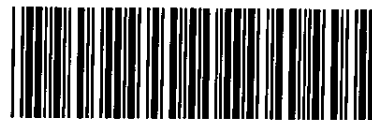


METHODS HOLDINGS (ADVISORY) LIMITED  
NO 08406732  
Listed pursuant to section 474A(2)(c)  
Company Registration No. 10741656 (England and Wales)

**METHODS HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2017**

TUESDAY



LD3 \*L7BV206I\* 07/08/2018 #86  
COMPANIES HOUSE

# METHODS HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	K Ibbett	(Appointed 26 April 2017)
	P Rowlinson	(Appointed 26 April 2017)
	M P A Thompson	(Appointed 26 April 2017)

<b>Company number</b>	10741656
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<b>Registered office</b>	16 St Martin's Le Grand London EC1A 4EN
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<b>Auditor</b>	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
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<b>Business address</b>	16 St Martin's Le Grand London EC1A 4EN
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# **METHODS HOLDINGS LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 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
Notes to the financial statements	14 - 31

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# METHODS HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 APRIL 2017**

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The directors present the strategic report for the year ended 30 April 2017.

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

Methods Holdings Limited was incorporated on 26th April 2017. On 30th April 2017 it acquired the shares of the following companies:

- Methods Consulting (Advisory) Limited and therefore indirectly its subsidiary Methods Business And Digital Technology Limited (formerly Methods Advisory Limited)
- Methods Consulting (Digital) Limited and therefore indirectly its subsidiary Methods Digital Limited
- Methods Consulting (Professional Services) Limited and therefore indirectly its subsidiaries Methods Professional Services Limited and Magnetic IT Limited
- Methods Consulting (Corporate) Limited and therefore indirectly its subsidiary Methods Corporate Limited
- Methods Consulting (Enterprise) Limited and therefore indirectly its subsidiary Methods Enterprise Limited ;

During the year these companies operated as separate legal entities under common control. On 30th April, in order to be able to deliver new offerings to our customers, realise internal efficiencies, and put the Group in a strong position to continue to grow in the market, the trade and assets of Methods Professional Services Limited, Methods Digital Limited and Methods Corporate Limited were merged into Methods Business and Digital Technology Limited. The accounts for the Group have been prepared on a merger accounting basis for the whole year. (see Note 1).

The Group's principal market continues to be the Public Sector, with a particular strength in Central Government. It provides IT professional services with a mission to empower government to use digital technologies to transform how it delivers services to the general public.

### **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 achieving much greater value from suppliers plays well to the group's capabilities and competitive positioning. 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 conducts 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 these 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 £1.9m (2016: £595k) for the year on a turnover of £62.8m (2016: £49.9m).

At 30 April 2017 the group had net assets of £2.9m (2016: £1.4m).

# **METHODS HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2017***

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### **Key performance indicators**

Operating profit margin: 2.97% (2016: 1.13%)

EBITDA (1): £1.98m (2016: £678k)

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

On behalf of the board



P Rowlin

**Director**

25/06/18

# METHODS HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 APRIL 2017

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The directors present their annual report and financial statements for the year ended 30 April 2017.

#### Principal activities

The principal activity of the company is that of a holding company. The company does not trade. The company was incorporated on 26 April 2017.

The principal activity of the group 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:

K Ibbett	(Appointed 26 April 2017)
P Rowlinson	(Appointed 26 April 2017)
M P A Thompson	(Appointed 26 April 2017)

#### Results and dividends

The results for the year are set out on page 8.

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 company 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 rise 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, 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. 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 HOLDINGS LIMITED**

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

***FOR THE YEAR ENDED 30 APRIL 2017***

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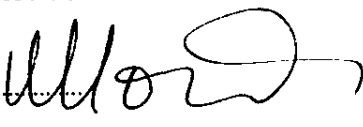
### **Auditor**

H W Fisher & Company were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **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 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 is aware of that information.

On behalf of the board

.....

