

Consolidated Financial Statements

MWC Investments Limited

For the Year Ended 30 June 2017

Registered number: 08843321

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MWC Investments Limited

Company Information

Directors

Sonia Kerr
OBS 24 LLP

Company secretary

Jamie Constable
Peter Ward
RJP Secretaries Ltd

Registered number

08843321

Registered office

5th floor
24 Old Bond Street
Mayfair
London
W1S 4AW

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
3140 Rowan Place
John Smith Drive
Oxford Business Park South
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Oxfordshire
OX4 2WB

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Group Strategic Report

For the Year Ended 30 June 2017

Introduction

The principal activity of the Group in the period under review is that of demolition and construction services

Business review

The Directors are pleased to report that the period was one of good performance with Turnover of £27.5m, Gross Profit of £3.8m and Operating Loss of £0.4m, this is after a significant goodwill charge of £1.9m. Excluding the impact of Goodwill, the Group made an operating profit of £1.5m. Competition remains strong in the industry, which results in significant pressure on contract pricing. However, margins have proven resilient due to strong operational performance and cost control. The Group delivered Revenue growth of 25% based on a comparative period last year. Cantillon has significant cash resources.

The Cantillon brand is synonymous with high quality delivery of complex works within its chosen core markets of demolition, groundworks, substructures and super structures. At the year end the business had a number of significant contracts ongoing, for which the works comprise a full range of specialist disciplines within these core markets.

The business is focused on delivering technically advanced solutions to address a range of issues from structural instability, accessibility of site, noise & air pollution and health & safety matters. Environmental objectives remain a key priority for the Group. Training and education of the workforce forms an intrinsic part of working life at the Group and the Group actively encourages participation in environmental initiatives.

The Group operates one of the strictest health and safety policies in the industry. Providing a safe place to work and safeguarding the public are absolute priorities for Group. This is done through training, providing resources, continuous monitoring, audit of health and safety practices and the ongoing engagement at all levels in the organisation. Practices in this area have been recognised through a number of industry awards and accreditations.

Principal risks and uncertainties

The Group is presented with a number of risks and uncertainties. Firstly there is always the general cyclicality of the construction market. However, it is anticipated that 2018 will present a very strong year for Cantillon and the pipeline for 2019 is good. Brexit presents a new and unprecedented challenge, which whilst creates uncertainty in the general economic outlook, has not to date impacted the flow of work or growth of the business. Health and Safety and Environmental risks are key considerations in every aspect of the Group's activity, but are well addressed through the Groups practices and policies. Retention and recruitment of key employees is central to the Group's success, however the Group enjoys a loyal and committed workforce and provides employees with an exciting, dynamic and secure place to work.

The balance sheet of the Group is robust, the business is profitable and the Group has significant cash resources.

Group Strategic Report

For the Year Ended 30 June 2017

Financial key performance indicators

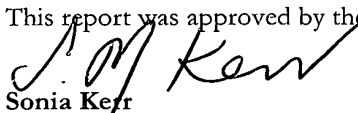
The Directors consider the key financial performance indicator of the Group to be contract margins.

The business closely monitors health and safety practices by analysing, measuring and reporting on incidents.

Prospects for the Current Year and Beyond

Cantillon has a strong pipeline for 2018 and 2019, as well as a significant workload ongoing. Cantillon is currently active on 11 sites across London and successful delivery of these projects will extend Cantillon's credentials in its chosen core markets. This in turn will support the conversion of future opportunities as well as extend the scope of works within existing projects.

This report was approved by the board on *15 MARCH 2018* and signed on its behalf.


Sonia Kerr
Director

Directors' Report

For the Year Ended 30 June 2017

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

Results and dividends

The loss for the year, after taxation, amounted to £1,151,000 (2016: loss £192,000).

Directors

The directors who served during the year were:

Sonia Kerr
OBS 24 LLP

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Charitable contributions

During the year, the Group made charitable donations of £57,000.

Directors' Report (continued)

For the Year Ended 30 June 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

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

This report was approved by the board on 15 MARCH 2018 and signed on its behalf.



Sonia Kerr
Director



Independent Auditor's Report to the Members of MWC Investments Limited

Opinion

We have audited the financial statements of MWC Investments Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2017, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 of the parent Company's affairs as at 30 June 2017 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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.

