and uncertainties**

The Board reviews and agrees policies for managing the main risks to the group which are summarised below:

#### **Political Risk**

The main uncertainties arising for the group are around the public sector spending profile adopted by the government in future parliaments and changes in procurement practices in the public sector away from the commercial enabling frameworks the group participates in.

#### **Public Sector Spending**

Whilst the group's income is predominantly public sector based, our market share is not considered high enough to be materially impacted by public sector spending cuts, in fact the current focus on getting much greater value from suppliers plays well to the group's capabilities and competitive positioning. The on-going pro-activity by UK government to promote the use of SME suppliers works to our advantage. The public sector's adoption of new techniques and technologies also favours the group's offerings over and above traditional competitors.

#### **Public Sector Procurement Frameworks**

Public sector procurement organisations use standard procurement frameworks to simplify and standardise buying procedures and contractual terms. The group has won positions on various frameworks through which it does the majority of its business. The group works hard to promote the use of these frameworks with its clients and we participate in and regularly review the frameworks as they come up for renewal to ensure we are able to take full advantage of them in the future.

### **Development and performance**

The group made a pre-tax profit of £1,125,830 (2015: loss of £6,410,051) for the year on a turnover of £12,620,599 (2015: £10,143,847). At 30 April 2016 the group had net liabilities of £5,902,143 (2015: £6,913,556)

At 30 April 2016 the company had net assets of £1,000 (2015: £2,000)

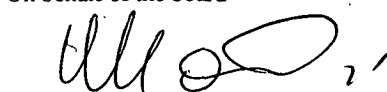
### **Key performance indicators**

Operating profit margin: 8.7% (2015: 11.8%)

EBITA (1): £309,846 (2015: £401,350)

(1) = Earnings before interest, tax, depreciation, amortisation, exceptional items and amounts written off investments.

On behalf of the board



P Rowlins

Director

31/1/17

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

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

### **Principal activities**

The principal activity of the company is a holding company.

The principal activity of the company's subsidiary undertaking continued to be the provision of business change, technology and procurement consultancy services, primarily for public sector clients.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Rowlin  
M Thompson  
A Hartshorn

### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

### **Financial instruments**

#### ***Financial risk management***

The group's financial instruments comprise cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operation. The main financial risks arising from these financial instruments are liquidity and credit risk.

#### ***Liquidity risk***

Liquidity risk arises in relation to the group's management of working capital and the risk that the group will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk, the liquidity position and ongoing working capital requirements are regularly reviewed by the directors

#### ***Credit risk***

Trade debtors and trade creditors give risk to credit risk for the group.

Trade debtors are, where appropriate, subject to a credit check, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or still persist. Unpaid balances are rigorously followed up on an ongoing basis. Any indications of impairment to the recoverability of trade debtor balances are provided for in the profit and loss account.

The risk arising from the possible non-advance of credit by the group's trade creditors either by exceeding the credit limit or not paying within the specified terms is managed by prompt payment and regular monitoring of the trade balance and credit limit terms for all suppliers.

The financial risk regarding amounts owed by connected companies is considered low risk as they are under the control of the ultimate shareholders..

### **Future developments**

Looking ahead, the group we will aim for 10% revenue growth in the next trading year. We will remain focused on the public sector as our client base, continuing to diversify service offerings into more non-technology related change activities. A large number of public sector organisations are undergoing significant change as they adapt to greater expectations from the public, lower budgets and having to adapt to new ways of working, and we expect this market demand to continue.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

### **Auditor**

The auditor, H W Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



P Rowlin

**Director**

3/11/17

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF METHODS CONSULTING (ADVISORY) LIMITED**

---

We have audited the financial statements of Methods Consulting (Advisory) Limited for the year ended 30 April 2016 set out on pages 7 to 34. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 group's and the parent 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 group's and the parent company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF METHODS CONSULTING (ADVISORY) 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.