P Rowlin

**Director**

Date: 25.1.2018

## **METHODS HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2017***

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*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 HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF METHODS HOLDINGS LIMITED**

---

#### **Opinion**

We have audited the financial statements of Methods Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2017 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of its results 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# METHODS HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF METHODS HOLDINGS LIMITED

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

**Paul Beber (Senior Statutory Auditor)**  
for and on behalf of H W Fisher & Company

**Chartered Accountants**  
**Statutory Auditor**  
**Acre House**  
11-15 William Road  
London  
NW1 3ER  
United Kingdom

26 June 2018

# METHODS HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 30 APRIL 2017**

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	62,814,928	49,872,063
Other operating income		741,772	398,421
Other external charges		(48,550,669)	(38,292,608)
Staff costs	<b>6</b>	(10,589,067)	(9,572,308)
Depreciation and other amounts written off tangible and intangible fixed assets	<b>4</b>	(118,231)	(112,543)
Other operating charges		(2,435,884)	(1,727,367)
<b>Operating profit</b>	<b>4</b>	1,862,849	565,658
Interest receivable and similar income	<b>8</b>	21,228	29,369
Interest payable and similar expenses	<b>9</b>	(316)	(241)
<b>Profit before taxation</b>		1,883,761	594,786
Tax on profit	<b>10</b>	(425,530)	(237,395)
<b>Profit for the financial year</b>		1,458,231	357,391

Profit for the financial year is all attributable to the owners of the parent company

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

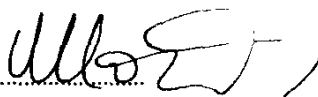
# METHODS HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	12		74,686		171,981
<b>Current assets</b>					
Debtors	16	11,520,342		10,285,689	
Cash at bank and in hand		456,461		1,781,667	
		11,976,803		12,067,356	
<b>Creditors: amounts falling due within one year</b>	17	(8,278,216)		(9,947,985)	
<b>Net current assets</b>			3,698,587		2,119,371
<b>Total assets less current liabilities</b>			3,773,273		2,291,352
<b>Provisions for liabilities</b>	18		(881,393)		(857,803)
<b>Net assets</b>			2,891,880		1,433,549
<b>Capital and reserves</b>					
Called up share capital	21		5,000		4,900
Merger reserve			448,084		448,084
Profit and loss reserves			2,438,796		980,565
<b>Total equity</b>			2,891,880		1,433,549

The financial statements were approved by the board of directors and authorised for issue on 25/06/17 and are signed on its behalf by:

  
 .....  
 P Rowlin  
 Director

# METHODS HOLDINGS LIMITED


## COMPANY BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investments	13		4,900		-
<b>Current assets</b>					
Debtors	16	100		-	
<b>Net current assets</b>			100		-
<b>Total assets less current liabilities</b>			5,000		-
<b>Capital and reserves</b>					
Called up share capital	21		5,000		-

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 (2016 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 05/06/18 and are signed on its behalf by:

  
.....  
P Rowlin  
Director

Company Registration No. 10741656

# METHODS HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2015</b>		4,900	448,084	1,339,917	1,792,901
<b>Year ended 30 April 2016:</b>					
Profit and total comprehensive income for the year		-	-	357,391	357,391
Dividends		-	-	(716,743)	(716,743)
<b>Balance at 30 April 2016</b>		4,900	448,084	980,565	1,433,549
<b>Year ended 30 April 2017:</b>					
Profit and total comprehensive income for the year		-	-	1,458,231	1,458,231
Issue of share capital	21	100	-	-	100
<b>Balance at 30 April 2017</b>		5,000	448,084	2,438,796	2,891,880

# METHODS HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

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	Notes	Share capital £
<b>Balance at 1 May 2015</b>		-
		<hr/>
<b>Year ended 30 April 2016:</b>		
Profit and total comprehensive income for the year		-
		<hr/>
<b>Balance at 30 April 2016</b>		-
		<hr/>
<b>Year ended 30 April 2017:</b>		
Profit and total comprehensive income for the year		-
Issue of share capital	21	5,000
		<hr/>
<b>Balance at 30 April 2017</b>		5,000
		<hr/> <hr/>