Independent Auditor's Report to the Members of MWC Investments Limited (continued)

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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



Independent Auditor's Report to the Members of MWC Investments Limited (continued)

Matters on which we are required to report by the Companies Act 2006

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 Group strategic report and the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 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, 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.



Independent Auditor's Report to the Members of MWC Investments Limited (continued)

Auditors' 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: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP" with a stylized flourish at the end.

Mark Bishop ACA (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Oxford

Date: 15 MARCH 2018

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	30 June 2017 £000	18 months ended 30 June 2016 £000
Turnover	4	27,525	31,030
Cost of sales		(23,729)	(23,897)
Gross profit		3,796	7,133
Administrative expenses - amortisation		(1,942)	(2,695)
Administrative expenses - other		(2,500)	(3,131)
Total administrative expenses		(4,442)	(5,826)
Other operating income	5	199	-
Operating (loss) / profit	6	(447)	1,307
Interest receivable and similar income	10	2	16
Interest payable and expenses	11	(797)	(1,212)
Loss before taxation		(1,242)	111
Tax on (loss)/profit	12	91	(303)
Loss for the financial year		(1,151)	(192)
Total comprehensive income for the year		(1,151)	(192)
(Loss) for the year attributable to:			
Owners of the parent Company		(1,151)	(192)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(1,151)	(192)

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 32 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	13	5,016	6,958
Tangible assets	14	380	1,641
		<u>5,396</u>	<u>8,599</u>
Current assets			
Debtors: amounts falling due within one year	16	4,437	3,048
Cash at bank and in hand		5,789	1,124
		<u>10,226</u>	<u>4,172</u>
Creditors: amounts falling due within one year	17	(7,421)	(3,241)
Net current assets		<u>2,805</u>	<u>931</u>
Total assets less current liabilities		<u>8,201</u>	<u>9,530</u>
Creditors: amounts falling due after more than one year	18	(7,000)	(7,039)
Provisions for liabilities		(144)	(283)
Net assets		<u>1,057</u>	<u>2,208</u>
Capital and reserves			
Called up share capital	24	1	1
Share premium account	25	2,399	2,399
Profit and loss account	25	(1,343)	(192)
Equity attributable to owners of the parent Company		<u>1,057</u>	<u>2,208</u>

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

 15 March 2018
Sonia Kerr
 Director

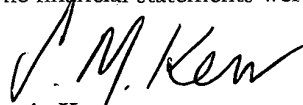
The notes on pages 15 to 32 form part of these financial statements.

Company Statement of Financial Position

As at 30 June 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	15	16,883	16,883
Current assets			
Debtors: amounts falling due within one year	16	368	317
Cash at bank and in hand		40	193
		<u>408</u>	<u>510</u>
Creditors: amounts falling due within one year	17	(3,216)	(2,548)
Net current liabilities		<u>(2,808)</u>	<u>(2,038)</u>
Total assets less current liabilities		<u>14,075</u>	<u>14,845</u>
Creditors: amounts falling due after more than one year	18	(7,000)	(7,000)
Net assets		<u><u>7,075</u></u>	<u><u>7,845</u></u>
Capital and reserves			
Called up share capital	24	1	1
Share premium account	25	2,399	2,399
Profit and loss account	25	4,675	5,445
		<u><u>7,075</u></u>	<u><u>7,845</u></u>

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

 15 March 2018
Sonia Kerr
 Director

The notes on pages 15 to 32 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 1 July 2016	1	2,399	(192)	2,208	2,208
Comprehensive income for the year					
Loss for the year	-	-	(1,151)	(1,151)	(1,151)
Total comprehensive income for the year	-	-	(1,151)	(1,151)	(1,151)
At 30 June 2017	1	2,399	(1,343)	1,057	1,057

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
Comprehensive income for the period					
Loss for the period	-	-	(192)	(192)	(192)
Total comprehensive income for the period	-	-	(192)	(192)	(192)
Shares issued during the period	1	2,399	-	2,400	2,400
At 30 June 2016	1	2,399	(192)	2,208	2,208

The notes on pages 15 to 32 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 June 2017

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 July 2016	1	2,399	5,445	7,845
Comprehensive income for the period				
Loss for the year	-	-	(770)	(770)
Total comprehensive income for the year	-	-	(770)	(770)
At 30 June 2017	1	2,399	4,675	7,075

