Company Registration No. 05411521 (England and Wales)

MAGDALENE HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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MAGDALENE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R E Cooper A P Crane D L Hopkins M A Turner
Secretary	S Lluch
Company number	05411521
Registered office	Magdalene House Compass Point Business Park Stocks Bridge Way St Ives Cambridgeshire PE27 5JL
Auditors	RSM UK Audit LLP Chartered Accountants 2 Whitehall Quay Leeds LS1 4HG

MAGDALENE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report and financial statements for the year ended 31 March 2016.

Fair review of the business

The Group's statement of financial position as detailed on page 6 shows a satisfactory position with shareholders' funds amounting to £2,619,931 compared to £2,970,012 in the previous year.

This reporting period has been a time of stabilisation for Magdalene after several successive years of growth across all business segments: public and private networks; and fixed and mobile technology.

The appetite for data is the fundamental driver behind the growth in demand for telecommunication services across all segments of the industry, which requires operators to compete in terms of capacity and coverage resulting in massive long term investment programmes. This is compounded by the consolidation of network operators and technology evolution which drive re-investment capital programmes by the operators. Operators are also increasingly keen to access certain services from the prime source provider, a development which dramatically increases Magdalene's addressable market, especially for managed services. These market trends all play an important role in Magdalene's long-term growth strategy.

Principal risks and uncertainties

The Group's exposure to the market risk for changes in interest rates relates only to the Group's bank loan and overdraft. During the year, Magdalene has repaid £90k of capital on loans, moving its net debt position to £332k. The Group's gearing ratio has reduced from 33% to 28%. This position ensures interest rate risk remains low and underlines the overall financial strength of the company.

The Group continues to manage market risk by structuring its business across both the shorter term network deployment business and the longer term maintenance activities. Key customers are entering into longer-term and more diverse contracts with Magdalene, which reflects the strategic nature of these relationships. The Board invests significant levels of time in maintaining and building these relationships. Regular discussion is held at senior management and Board level about the risks that may be present in each of these relationships and constant attention is given to minimising any credit risk.

Development and performance

Over the last year, delays in approvals for proposed market consolidation transactions and technology developments have resulted in some short term uncertainties for operators. As a result, operators have delayed or reduced certain investment decisions and this has impacted the continued growth of Magdalene's project revenues. In addition, Magdalene has also taken the strategic decision to exit from several projects which had not performed well over the past twelve months. This has had a short-term impact on the company's financial performance this year.

However, Magdalene is continuing with its balanced growth strategy, ensuring that resilience is maintained and targeting growth across its selected sectors as well as through all phases of the network lifecycle. As a result, Magdalene's forecast profits for the next financial year are expected to improve and better reflect its underlying profitable core business.

Key performance indicators

The operational performance of the year is illustrated through the financial key performance indicators. Revenue reduced by 17% from £34,082,512 to £28,182,642; net profit before tax reduced from £2,238,154 to £4,465. Gross margin performance reduced from 16% to 12%. The long term debt position moved from £967,698 to £875,584 and the headcount increased from 185 to 200.

By order of the board

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S Lluch

Secretary 22/8/16

MAGDALENE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities
The principal activity of the company during the year was that of a holding company.

The principal activity of the company's subsidiary during the year was that of telecommunications services and consultancy.

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

R E Cooper
A P Crane
D L Hopkins
M A Turner

Results and dividends
The loss for the year, after taxation, amounted to £53,453.

Particulars of dividends paid are detailed in note 11 to the financial statements. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final/preference dividend.

Auditor
The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to the auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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 company's auditor is aware of that information.

By order of the board

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S Lluch
Secretary
..... 22/8/16

MAGDALENE HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGDALENE HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 32. 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 FRS102 "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 more fully explained in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

RSM UK Audit LLP

Andrew Allchin (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
LS1 4HG
6 September 2016

MAGDALENE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	28,182,642	34,082,512
Cost of sales		(24,795,029)	(28,685,527)
Gross profit		3,387,613	5,396,985
Administrative expenses		(3,265,657)	(2,951,774)
Profit/(loss) on disposal of operations		-	(83,524)
Operating profit	4	121,956	2,361,687
Interest receivable and similar income	8	994	5
Interest payable and similar charges	9	(118,485)	(123,538)
Profit on ordinary activities before taxation		4,465	2,238,154
Taxation	10	(56,918)	(592,368)
(Loss)/profit for the financial year	27	(52,453)	1,645,786
Other comprehensive income net of taxation			
Currency translation differences		-	(11,500)
Total comprehensive income for the year		(52,453)	1,634,286