# METHODS HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26	(1,163,108)		2,947,503	
Interest paid		(316)		(241)	
Income taxes paid		(198,174)		(428,871)	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(1,361,598)</b>		<b>2,518,391</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(20,936)		(107,022)	
Proceeds on disposal of tangible fixed assets		36,000		6,517	
Interest received		3,824		532	
Other investment income received		17,404		28,837	
<b>Net cash generated from/(used in) investing activities</b>			<b>36,292</b>		<b>(71,136)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		100		-	
Dividends paid to equity shareholders		-		(716,743)	
<b>Net cash generated from/(used in) financing activities</b>			<b>100</b>		<b>(716,743)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,325,206)</b>		<b>1,730,512</b>	
Cash and cash equivalents at beginning of year		1,781,667		51,155	
<b>Cash and cash equivalents at end of year</b>		<b>456,461</b>		<b>1,781,667</b>	



# **METHODS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 30 APRIL 2017***

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### **1 Accounting policies**

#### **Company information**

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

The group consists of Methods Holdings Limited and all of its subsidiaries.

#### **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 under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### **Basis for preparation**

These financial statements reflect the group results on a merger accounting basis for the year ended 30 April 2017.

On 30 April 2017, the company acquired 100% of the share capital of the following companies: Methods Consulting (Advisory) Limited, Methods Consulting (Corporate) Limited, Methods Consulting (Digital) Limited, Methods Consulting (Enterprise) Limited and Methods Consulting (Professional Services) Limited. The rights of the shareholders of these companies pre acquisition were the same as Methods Holdings Limited.

Notwithstanding that Methods Holdings Limited was incorporated on 26 April 2017, the group accounts have been accounted for in accordance with the principles of merger accounting, so that the assets and liabilities of the above named companies along with their subsidiaries have been brought in at book values. The income, expenditure and cash flows of the group for the year ended 30 April 2017 and its prior years, incorporates the transactions of Methods Holdings Limited and the companies listed at note 14 as if it had always been a group.

A merger reserve has been recognised representing the net of the share capital and share premium of the indirectly held subsidiary companies as listed in note 14, as at 30 April 2017, the date of the acquisition.

All financial statements are made up to 30 April 2017.

All intra-group transactions and balances between group companies are eliminated on consolidation.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 1 Accounting policies

(Continued)

#### 1.2 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.

#### 1.3 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.

#### 1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life not exceeding 10 years.

An impairment review is carried out annually and when the results are lower than the carrying value of the goodwill a further provision is made.

Existing goodwill has been fully amortised in the accounts.

#### 1.5 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost 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
Computer equipment	Straight line over 3 years
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.

#### 1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

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

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

---

### 1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 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).

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.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and 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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets 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.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2017**

### **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, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. 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.

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.

#### **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 tax currently payable.

#### ***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.

#### **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 in which 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 group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# **METHODS HOLDINGS LIMITED**

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

**FOR THE YEAR ENDED 30 APRIL 2017**

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### **1 Accounting policies**

**(Continued)**

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

Some of the directly held subsidiary companies participated in an equity-settled share based payments arrangement granted to certain employees of their subsidiary companies. 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 cost of granting share options is recognised through the profit and loss account from the date of grant and over the vesting period of the options. Where the performance of certain non-market conditions are required to be satisfied before the options can vest, the subsidiary companies estimate the fair value of the options to be nil if these conditions are not likely to arise in the near future. This estimate is revised at each financial year end. Where the options vest on date of grant and the subsidiary companies expects the options to be exercised within a short period of time, the subsidiary companies calculate the cost of the grant using the intrinsic value of the underlying shares to be obtained on exercise as this is expected to amount to a reasonable approximation of the fair value of the options. 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 subsidiary companies have 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 HOLDINGS LIMITED**

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

***FOR THE YEAR ENDED 30 APRIL 2017***

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#### **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.

##### ***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.

##### ***Recoverability of loans to companies under common control***

The group assesses the recoverability of loans to companies under common control based upon the current position and the expected future cashflows of those companies.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 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 group 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 1.3 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 1.5. 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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Rendering of services	62,814,928	49,872,063
	<u>          </u>	<u>          </u>
	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	3,824	532
	<u>          </u>	<u>          </u>
	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	62,814,928	49,872,063
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	118,231	112,543
Profit on disposal of tangible fixed assets	(36,000)	-
Operating lease charges	258,683	332,616
	<u>          </u>	<u>          </u>

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	7,500	-

The fees payable to the company's auditor for the audit of the financial statements of the group and company is borne by a subsidiary undertaking and not recharged to the company.