**Paul Beber (Senior Statutory Auditor)**

**for and on behalf of HW Fisher & Company**

**Chartered Accountants**

**Statutory Auditor**

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

31/11/17

# METHODS CONSULTING (ADVISORY) LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2015 £
Turnover	3	12,620,599	10,143,847
Other operating income		130,951	-
Other external charges		(8,105,052)	(6,434,256)
Staff costs		(3,125,070)	(2,298,896)
Depreciation and other amounts written off tangible and intangible fixed assets		787,039	795,336
Other operating charges		(1,211,582)	(1,009,345)
<b>Operating profit</b>	<b>4</b>	<b>1,096,885</b>	<b>1,196,686</b>
Interest receivable and similar income	7	28,945	-
Interest payable and similar charges	8	-	(354)
Amounts written off investments		-	(249,547)
Exceptional profit on sale of trade and assets		-	7,443,164
Exceptional loss on loan waivers		-	(14,800,000)
<b>Profit/(loss) before taxation</b>		<b>1,125,830</b>	<b>(6,410,051)</b>
Taxation	9	(113,417)	(355,505)
<b>Profit/(loss) for the financial year</b>		<b>1,012,413</b>	<b>(6,765,556)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **GROUP STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Profit/(loss) for the year</b>	1,012,413	(6,765,556)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>1,012,413</u>	<u>(6,765,556)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# METHODS CONSULTING (ADVISORY) LIMITED

## GROUP BALANCE SHEET

AS AT 30 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	11	(6,466,762)		(7,275,107)	
Tangible assets	12	30,804		20,747	
		<u>(6,435,958)</u>		<u>(7,254,360)</u>	
<b>Current assets</b>					
Debtors	16	14,312,775		14,873,308	
Cash at bank and in hand		1,781,667		51,155	
		<u>16,094,442</u>		<u>14,924,463</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(14,702,824)</u>		<u>(13,777,659)</u>	
<b>Net current assets</b>			1,391,618		1,146,804
<b>Total assets less current liabilities</b>			<u>(5,044,340)</u>		<u>(6,107,556)</u>
<b>Provisions for liabilities</b>	18		(857,803)		(806,000)
<b>Net liabilities</b>			<u>(5,902,143)</u>		<u>(6,913,556)</u>
<b>Capital and reserves</b>					
Called up share capital	21		1,000		2,000
Profit and loss reserves			<u>(5,903,143)</u>		<u>(6,915,556)</u>
<b>Total equity</b>			<u>(5,902,143)</u>		<u>(6,913,556)</u>

The financial statements were approved by the board of directors and authorised for issue on 31/1/17 and are signed on its behalf by:

  
 .....  
 P Rowlin  
 Director

# METHODS CONSULTING (ADVISORY) LIMITED

## COMPANY BALANCE SHEET

AS AT 30 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investments	13		1,000		1,000
<b>Current assets</b>					
Debtors	16				1,000
<b>Net assets</b>			1,000		2,000
<b>Capital and reserves</b>					
Called up share capital	21		1,000		2,000
<b>Total equity</b>			1,000		2,000

The financial statements were approved by the board of directors and authorised for issue on 31/11/17 and are signed on its behalf by:

  
P Rowlin  
Director

Company Registration No. 08906732

# METHODS CONSULTING (ADVISORY) LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2014</b>		1,000	-	1,000
<b>Year ended 30 April 2015:</b>				
Loss and total comprehensive income for the year		-	(6,765,556)	(6,765,556)
Issue of share capital	21	1,000	-	1,000
Dividends	10	-	(150,000)	(150,000)
<b>Balance at 30 April 2015</b>		2,000	(6,915,556)	(6,913,556)
<b>Year ended 30 April 2016:</b>				
Profit and total comprehensive income for the year		-	1,012,413	1,012,413
Reduction of shares	21	(1,000)	-	(1,000)
<b>Balance at 30 April 2016</b>		1,000	(5,903,143)	(5,902,143)