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

Company Registration No. 05411521

MAGDALENE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Goodwill	12		-		165,831
Other intangible assets	12		98,543		-
Total intangible assets			98,543		165,831
Tangible assets	13		1,963,211		2,022,701
			2,061,754		2,188,532
Current assets					
Stocks	16	754,701		599,170	
Debtors	17	6,445,909		9,306,888	
Cash at bank and in hand		635,663		1,910,253	
		7,836,273		11,816,311	
Creditors: falling due within one year	18	(6,205,460)		(10,067,133)	
Net current assets			1,630,813		1,749,178
Total assets less current liabilities			3,692,567		3,937,710
Creditors: amounts falling due after more than one year	19		(875,584)		(967,698)
Provisions for liabilities	23		(197,052)		-
Net assets			2,619,931		2,970,012
Capital and reserves					
Called up share capital	26		9,823		9,823
Share premium account			1,370,266		1,370,266
Capital redemption reserve			2,206		2,206
Profit and loss reserves	27		1,237,636		1,587,717
Equity attributable to owners of the parent company			2,619,931		2,970,012

The financial statements were approved by the board of directors and authorised for issue on 22/8/16 and are signed on its behalf by:

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A P Crane
Director

Company Registration No. 05411521

MAGDALENE HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	**13**		-		804
Investments	**14**		6,411,571		6,411,571
			6,411,571		6,412,375
Current assets					
Debtors	**17**	65,888		108,787	
Cash at bank and in hand		18		-	
		65,906		108,787	
Creditors: falling due within one year	**18**	(830,190)		(404,110)	
Net current liabilities			(764,284)		(295,323)
Total assets less current liabilities			5,647,287		6,117,052
Capital and reserves					
Called up share capital	**26**		9,823		9,823
Share premium account			1,370,266		1,370,266
Capital redemption reserve			2,206		2,206
Profit and loss reserves	**27**		4,264,992		4,734,757
Total equity			5,647,287		6,117,052

The financial statements were approved by the board of directors and authorised for issue on 22/8/16 and are signed on its behalf by:

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A P Crane

Director

MAGDALENE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interests £	Non-controlling interest £	Total £
Balance at 1 April 2014		9,823	1,370,266	2,206	1,003,548	2,385,843	12,321	2,398,164
Effect of transition to FRS 102		-	-	-	(60,740)	(60,740)	-	(60,740)
Balance at 1 April 2014		9,823	1,370,266	2,206	942,808	2,325,103	12,321	2,337,424
Period ended 31 March 2015:								
Profit for the year		-	-	-	1,645,786	1,645,786	-	1,645,786
Other comprehensive income net of taxation:								-
Currency translation differences		-	-	-	(11,500)	(11,500)	-	(11,500)
Total comprehensive income for the year		-	-	-	1,634,286	1,634,286	-	1,634,286
Disposal of subsidiary		-	-	-	-	-	(12,321)	(12,321)
Dividends	11	-	-	-	(989,377)	(989,377)	-	(989,377)
Balance at 31 March 2015		9,823	1,370,266	2,206	1,587,717	2,970,012	-	2,970,012
Period ended 31 March 2016:								
Loss and total comprehensive income for the year		-	-	-	(52,453)	(52,453)	-	(52,453)
Dividends	11	-	-	-	(297,628)	(297,628)	-	(297,628)
Balance at 31 March 2016		9,823	1,370,266	2,206	1,237,636	2,619,931	-	2,619,931

MAGDALENE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2014		9,823	1,370,266	2,206	3,691,108	5,073,403
Period ended 31 March 2015:						
Profit and total comprehensive income for the year		-	-	-	2,033,026	2,033,026
Dividends	**11**	-	-	-	(989,377)	(989,377)
Balance at 31 March 2015		9,823	1,370,266	2,206	4,734,757	6,117,052
Period ended 31 March 2016:						
Loss and total comprehensive income for the year		-	-	-	(172,137)	(172,137)
Dividends	**11**	-	-	-	(297,628)	(297,628)
Balance at 31 March 2016		9,823	1,370,266	2,206	4,264,992	5,647,287