### 6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Office and Admin	32	31	-	-
Sales and Marketing	13	16	-	-
Consultants	97	94	-	-
	142	141	-	-

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	9,267,157	8,375,100	-	-
Social security costs	1,116,020	1,066,552	-	-
Pension costs	205,890	130,656	-	-
	10,589,067	9,572,308	-	-

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	307,662	314,352
Company pension contributions to defined contribution schemes	9,000	6,750
	316,662	321,102

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).



# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 7 Directors' remuneration

(Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	153,981	158,052
Company pension contributions to defined contribution schemes	4,500	2,250
	<u>158,481</u>	<u>160,302</u>

### 8 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	3,824	532
<b>Income from fixed asset investments</b>		
Income from other fixed asset investments	17,404	28,837
Total income	<u>21,228</u>	<u>29,369</u>

### 9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	316	241
	<u>316</u>	<u>241</u>

### 10 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	468,085	224,953
Adjustments in respect of prior periods	(42,555)	12,442
Total current tax	<u>425,530</u>	<u>237,395</u>

The effective applicable tax rate for the group for the year ended 30 April 2017 was 19.92% (2016 - 20%). The effective applicable tax rate is different compared to the previous period as a result of the Summer Budget 2015.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	1,883,761	594,786
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	375,245	118,957
Tax effect of expenses that are not deductible in determining taxable profit	12,763	13,178
Unutilised tax losses carried forward	36,817	-
Adjustments in respect of prior years	(42,555)	12,442
Capital allowances in excess of depreciation	-	(100)
Depreciation in excess of capital allowances	19,670	-
Provision of possible clawback of previous years corporation tax relief	23,590	51,803
Other tax adjustments	-	41,115
Taxation charge for the year	425,530	237,395

The group has estimated losses of £184,824 (2016: £Nil) available to carry forward against future taxable profits.

#### Factors that may affect future tax charge

In the Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting on 1 April 2017, 2018 and 2019 and at 18% for the year starting on 1 April 2020. In the 2016 Budget, the government announced a further reduction to the Corporation Tax main rate for the year starting on 1 April 2020, setting the rate at 17%. The reduction in corporation tax rate is expected to reduce the future tax charge for the group.

### 11 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 May 2016 and 30 April 2017	456,988
<b>Amortisation and impairment</b>	
At 1 May 2016 and 30 April 2017	456,988
<b>Carrying amount</b>	
At 30 April 2017	-
At 30 April 2016	-

The company had no intangible fixed assets at 30 April 2017 or 30 April 2016.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 12 Tangible fixed assets

Group	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Vehicles £	Total £
<b>Cost</b>					
At 1 May 2016	161,964	153,943	68,872	68,000	452,779
Additions	510	1,034	19,392	-	20,936
Disposals	-	-	-	(68,000)	(68,000)
At 30 April 2017	162,474	154,977	88,264	-	405,715
<b>Depreciation and impairment</b>					
At 1 May 2016	81,506	88,201	43,091	68,000	280,798
Depreciation charged in the year	50,346	40,915	26,970	-	118,231
Eliminated in respect of disposals	-	-	-	(68,000)	(68,000)
At 30 April 2017	131,852	129,116	70,061	-	331,029
<b>Carrying amount</b>					
At 30 April 2017	30,622	25,861	18,203	-	74,686
At 30 April 2016	80,458	65,742	25,781	-	171,981

The company had no tangible fixed assets at 30 April 2017 or 30 April 2016.

### 13 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	14	-	-	4,900	-

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 13 Fixed asset investments (Continued)

#### Movements in fixed asset investments Group

	Unlisted investments £
<b>Cost</b>	
At 1 May 2016	655,000
At 30 April 2017	655,000
<b>Impairment</b>	
At 1 May 2016 and 30 April 2017	655,000
<b>Carrying amount</b>	
At 30 April 2017	-
At 30 April 2016	-

The unlisted investments in the group represent minority interest in two Limited Liability Partnerships. As at 30 April 2017, the directors do not believe that the unlisted investments are recoverable and therefore the full provision against the unlisted investments made in the previous years have remained.