# METHODS CONSULTING (ADVISORY) LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

---

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2014		1,000	-	1,000
<b>Year ended 30 April 2015:</b>				
Profit and total comprehensive income for the year		-	150,000	150,000
Issue of share capital	21	1,000	-	1,000
Dividends	10	-	(150,000)	(150,000)
Balance at 30 April 2015		2,000	-	2,000
<b>Year ended 30 April 2016:</b>				
Profit and total comprehensive income for the year		-	-	-
Reduction of shares	21	(1,000)	-	(1,000)
Balance at 30 April 2016		1,000	-	1,000

---

# METHODS CONSULTING (ADVISORY) LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	1,714,180		396,785	
Interest paid		-		(354)	
Income taxes refunded/(paid)		18,750		(184,880)	
<b>Net cash inflow from operating activities</b>		<u>1,732,930</u>		<u>211,551</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(31,363)		(31,088)	
Net cash acquired in purchase of subsidiary undertaking		-		20,692	
Interest received		108		-	
Other investment income received		28,837		-	
<b>Net cash used in investing activities</b>		<u>(2,418)</u>		<u>(10,396)</u>	
<b>Financing activities</b>					
Dividends paid to equity shareholders		-		(150,000)	
<b>Net cash used in financing activities</b>		<u>-</u>		<u>(150,000)</u>	
<b>Net increase in cash and cash equivalents</b>		<u>1,730,512</u>		<u>51,155</u>	
Cash and cash equivalents at beginning of year		51,155		-	
<b>Cash and cash equivalents at end of year</b>		<u><u>1,781,667</u></u>		<u><u>51,155</u></u>	

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **COMPANY STATEMENT OF CASH FLOWS**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash used in investing activities			-		-
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			-		-

---

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

### **1 Accounting policies**

#### **Company information**

Methods Consulting (Advisory) Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 16 St. Martin's Le Grand, London, England, EC1A 4EN.

The group consists of Methods Consulting (Advisory) Limited and its subsidiary undertaking, Methods Advisory Limited.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 April 2016 are the first financial statements of Methods Consulting (Advisory) Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 May 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2015 - £150,000 profit).

#### **1.2 Basis of consolidation**

The consolidated financial statements incorporate those of Methods Consulting (Advisory) Limited and its subsidiary undertaking, Methods Advisory Limited (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the parent company financial statements, investments in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

#### **1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover represents amounts receivable for services net of VAT.

Time and materials revenue is recognised to the extent that time has been completed and materials expensed in the year. The amount recognised is based on the billable value of time worked.

Revenue from fixed price contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. If it is expected that there will be a loss on a contract as a whole, all of the loss is recognised as soon as it is foreseen.

Where the right to consideration arises from the occurrence of a critical event (stage of deliverables or contract milestone) the revenue is recognised when the event occurs.

#### 1.5 Intangible fixed assets - goodwill

Negative goodwill is written back in equal annual instalments over its estimated useful economic life of 10 years.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	Straight line over 3 years
Fixtures, fittings & equipment	Straight line over 3 years
Motor vehicles	10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

---

### 1 Accounting policies

(Continued)

#### *Classification of financial liabilities*

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

#### *Basic financial liabilities*

Basic financial liabilities, including creditors and loans from group and connected companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### *Current tax*

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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2016**

---

### **1 Accounting policies**

**(Continued)**

#### **1.12 Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.15 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the directors' valuation and agreed with HMRC. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The company has no cash-settled arrangements.

#### **1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Loss making contracts***

Where a contract is loss making the group provides for the full loss of the contract once the loss has been identified and validated by management.

#### ***Bad and doubtful debt***

The group creates a provision for bad debts when management judge there is likelihood that the debt will not be collectable.

#### ***Impairment of goodwill***

The group has tested goodwill for impairment which requires judgement when determining the recoverable amount.