MAGDALENE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	30		171,054		3,159,150
Interest paid			(118,485)		(120,502)
Income taxes (paid)/refunded			(742,922)		25,213
Net cash (outflow)/inflow from operating activities			(690,353)		3,063,861
Investing activities					
Purchase of intangible assets		(98,543)		-	
Purchase of tangible fixed assets		(87,770)		(92,595)	
Proceeds on disposal of subsidiaries		-		(37,881)	
Interest received		994		5	
Net cash used in investing activities			(185,319)		(130,471)
Financing activities					
Repayment of preference share loan		-		(250,000)	
Repayment of debentures		-		(1,275,000)	
Repayment of bank loans		(90,145)		(88,201)	
Payment of finance leases obligations		(11,145)		(19,753)	
Dividends paid to equity shareholders		(297,628)		(607,475)	
Net cash used in financing activities			(398,918)		(2,240,429)
Net (decrease)/increase in cash and cash equivalents			(1,274,590)		692,961
Cash and cash equivalents at beginning of year			1,910,253		1,217,292
Cash and cash equivalents at end of year			635,663		1,910,253

1 Accounting policies

Company information

Magdalene Holdings Limited is a company limited by shares incorporated in England and Wales. The registered office is Magdalene House, Compass Point Business Park, Stocks Bridge Way, St Ives, Cambridgeshire, PE27 5JL.

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

The company's and the group's principal activities are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with 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.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of Magdalene Holdings Limited and the group prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The group and company financial statements for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date and are detailed in note 31.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's loss for the year was £172,137 (2015 - £2,033,026 profit).

1 **Accounting policies (Continued)**

Basis of consolidation
The consolidated financial statements incorporate those of Magdalene Holdings Limited and all of its subsidiaries. All financial statements are made up to 31 March 2016.

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.

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.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern
Trading forecasts have been prepared up to the end of March 2018, which show a positive development on key financials. Funding facilities in place exceed the forecast cash requirements. This, combined with the ongoing long term contracts with customers and suppliers across different geographic areas and industries, confirms to the directors that it is appropriate to prepare the financial statements on a going concern basis.

There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Turnover
Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, of goods and services provided to customers and, in the case of long term contracts, credit is taken appropriate to the stage of completion when the outcome of the contract can be ascertained with reasonable certainty.

Intangible fixed assets - goodwill and negative goodwill
Goodwill represents the difference between the fair value of the consideration paid on acquisition and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its expected useful life of ten years.

Negative goodwill is released in line with the groups tax losses.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets comprise computer software used in the running of the business. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful life of 3 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired. No amortisation has been charged in the current period as these assets were not deemed to be in use at the year end.

1 **Accounting policies (Continued)**

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently 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:

Leasehold land and buildings	2% on a straight line basis
Plant and machinery	33% on a straight line basis
Fixtures, fittings and equipment	10% to 33% on a straight line basis

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 credited or charged to profit or loss.

Leasehold land will be depreciated over the last 50 years of the lease.

Fixed asset investments
In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets
At each reporting 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).

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Cost of stocks is determined using a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Work in progress
Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

1 **Accounting policies (Continued)**

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 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.

Fair value measurement of financial instruments

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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, 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.

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 trade and other payables, bank loans and loans from fellow group 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.

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

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

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.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

1 **Accounting policies (Continued)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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 in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date or the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

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.

Provisions

Provisions mainly comprise amounts related to contractual obligations on customer and supplier contracts as well as other costs. Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgment is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

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

As parts of the group's sales are generated from large and complex customer contracts, estimates are necessary in evaluation of contractual performance. Managerial judgment is applied regarding, among other aspects, conformance with acceptance criteria and if transfer of risks and rewards to the buyer has taken place to determine if revenue should be recognized in the current period.