Company Statement of Changes in Equity

For the Year Ended 30 June 2016

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period				
Profit for the period	-	-	5,445	5,445
Total comprehensive income for the period	-	-	5,445	5,445
Shares issued during the period	1	2,399	-	2,400
At 30 June 2016	1	2,399	5,445	7,845

The notes on pages 15 to 32 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	2017 £000	2016 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,151)	(192)
Adjustments for:		
Amortisation of intangible assets	1,942	2,751
Depreciation of tangible assets	107	160
Interest paid	797	1,212
Interest received	(2)	(16)
Taxation charge	(91)	71
(Increase) in debtors	(1,389)	(3,047)
Increase in creditors	4,167	3,221
Increase in provisions	47	-
Corporation tax (paid)/received	(85)	-
Net cash generated from operating activities	4,342	4,160
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(1,801)
Purchase of tangible fixed assets	(148)	(9,515)
Sale of tangible fixed assets	1,303	-
Interest received	2	16
Net cash from investing activities	1,157	(11,300)
Cash flows from financing activities		
Issue of ordinary shares	-	2,400
New secured loans	-	7,000
Repayment of/new finance leases	(37)	-
Interest paid	(797)	(1,212)
Increase in finance obligations	-	76
Net cash used in financing activities	(834)	8,264
Net increase in cash and cash equivalents	4,665	1,124
Cash and cash equivalents at beginning of year	1,124	-
Cash and cash equivalents at the end of year	5,789	1,124
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,789	1,124
	5,789	1,124

Notes to the Financial Statements

For the Year Ended 30 June 2017

1. General information

MWC Investments Ltd is a limited liability company incorporated in the United Kingdom. Its registered office and principal place of business is 5th Floor, 24 Old Bond Street, Mayfair, London, W1S 4AW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

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

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of comprehensive income in these financial statements. The parent company's loss for the year was £770,000 (2016: profit £5,445,666).

The individual accounts of MWC Investments Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Going concern

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 50 years on cost or revalued amount
Plant and machinery	- 25%
Motor vehicles	- 25%
Fixtures and fittings	- 25%
Office equipment	- 25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

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

2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity, is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- The measurement of WIP which includes a valuation of the works completed by Cantillon to date based on measurements made by a quantity surveyor.
- The measurement of cost accruals which includes the valuation of works completed and goods supplied by subcontractors and suppliers to date based on measurements made by a quantity surveyor.

However, these are usually confirmed by actual invoicing within 8 weeks of the period to which they relate and historically have proven accurate.

Notes to the Financial Statements

For the Year Ended 30 June 2017

4. Turnover

An analysis of turnover by class of business is as follows:

	30 June 2017 £000	18 months ended 30 June 2016 £000
Rendering of services	27,524	31,026
Sales of goods	1	4
	<u>27,525</u>	<u>31,030</u>

All turnover arose within the United Kingdom.

5. Other operating income

	30 June 2017 £000	18 months ended 30 June 2016 £000
Other operating income	199	-
	<u>199</u>	<u>-</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	30 June 2017 £000	18 months ended 30 June 2016 £000
Depreciation of tangible fixed assets	106	177
Amortisation of intangible assets, including goodwill	1,942	2,751
Operating lease rentals	112	-
Defined contribution pension cost	69	60
	<u>2,229</u>	<u>3,088</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

7. Auditor's remuneration

	30 June 2017 £000	18 months ended 30 June 2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	26	23

8. Employees

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

	30 June 2017 £000	18 months ended 30 June 2016 £000
Wages and salaries	4,258	4,734
Social security costs	524	538
Cost of defined contribution scheme	69	60
	4,851	5,332

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

	30 June 2017 No.	18 months ended 30 June 2016 No.
Sales and trading	57	48
Processing and administration	9	9
	66	57

Notes to the Financial Statements

For the Year Ended 30 June 2017

9. Directors' remuneration

	30 June 2017 £000	18 months ended 30 June 2016 £000
Directors' emoluments	271	348
Company pension contributions to defined contribution pension schemes	9	12
	<u>280</u>	<u>360</u>

During the year retirement benefits were accruing to 1 director (2016:1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £259k (2016: £329k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9k (2016: £12k).