#### ***Provisions***

The group has recognised a provision for possible clawback of previous years corporation tax relief in its financial statement which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, documentation from HMRC and other reasonable and relevant factors.

#### ***Accruals***

Accruals are based on the best estimate of costs that are expected to be invoiced after the year end. These are based on management's knowledge of costs relating to the group that have not yet been billed and invoices relating to the financial year that are received after the year end.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Revenue recognition

Revenue is recognised based on the value of services delivered in a period. For time and materials engagements this is based on the billable value of time worked. For fixed price projects the company recognises revenue based on the percentage completion of the contract. Percentage completion is calculated by dividing the total cost to date on the contract by the total estimated cost for the whole contract. Total estimated costs are based on management judgement and detailed project plans. The accounting policy for revenue is disclosed in note 1.4 of the financial statements and the turnover for the year is disclosed in note 3 of the financial statements.

#### Tangible assets

The cost of tangible fixed assets is depreciated over its estimated useful economic life. Management estimates the useful lives of these tangible assets to vary. Changes in the expected level of usage and technological developments could impact on the useful economic lives and the residual values of these assets; therefore, future depreciation charges could be revised. The accounting policy for tangible fixed assets is described in note 1.6. The carrying amount of the tangible fixed assets in the balance sheet is disclosed in note 12 of the financial statements.

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Rendering of services	12,620,599	10,143,847
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	108	-
	<u>          </u>	<u>          </u>
<b>Turnover analysed by geographical market</b>		
	2016 £	2015 £
United Kingdom	12,620,599	10,143,847
	<u>          </u>	<u>          </u>

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	21,306	13,009
Profit on disposal of tangible fixed assets	-	(17,581)
Amortisation of intangible assets	(808,345)	(808,345)

The fees payable to the company's auditor for the audit of the financial statements of the parent company and consolidated financial statements is borne by the subsidiary undertaking and not recharged to the parent company. The fees payable to the company's auditor for the audit of parent company and consolidated financial statements is approximately £3,000 (2015 - £7,000).

### 5 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Office and Admin	1	3
Sales and Marketing	2	1
Consultants	41	23
	44	27

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,711,565	2,017,554
Social security costs	359,795	258,274
Pension costs	53,710	23,068
	3,125,070	2,298,896

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	156,000	182,860
Company pension contributions to defined contribution schemes	3,750	3,450
	159,750	186,310

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 6 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

The above details of directors' remuneration does not include the remuneration of two directors, who are paid by a connected company and recharged to the group as part of a management charge. This management charge, which in 2016 amounted to £1,068,418 (2015 - £819,071), also includes a recharge of administrative costs borne by the connected company on behalf of the group and it is not possible to identify separately the amount of the two directors remuneration.

### 7 Interest receivable and similar income

	2016	2015
	£	£
<b>Interest income</b>		
Interest on bank deposits	108	-
<b>Income from fixed asset investments</b>		
Income from other fixed asset investments	28,837	-
Total income	28,945	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	108	-
--	-----	---

### 8 Interest payable and similar charges

	2016	2015
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	354

### 9 Taxation

	2016	2015
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	113,417	479,254
Adjustments in respect of prior periods	-	(123,749)
Total current tax	113,417	355,505

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 9 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit/(loss) before taxation	1,125,830	(6,410,051)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	225,166	(1,340,983)
Tax effect of expenses that are not deductible in determining taxable profit	128	48,483
Gains not taxable	-	(1,557,110)
Adjustments in respect of prior years	-	(123,749)
Amortisation on assets not qualifying for tax allowances	(161,669)	(169,105)
Capital allowances in excess of depreciation	(2,011)	26,809
Exceptional loss on loan waivers	-	3,096,160
Provision of possible clawback of previous years corporation tax relief	51,803	375,000
Tax expense for the year	113,417	355,505