3 Turnover

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

	2016	2015
	£	£
Turnover analysed by class of business		
Telecommunications and consultancy	28,182,642	34,082,512

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	27,402,928	32,001,163
Rest of Europe	742,875	2,065,933
Other	36,839	15,416
	28,182,642	34,082,512

4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	52,313	12,396
Depreciation of owned tangible fixed assets	147,260	203,349
Depreciation of tangible fixed assets held under finance leases	-	6,687
Amortisation of intangible assets	165,831	466,908
Release of negative goodwill	-	(34,415)
Cost of stocks recognised as an expense	14,830,079	18,887,013
Operating lease charges	391,441	367,821

5 Auditors' remuneration

	2016	2015
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the group and company	9,000	9,000
Audit of the company's subsidiaries	12,000	10,000
	21,000	19,000
For other services		
Taxation compliance services	8,000	3,824
Other taxation services	8,159	-
Accounting services	6,000	3,000
	22,159	6,824

6 Employees

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

	2016 Number	2015 Number
Technical and consultancy	155	145
Management and administration	41	36
Directors	4	4
	200	185

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	6,794,319	6,650,923
Social security costs	730,388	736,729
Pension costs	225,784	246,623
	7,750,491	7,634,275

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	174,839	176,248
Company pension contributions to defined contribution schemes	30,000	26,400
	204,839	202,648

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

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

Remuneration for qualifying services	134,353	134,861

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	994	5

9 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	118,485	85,510
Interest on finance leases and hire purchase contracts	-	3,036
Interest on other loans	-	34,992
	118,485	123,538

10 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	18,385	542,922
Deferred tax		
Origination and reversal of timing differences	37,631	45,930
Changes in tax rates	902	3,516
Total deferred tax	38,533	49,446
Total tax charge	56,918	592,368

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	4,465	2,238,154
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	893	470,012
Tax effect of expenses that are not deductible in determining taxable profit	57,594	130,826
Effect of change in corporation tax rate	(1,569)	1,219
Tax at marginal rate	-	(34)
Enhanced reliefs	-	(9,655)
Tax expense for the year	56,918	592,368

11 Dividends

	2016	2015
	£	£
Interim paid	297,628	989,377
	297,628	989,377

Dividends paid amount to £61.71 (2015 - £156.35) per Ordinary A share, £51.33 (2015 - £139.96) per Ordinary B share and £nil (2015 - £44.20) per Ordinary C share.

Dividends totalling £316,941 were paid post year end as follows: Ordinary A shares of £162,470, and Ordinary B shares of £154,471.

12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 1 April 2015	4,669,082	(219,832)	-	4,449,250
Additions	-	-	98,543	98,543
At 31 March 2016	4,669,082	(219,832)	98,543	4,547,793
Amortisation and impairment				
At 1 April 2015	4,503,251	(219,832)	-	4,283,419
Amortisation charged for the year	165,831	-	-	165,831
At 31 March 2016	4,669,082	(219,832)	-	4,449,250
Carrying amount				
At 31 March 2016	-	-	98,543	98,543
At 31 March 2015	165,831	-	-	165,831

The company had no intangible fixed assets at 31 March 2016 or 31 March 2015.

13 Tangible fixed assets

Group	Leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2015	2,212,535	71,545	1,868,525	4,152,605
Additions	-	-	87,770	87,770
At 31 March 2016	2,212,535	71,545	1,956,295	4,240,375
Depreciation and impairment				
At 1 April 2015	436,016	68,521	1,625,367	2,129,904
Depreciation charged in the year	35,867	3,024	108,369	147,260
At 31 March 2016	471,883	71,545	1,733,736	2,277,164
Carrying amount				
At 31 March 2016	1,740,652	-	222,559	1,963,211
At 31 March 2015	1,776,519	3,024	243,158	2,022,701

Company	Fixtures, fittings and equipment
	£
Cost	
At 1 April 2015	4,285
At 31 March 2016	4,285
Depreciation and impairment	
At 1 April 2015	3,481
Depreciation charged in the year	804
At 31 March 2016	4,285
Carrying amount	
At 31 March 2016	-
At 31 March 2015	804

Included within the net book value of Fixtures, Fittings and Equipment is £nil (2015 - £25,075) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £4,462 (2015 - £6,687).