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 May 2016	-
Additions	4,900
At 30 April 2017	4,900
<b>Carrying amount</b>	
At 30 April 2017	4,900
At 30 April 2016	-

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 14 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

Name of undertaking	Company number	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Methods Business And Digital Technology Limited	02485577	Information technology consultancy activities	Ordinary shares		100.00
Methods Enterprise Limited*	08906760	Information technology consultancy activities	Ordinary shares		100.00
Magnetic IT Limited*	04776507	Other information technology service activities	Ordinary shares		100.00
Methods Digital Limited*	08906750	Information technology consultancy activities	Ordinary shares		100.00
Methods Professional Services Limited*	08906755	Management consultancy activities other than financial management	Ordinary shares		100.00
Methods Corporate Limited*	05432850	Activities of head offices	Ordinary shares		100.00
Methods Consulting (Advisory) Limited*	08906732	Non-trading holding company	Ordinary shares	100.00	
Methods Consulting (Corporate) Limited*	08906729	Non-trading holding company	Ordinary shares	100.00	
Methods Consulting (Professional Services) Limited*	08906730	Non-trading holding company	Ordinary shares		100.00
Methods Consulting (Digital) Limited*	08906721	Non-trading holding company	Ordinary shares	100.00	
Methods Consulting (Enterprise) Limited*	08906719	Non-trading holding company	Ordinary shares	100.00	

All of the above companies are incorporated in England and Wales and have their registered office at 16 St. Martin's Le Grand, London, EC1A 4EN.

Those companies identified by \* above are exempt from the requirements stipulating that they be audited since they fulfil all the conditions for exemption under section 479A of the Companies Act 2006.

### 15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	11,252,899	10,010,492	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	6,722,868	8,362,961	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 16 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	3,705,025	4,102,823	-	-
Corporation tax recoverable	160	2,160	-	-
Other debtors	2,428,910	1,046,701	100	-
Prepayments and accrued income	5,145,518	4,893,276	-	-
	<u>11,279,613</u>	<u>10,044,960</u>	<u>100</u>	<u>-</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	<u>240,729</u>	<u>240,729</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>11,520,342</u>	<u>10,285,689</u>	<u>100</u>	<u>-</u>

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	2,001,524	2,512,948	-	-
Corporation tax payable	400,655	175,299	-	-
Other taxation and social security	1,088,880	1,592,897	-	-
Other creditors	49,809	616,593	-	-
Accruals and deferred income	4,737,348	5,050,248	-	-
	<u>8,278,216</u>	<u>9,947,985</u>	<u>-</u>	<u>-</u>

Included within group other creditors is £1,200 (2016: £44,764) owed to RBS Invoice Finance Limited. This amount is secured by a fixed and floating charge over the assets of the subsidiary undertakings to which this relates to.

### 18 Provisions for liabilities

	Group 2017 £	2016 £	Company 2017 £	2016 £
Provision of possible clawback of previous years corporation tax relief	<u>881,393</u>	<u>857,803</u>	<u>-</u>	<u>-</u>

# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2017**

### 18 Provisions for liabilities

(Continued)

Movements on provisions:

Group	Provision of possible clawback of previous years corporation tax relief £
At 1 May 2016	857,803
Additional provisions in the year	23,590
At 30 April 2017	881,393

The provision relates to a 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

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	205,890	130,656

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 2017, some of the directly held subsidiary companies had equity-settled share-based payment arrangement, which is detailed below, in aggregate. The equity-settled share-based payment arrangement is in respect of certain employees of their subsidiary companies. This company and the directly held subsidiary companies do not have any employees.

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

Date of Grant: 29 October 2014.