### 10 Dividends

	2016 £	2015 £
Interim paid	-	150,000

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 May 2015 and 30 April 2016	(8,083,452)
<b>Amortisation and impairment</b>	
At 1 May 2015	(808,345)
Amortisation charged for the year	(808,345)
At 30 April 2016	(1,616,690)
<b>Carrying amount</b>	
At 30 April 2016	(6,466,762)
At 30 April 2015	(7,275,107)

The company had no intangible fixed assets at 30 April 2016 or 30 April 2015.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 12 Tangible fixed assets

Group	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 May 2015	42,624	-	68,000	110,624
Additions	30,170	1,193	-	31,363
At 30 April 2016	72,794	1,193	68,000	141,987
<b>Depreciation and impairment</b>				
At 1 May 2015	21,877	-	68,000	89,877
Depreciation charged in the year	20,908	398	-	21,306
At 30 April 2016	42,785	398	68,000	111,183
<b>Carrying amount</b>				
At 30 April 2016	30,009	795	-	30,804
At 30 April 2015	20,747	-	-	20,747

The company had no tangible fixed assets at 30 April 2016 or 30 April 2015.

### 13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	1,000	1,000

#### Movements in fixed asset investments

Group	Unlisted investments £
<b>Cost or valuation</b>	
At 1 May 2015 & 30 April 2016	655,000
<b>Impairment</b>	
At 1 May 2015 & 30 April 2016	655,000
<b>Carrying amount</b>	
At 30 April 2016	-
At 30 April 2015	-

The unlisted investments represent minority interest in two Limited Liability Partnerships. As at 30 April 2016, the directors do not believe that the investments are recoverable and therefore the full provision against the investments made in the previous years have remained.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Company	Shares £
<b>Cost or valuation</b>	
At 1 May 2015 & 30 April 2016	1,000
<b>Carrying amount</b>	
At 30 April 2016	1,000
At 30 April 2015	1,000

### 14 Subsidiaries

Details of the company's subsidiaries at 30 April 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Methods Advisory Limited      England and Wales	Consultancy services	Ordinary	100.00

### 15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	14,267,485	14,714,625	-	1,000
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	13,490,515	12,693,095	-	-

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 16 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,496,158	5,078,543	-	-
Other debtors	10,633,411	6,574,526	-	1,000
Prepayments and accrued income	942,477	2,979,510	-	-
	<u>14,072,046</u>	<u>14,632,579</u>	<u>-</u>	<u>1,000</u>
<b>Amounts falling due after one year:</b>				
Other debtors	<u>240,729</u>	<u>240,729</u>	<u>-</u>	<u>-</u>
Total debtors	<u>14,312,775</u>	<u>14,873,308</u>	<u>-</u>	<u>1,000</u>

Included within group trade debtors is a provision for bad and doubtful debts of £16,273 (2015 - £Nil).

### 17 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	586,490	492,474	-	-
Corporation tax payable	62,169	(18,195)	-	-
Other taxation and social security	982,427	984,885	-	-
Other creditors	11,666,174	8,705,728	-	-
Accruals and deferred income	1,405,564	3,612,767	-	-
	<u>14,702,824</u>	<u>13,777,659</u>	<u>-</u>	<u>-</u>

Included within group other creditors is £300 (2015 - £84,191) owed to RBS Invoice Finance Limited. This amount is secured by a fixed and floating charge over the assets of the subsidiary undertaking.

### 18 Provisions for liabilities

	Group 2016 £	2015 £	Company 2016 £	2015 £
Provision for possible clawback of previous years corporation tax relief	<u>857,803</u>	<u>806,000</u>	<u>-</u>	<u>-</u>

Movements on provisions:

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 18 Provisions for liabilities

(Continued)

Group	£
At 1 May 2015	806,000
Additional provisions in the year	51,803
	<hr/>
At 30 April 2016	857,803
	<hr/>

The provision relates to the possible clawback of previous years corporation tax relief. This is not expected to be settled within 12 months of the balance sheet date.