14 Fixed asset investments

	Notes	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Investments in subsidiaries	15	-	-	6,411,571	6,411,571

Movements in fixed asset investments

Company	Shares £
Cost or valuation	
At 1 April 2015 & 31 March 2016	6,411,571
Carrying amount	
At 31 March 2016	6,411,571
At 31 March 2015	6,411,571

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Magdalene Limited	England	Telecommunications and consultancy	Ordinary shares	100	0
Magdalene Telecom Limited	England	Dormant	Ordinary shares	0	100

Magdalene Telecom Limited is exempt from audit by virtue of s479A of the Companies Act 2006.

The company holds 1,000 Ordinary shares of £1 each in Magdalene Telecom Limited.

16 Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Work in progress	-	16,315	-	-
Finished goods and goods for resale	754,701	582,855	-	-
	754,701	599,170	-	-

17 Debtors

	Group		Company	
	2016	2015	2016	2015
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,536,179	3,636,420	-	-
Corporation tax recoverable	181,615	-	-	-
Other debtors	38,632	31,267	33,957	29,262
Prepayments and accrued income	3,657,875	5,546,068	-	10,516
	6,414,301	9,213,755	33,957	39,778
Deferred tax asset (note 24)	-	24,402	323	278
	6,414,301	9,238,157	34,280	40,056
Amounts falling due after one year:				
Other debtors	31,608	68,731	31,608	68,731
Total debtors	6,445,909	9,306,888	65,888	108,787

18 Creditors: amounts falling due within one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Bank loans	21	92,139	90,170	-	-
Obligations under finance leases	22	-	11,145	-	-
Payments received on account		556,162	778,915	-	-
Trade creditors		3,419,592	4,503,815	105	2
Amounts due to group undertakings		-	-	813,527	-
Corporation tax		-	542,922	-	685
Other taxation and social security		587,898	805,729	8,498	8,609
Other creditors		85,782	1,634	-	-
Directors' loan accounts		-	336,293	-	336,293
Accruals		1,463,887	2,996,510	8,060	58,521
		6,205,460	10,067,133	830,190	404,110

19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	21	875,584	967,698	-	-

Amounts included above which fall due after five years are as follows:

Payable by instalments		488,847	588,446	-	-

20 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,606,181	3,736,418	65,326	97,993
Equity instruments measured at cost less impairment	-	-	6,411,571	6,411,571
Carrying amount of financial liabilities				
Measured at amortised cost	6,493,146	9,686,180	821,692	394,816

21 Borrowings

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	967,723	1,057,868	-	-
Payable within one year	92,139	90,170	-	-
Payable after one year	875,584	967,698	-	-

The bank loan of £967,723 (2015 - £1,057,868) is secured by a debenture comprising fixed and floating charges over all assets including present and future freehold and leasehold property, a first legal mortgage over the leasehold property of Magdalene Limited and an unlimited company composite guarantee between group entities dated 6 April 2010.

The bank loan incurs and interest rate of 1.5% (2015 - 1.5%) over the Bank of England base rate. The bank loan is repayable over 20 years.

22 Finance lease obligations

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Future minimum lease payments due under finance leases:				
Less than one year	-	11,145	-	-

Obligations under hire purchase agreements are secured against the assets to which they relate.

23 Provisions for liabilities

		Group		Company	
		2016	2015	2016	2015
		£	£	£	£
Onerous contracts provision		74,421	-	-	-
Project rectification provision		108,500	-	-	-
		182,921	-	-	-
Deferred tax liabilities	24	14,131	-	-	-
		197,052	-	-	-

Movements on provisions excluding deferred tax liabilities:

Group	Onerous contracts provision	Project rectification provision	Total
	£	£	£
Additional provisions in the year	74,421	108,500	182,921

The onerous contract provision relates to a building lease relating to a closing project which runs to 27 May 2017, payments of which will be incurred on a monthly basis over the remaining duration of the lease; and costs to complete field activities on a closing project expected to be incurred during the period April to July 2016. There is reasonable certainty over the amount and timing of these cash flows.

The project rectification provision is an estimation of the costs required to rectify field-work previously carried out on closing projects expected to be incurred over the period April to July 2016. There is reasonable certainty over the amount and timing of these cash flows.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Fixed asset timing differences	14,126	-	-	9,002
Tax losses	5	-	-	22
Holiday pay accrual	-	-	-	15,378
	14,131	-	-	24,402

Company	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Fixed asset timing differences	-	-	323	278

Movements in the year:	Group 2016 £	Company 2016 £
Asset at 1 April 2015	(24,402)	(278)
Charge/(credit) to profit or loss	38,533	(45)
Liability/(Asset) at 31 March 2016	14,131	(323)

25 Retirement benefit schemes

Defined contribution schemes	2016 £	2015 £
Charge to profit or loss in respect of defined contribution schemes	225,784	246,623

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.