Number Granted: 1,024,604

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

## METHODS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

#### 20 Share-based payment transactions

(Continued)

Group	Number of share options		Weighted average exercise price	
	2017 Number	2016 Number	2017 £	2016 £
Outstanding at 1 May 2016	713,426	1,024,604	1.09	0.95
Forfeited	(713,426)	(311,178)	1.09	0.62
Outstanding at 30 April 2017	-	713,426	-	1.10
Exercisable at 30 April 2017	-	-	-	-

The options outstanding at 30 April 2017 was zero since all the employees that were entitled to the equity-settled share-based payment arrangement left during the year or agreed to waive their options due to the merger with other connected companies, at 30 April 2017. The options granted were thus forfeited during the year.

During the year, the group recognised total share-based payment expenses of £0 (2016 - £0) which related to equity settled share based payment transactions.

#### 21 Share capital

	Company	
	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
5,000,000 Ordinary shares of 0.1p each	5,000	-

On incorporation, 100,000 Ordinary shares of 0.1p each were allotted in the company at par value. On 27 April 2017, 4,900,000 Ordinary shares of 0.1p each were allotted in the company in consideration of the transfer of the Ordinary share capital of Methods Consulting (Advisory) Limited, Methods Consulting (Corporate) Limited, Methods Consulting (Digital) Limited, Methods Consulting (Enterprise) Limited and Methods Consulting (Professional Services) Limited to the company.

#### 22 Financial commitments, guarantees and contingent liabilities

Some of the company's indirect subsidiary undertakings 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 to the bank was £Nil (2016 - £Nil).

The company's subsidiary undertakings 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 net liability was £480 (2016 - £45,064).

The outstanding liabilities at the balance sheet date of all of the company's subsidiary undertakings apart from Methods Business And Digital Technology Limited have been guaranteed by Methods Holdings Limited pursuant to s479A to s479C of the Companies Act 2006.



# METHODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 23 Operating lease commitments

#### Lessee

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:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	291,249	278,551	-	-
Between two and five years	439,150	730,399	-	-
	<u>730,399</u>	<u>1,008,950</u>	<u>-</u>	<u>-</u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>1,550,994</u>	<u>1,498,153</u>

#### Transactions with related parties

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

	Rendering of services		Purchase of services	
	2017 £	2016 £	2017 £	2016 £
<b>Group</b>				
Entities under common control	<u>320,656</u>	<u>193,167</u>	<u>389,026</u>	<u>2,514,367</u>

#### Management fees receivable

	2017 £	2016 £
<b>Group</b>		
Entities under common control	<u>696,654</u>	<u>205,644</u>

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

## METHODS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

#### 24 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	2017 Balance £	2016 Balance £
<b>Group</b>		
Entities under common control	2,311,800	905,262

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

#### Other related party transactions

Included within group other creditors is £Nil (2016: £529,634) owed to the ultimate shareholders of the company. This amount is unsecured, interest free and repayable on demand.

P Rowllins, a Director of the company, also serves as a Director of Amersham & Chalfont Hockey Community Sports Club Limited, a Community Amateur Sports Club, and also as a director of Amersham AGP Limited, which is a subsidiary of the Amersham & Chalfont Hockey Community Sports Club Limited.

In November 2016, the group made a £100,000 interest free loan to Amersham AGP Limited. The loan is to be repaid over a six year period at agreed points and increments. In return for the preferential terms of the loan, the group acts as principal sponsor, has the pitch named after the company, has the majority of advertising space at the facility, and benefits from preferential rates for use of the club's facilities. As at 30 April 2017, £100,000 (2016: £Nil) remained outstanding.

#### 25 Controlling party

The ultimate controlling party is the director, P Rowllins, by virtue of his majority shareholding in the company.

#### 26 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	1,458,231	357,391
Adjustments for:		
Taxation charged	425,530	237,395
Finance costs	316	241
Investment income	(21,228)	(29,369)
Gain on disposal of tangible fixed assets	(36,000)	-
Depreciation and impairment of tangible fixed assets	118,231	112,543
Increase in provisions	23,590	51,803
Movements in working capital:		
(Increase)/decrease in debtors	(1,237,378)	2,650,460
(Decrease) in creditors	(1,894,400)	(432,961)
<b>Cash (absorbed by)/generated from operations</b>	<b>(1,163,108)</b>	<b>2,947,503</b>