### 19 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	53,710	23,068
	<hr/>	<hr/>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 20 Share-based payment transactions

During the year ended 30 April 2016, the parent company had one equity-settled share-based payment arrangement, which is detailed below. The equity-settled share-based payment arrangement is in respect of employees of the subsidiary undertaking. The parent company does not have any employees.

#### Type of Arrangement: Enterprise Management Incentive ("EMI") Scheme

Date of Grant: 29 October 2014.

Number Granted: 198,030.

Contractual Life: 10 years.

Vesting requirements: Options may be exercised on a change of ownership, transfer of business or a listing but does not include a reorganisation.

The estimated fair value of each share option granted is £1.67

The options were valued at the grant date by the directors and agreed with HMRC

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 20 Share-based payment transactions

(Continued)

Group	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 1 May 2015	190,796	-	1.66	-
Granted	-	198,030	-	1.66
Forfeited	(47,234)	(7,234)	1.68	1.38
Outstanding at 30 April 2016	143,562	190,796	1.67	1.67
Exercisable at 30 April 2016	-	-	-	-

The options outstanding at 30 April 2016 had an exercise price ranging from £1.38 to £1.70, and a remaining contractual life of 8.5 years.

Company	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 1 May 2015	190,796	-	1.67	-
Granted	-	198,030	-	1.66
Forfeited	(47,234)	(7,234)	1.68	1.38
Outstanding at 30 April 2016	143,562	190,796	1.67	1.67
Exercisable at 30 April 2016	-	-	-	-

The options outstanding at 30 April 2016 had an exercise price ranging from £1.38 to £1.70, and a remaining contractual life of 8.5 years.

Liabilities arising in relation to equity settled share based payment transaction during the year was £0 (2015 - £0).

During the year, the group recognised total share-based payment expenses of £0 (2015 - £0) which related to equity settled share based payment transactions.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2016**

### 21 Share capital

	<b>Group and company</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 Ordinary shares of 10p each	-	1,000
1,000,000 Ordinary shares of 0.1p each	1,000	1,000
	<u>1,000</u>	<u>2,000</u>

On 4 November 2015, 10,000 ordinary shares of 10p each in the company were cancelled. These shares were unpaid by the company's shareholders and thus the effect of cancelling the shares were to reduce the debt owed by the shareholders to the company.

### 22 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	278,551	153,597	-	-
Between two and five years	730,399	1,008,950	-	-
	<u>1,008,950</u>	<u>1,162,547</u>	<u>-</u>	<u>-</u>

There is no operating lease expense recognised in the profit and loss account, since the lease expense is paid by a connected company, and recharged to the group in the form of a management charge.

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 23 Financial commitments, guarantees and contingent liabilities

#### Group

The group and connected companies (through common ownership) are party to a banking arrangement with Coutts & Company, whereby an unlimited cross guarantee is given for all liabilities to the bank of any kind whether incurred alone or jointly with another. At the year end, the overall liability of the company and connected companies to the bank was £Nil (2015 - £Nil).

The group and connected companies (through common ownership) are party to an invoice discounting facility with RBS Invoice Finance Limited, whereby an unlimited multi-party guarantee is given for all liabilities to RBS Invoice Finance Limited. At the year end, the overall liability of the group and connected companies to RBS Invoice Finance Limited was £45,064 (2015 - £104,631).

#### Company

The company, its subsidiary undertaking and connected companies (through common ownership) are party to an invoice discounting facility with RBS Invoice Finance Limited, whereby an unlimited multi-party guarantee is given for all liabilities to RBS Invoice Finance Limited. At the year end, the overall liability of the company, its subsidiary undertaking and connected companies to RBS Invoice Finance Limited was £45,064 (2015 - £104,631).

### 24 Related party transactions

#### **Remuneration of key management personnel**

The remuneration of key management personnel is as follows for the group.