Other creditors include an amount of £30 (2015 - £112) in relation to amounts owed in respect of pension contributions.

26 Share capital

	Group and company	
	2016	2015
Ordinary share capital	£	£
Issued and fully paid		
2,633 Ordinary "A" shares of 10p each	263	263
2,633 Ordinary "B" shares of 10p each	263	263
4,734 Ordinary "C" shares of 10p each	474	474
	1,000	1,000
Preference share capital		
Issued and fully paid		
88,232 Preference shares of 10p each	8,823	8,823

The ordinary shares rank pari passu and carry equal voting, dividend and return of assets rights.

The holders of the preference shares each have the following rights which differ from the rights of the holders of the ordinary shares:

- no rights to dividends
- no voting rights
- priority over ordinary shareholders on a return of assets, liquidation or capital reduction.

27 Reserves

Share premium
Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

28 Operating lease commitments

Lessee
Operating lease payments represent rentals payable by the group for certain items of equipment and motor vehicles. Leases are negotiated for an average term of 3 years.

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		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	273,028	325,476	-	-
Between two and five years	277,439	550,466	-	-
	550,467	875,942	-	-

29 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2016	2015
	£	£
Aggregate compensation	294,506	221,051

During the year, Magdalene Limited paid rent of £69,600 (2015 - £50,353) to TCCH Property LLP, an entity controlled by D L Hopkins and M A Turner. A balance of £17,400 was outstanding at the year end (2014 - £nil).

During the year, Magdalene Limited purchased goods amounting to £53,199 (2015 - £4,270) from Tycomm Limited, an entity for which M A Turner is a director. A balance of £2,640 was outstanding at the year end (2015 - £nil).

At the year end, Magdalene Holdings Limited was owed £65,328 (2015 - £97,993) from Magdalene Telecom SAS, a company in which Magdalene Limited had a 96% interest up until the date of disposal in the prior year.

Dividends of £297,638 (2015 - £989,377) were paid in the year split £162,479 (2015 - £411,671) A P Crane, £135,149 (2015 - £368,517) M A Turner, £nil (2015 - £116,423) R E Cooper, £nil (2015 - £22,100) D L Hopkins and £nil (2015 - £70,666) to other parties.

Creditors include £nil (2015 - £336,293) split £nil (2015 - £122,703) A P Crane, £nil (2015 - £122,078) M A Turner, £nil (2015- £76,912) R E Cooper and £nil (2015 - £14,600) owed to D L Hopkins, directors. No interest is charged on these balances and the loans are not secured.

30	**Cash generated from operations**	**2016**	**2015**
		£	**£**
	(Loss)/profit for the year after tax	(52,453)	1,645,786
	Adjustments for:		
	Taxation charged	56,918	592,368
	Finance costs	118,485	123,538
	Interest receivable	(994)	(5)
	Amortisation and impairment of intangible assets	165,831	432,493
	Depreciation and impairment of tangible fixed assets	147,260	210,036
	Increase in provisions	182,921	-
	(Profit)/loss on disposal of operations	-	83,524
	Minority interest movements	-	(11,027)
	Other non-cash movements	-	(11,500)
	Movements in working capital:		
	(Increase)/decrease in stocks	(155,531)	72,861
	Decrease/(increase) in debtors	3,018,192	(1,741,837)
	(Decrease)/increase in creditors	(3,309,575)	1,762,913
	Cash generated from operations	171,054	3,159,150

31 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

		1 April 2014	**31 March 2015**
	Notes	**£**	**£**
Equity as reported under previous UK GAAP		2,398,164	3,031,520
Adjustments arising from transition to FRS 102:			
Holiday pay accrual	**a)**	(76,886)	(76,886)
Deferred taxation on holiday pay accrual	**b)**	16,146	15,378
Equity reported under FRS 102		2,337,424	2,970,012

Reconciliation of profit/(loss) - group

		2015
	Notes	**£**
Profit/(loss) as reported under previous UK GAAP		1,646,554
Adjustments arising from transition to FRS 102:		
Deferred taxation on holiday pay accrual	**b)**	(768)
Profit/(loss) reported under FRS 102		1,645,786

31 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of equity - group

	Notes	At 1 April 2014 Previous UK GAAP £	Effect of transition £	FRS 102 £	At 31 March 2015 Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets							
Goodwill		598,324	-	598,324	165,831	-	165,831
Tangible assets		2,199,282	-	2,199,282	2,022,701	-	2,022,701
		2,797,606	-	2,797,606	2,188,532	-	2,188,532
Current assets							
Stocks		923,573	-	923,573	599,170	-	599,170
Deferred tax asset	b)	-	16,146	16,146	(15,378)	15,378	-
Debtors		8,174,521	-	8,174,521	9,306,888	-	9,306,888
Bank and cash		1,261,015	-	1,261,015	1,910,253	-	1,910,253
		10,359,109	16,146	10,375,255	11,800,933	15,378	11,816,311
Creditors due within one year							
Borrowings		(552,109)	-	(552,109)	(90,170)	-	(90,170)
Finance leases		(16,717)	-	(16,717)	(11,145)	-	(11,145)
Taxation		(603,832)	-	(603,832)	(1,348,651)	-	(1,348,651)
Other creditors	a)	(7,662,065)	(76,886)	(7,738,951)	(8,540,281)	(76,886)	(8,617,167)
		(8,834,723)	(76,886)	(8,911,609)	(9,990,247)	(76,886)	(10,067,133)
Net current assets		1,524,386	(60,740)	1,463,646	1,810,686	(61,508)	1,749,178
Total assets less current liabilities		4,321,992	(60,740)	4,261,252	3,999,218	(61,508)	3,937,710
Creditors due after one year							
Borrowings		(1,912,683)	-	(1,912,683)	(967,698)	-	(967,698)
Finance leases		(11,145)	-	(11,145)	-	-	-
		(1,923,828)	-	(1,923,828)	(967,698)	-	(967,698)
Net assets		2,398,164	(60,740)	2,337,424	3,031,520	(61,508)	2,970,012
Capital and reserves							
Share capital		9,823	-	9,823	9,823	-	9,823
Share premium		1,370,266	-	1,370,266	1,370,266	-	1,370,266
Capital redemption		2,206	-	2,206	2,206	-	2,206
Profit and loss	a), b)	1,003,548	(60,740)	942,808	1,649,225	(61,508)	1,587,717
Minority interests		12,321	-	12,321	-	-	-
Total equity		2,398,164	(60,740)	2,337,424	3,031,520	(61,508)	2,970,012

31 Reconciliations on adoption of FRS 102 (Continued)

Reconciliation of profit or loss for the year - group

	Notes	Year ended 31 March 2015 Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		34,082,512	-	34,082,512
Cost of sales		(28,685,527)	-	(28,685,527)
Gross profit		5,396,985	-	5,396,985
Administrative expenses		(2,951,774)	-	(2,951,774)
Exceptional items		(83,524)	-	(83,524)
Operating profit		2,361,687	-	2,361,687
Interest receivable and similar income		5	-	5
Interest payable and similar charges		(123,538)	-	(123,538)
Profit before taxation		2,238,154	-	2,238,154
Taxation	b)	(591,600)	(768)	(592,368)
Profit for the financial period		1,646,554	(768)	1,645,786

Notes to reconciliations on adoption of FRS 102 - group

a) Holiday pay accrual
FRS 102 requires short-term employee benefits to be charged to the profit and loss account as the employee service is rendered. This has resulted in the group recognising a liability for holiday pay of £76,886 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 March 2015 no additional charge was recognised in the profit and loss account and the liability at 31 March 2015 remained at £76,886.

b) Deferred taxation on holiday pay accrual
Deferred tax has been provided on the holiday pay accrual in accordance with FRS 102. The impact is the creation of a deferred tax asset of £16,146 at the date of transition resulting in a corresponding increase to reserves.

Although the holiday pay accrual has not moved in the year ended 31 March 2015, due to a change in the tax rate from 21% to 20%, the deferred tax asset has reduced by £768 resulting in the same reduction in profit for the year.