	2016	2015
	£	£
Aggregate compensation	159,750	186,310

The above details of key management personnel compensation for the group does not include two of the directors' compensation, which is paid by a connected company and recharged to the group as part of a management charge. This management charge, which in 2016 amounted to £1,068,418 (2015 - £819,071), also includes a recharge of administrative costs borne by the connected company on behalf of the group and it is not possible to identify separately the amount of the two directors compensation.

None of the key management personnel received any compensation, from any source, for their services to the company. Compensation to key management personnel for services to the company is therefore £Nil (2015 - £Nil).

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

---

### 24 Related party transactions

(Continued)

#### Transactions with related parties

During the year, the group entered into the following transactions with related parties:

#### Other related parties - Connected companies (entities under common control)

Rendering of services (turnover) - £372,715 (2015 - £351,640)

Purchase of services £17,332,164 (2015 - £31,829,504).

Due to the group acting as an agent for £16,199,867 (2015 - £31,345,027) of the purchases of services included in the above, these have been netted off against the respective turnover with third parties in the profit and loss account.

Management charges £1,068,418 (2015 - £819,071)

The group waived loans totalling £Nil (2015 - £14,800,000).

During the year and in the previous year, the company did not enter into any transactions with related parties.

#### Amounts owed by related parties (included in other debtors)

##### Group

Other related parties - Connected companies (entities under common control) £10,518,681 (2015 - £6,582,644)

These balances are unsecured, interest free and repayable on demand.

##### Company

None

#### Amounts owed to related parties (included in other creditors)

##### Group

Other related parties - Connected companies (entities under common control) £11,623,738 (2015 - £10,870,948)

These balances are unsecured, interest free and repayable on demand.

##### Company

None

# METHODS CONSULTING (ADVISORY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2016

### 25 Directors' transactions

Dividends totalling £0 (2015 - £150,000) were paid in the year in respect of shares held by the company's directors. The dividends were paid by the subsidiary undertaking to the ultimate shareholders on behalf of the parent company. This amount was offset against the amount owed by the subsidiary undertaking to the parent company for dividends declared by the subsidiary undertaking to the parent company.

#### Group

The shareholders, who are also directors were owed £Nil (2015: £112,500) by the company in respect of an interest free loan. This balance was provided unsecured and repayable on demand.

Included within other debtors is an amount of £Nil (2015: £687.50) due from P Rowlin and £Nil (2015: £312.50) from M Thompson, the directors and shareholders, in relation to unpaid share capital.

#### Company

Included within other debtors is an amount of £Nil (2015: £687.50) due from P Rowlin and £Nil (2015: £312.50) from M Thompson, the directors and shareholders, in relation to unpaid share capital.

### 26 Controlling party

The ultimate controlling party is the director P Rowlin, who is the majority shareholder of the company.

### 27 Cash generated from group operations

	2016 £	2015 £
Profit/(loss) for the year after tax	1,012,413	(6,765,556)
Adjustments for:		
Taxation charged	113,417	355,505
Finance costs	-	354
Investment income	(28,945)	-
Gain on disposal of tangible fixed assets	-	(17,581)
Exceptional profit on sale of trade and assets	-	(7,443,164)
Exceptional loss on loan waivers		14,800,000
Amortisation and impairment of intangible assets	(808,345)	(808,345)
Depreciation and impairment of tangible fixed assets	21,306	13,009
Amounts written off investments	-	249,547
Movements in working capital:		
Decrease/(increase) in debtors	559,533	(8,435,711)
Increase in creditors	844,801	8,448,727
<b>Cash generated from operations</b>	<b>1,714,180</b>	<b>396,785</b>

# **METHODS CONSULTING (ADVISORY) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2016***

---

**27 Cash generated from operations - company**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	-	150,000
Adjustments for:		
Investment income	-	(150,000)
	<hr/>	<hr/>
<b>Cash absorbed by operations</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>