10. Interest receivable

	30 June 2017 £000	18 months ended 30 June 2016 £000
Other interest receivable	2	16

11. Interest payable and similar charges

	30 June 2017 £000	18 months ended 30 June 2016 £000
Bank interest payable	797	1,212

Notes to the Financial Statements

For the Year Ended 30 June 2017

12. Taxation

	30 June 2017 £000	18 months ended 30 June 2016 £000
Corporation tax		
Current tax on profits for the year	95	324
Total current tax	<u>95</u>	<u>324</u>
Deferred tax		
Origination and reversal of timing differences	(184)	(20)
Changes to tax rates	(2)	(1)
Total deferred tax	<u>(186)</u>	<u>(21)</u>
Taxation on (loss)/profit on ordinary activities	<u>(91)</u>	<u>303</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	30 June 2017 £000	18 months ended 30 June 2016 £000
(Loss)/profit on ordinary activities before tax	<u>(1,244)</u>	<u>166</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 -20%)	(245)	34
Effects of:		
Expenses not deductible for tax purposes	414	590
Research and Development Credit	(215)	(350)
Distribution	-	(18)
Different Tax rates	(6)	(3)
Other differences	(39)	50
Total tax charge for the year/period	<u>(91)</u>	<u>303</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

12. Taxation (continued)

Factors that may affect future tax charges

Following Budget 2016 announcements, there will be a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

13. Intangible assets

Group and Company

	Goodwill £000
Cost	
At 1 July 2016	9,709
At 30 June 2017	<u>9,709</u>
Amortisation	
At 1 July 2016	2,751
Charge for the year	<u>1,942</u>
At 30 June 2017	<u>4,693</u>
Net book value	
At 30 June 2017	<u><u>5,016</u></u>

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the Financial Statements

For the Year Ended 30 June 2017

14. Tangible fixed assets

Group

	Office equipment £000	Fixtures and fittings £000	Motor vehicles £000	Freehold property £000	Plant and machinery £000	Total £000
Cost or valuation						
At 1 July 2016	73	9	44	1,307	384	1,817
Additions	95	2	-	-	51	148
Disposals	-	-	(24)	(1,307)	-	(1,331)
At 30 June 2017	168	11	20	-	435	634
Depreciation						
At 1 July 2016	21	3	14	17	121	176
Charge for the period on owned assets	22	2	5	5	72	106
Disposals	-	-	(6)	(22)	-	(28)
At 30 June 2017	43	5	13	-	193	254
Net book value						
At 30 June 2017	125	6	7	-	242	380
At 30 June 2016	52	6	30	1,290	263	1,641

The net book value of land and buildings may be further analysed as follows:

	2017 £000	2016 £000
Freehold	-	1,290

Included within freehold property is land of £Nil (2016: £850,000) which is not depreciated.

Tangible fixed assets with a carrying value of £Nil (2016: £1,290,000) are pledged as security for the group's bank loans.

Plant and machinery with a carrying value of £67,253 (2016: £89,672) and motor vehicles with a carrying value of £Nil (2016: £Nil) are held under finance leases.

Notes to the Financial Statements

For the Year Ended 30 June 2017

15. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Cantillon Holdings Limited	Ordinary	100 %	Holding Company
Cantillon Limited	Ordinary	100 %	Trading

CompanyInvestments
in subsidiary
companies
£000**Cost or valuation**

At 1 July 2016 16,883

At 30 June 2017 16,883

Net book value

At 30 June 2017 16,883

At 30 June 2016 16,883

16. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	4,152	2,808	-	-
Amounts owed by group undertakings	-	-	368	317
Prepayments and accrued income	285	240	-	-
	<u>4,437</u>	<u>3,048</u>	<u>368</u>	<u>317</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

17. Creditors: Amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade creditors	4,715	2,034	17	3
Amounts owed to group undertakings	-	-	3,032	2,370
Corporation tax	45	34	-	-
Other taxation and social security	430	273	3	3
Obligations under finance lease and hire purchase contracts	39	37	-	-
Other creditors and deferred income	1,032	44	-	-
Accruals	1,160	819	164	172
	<u>7,421</u>	<u>3,241</u>	<u>3,216</u>	<u>2,548</u>

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

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans	7,000	7,000	7,000	7,000
Net obligations under finance leases and hire purchase contracts	-	39	-	-
	<u>7,000</u>	<u>7,039</u>	<u>7,000</u>	<u>7,000</u>

The bank loans and overdrafts are secured against assets of the group and company.

19. Loans

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Amounts falling due 2-5 years				
Bank loans	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

The bank loans and overdrafts are secured against assets of group and company. The group has a loan with Beechbrook Mezzanine II Sarl of £7,000,000 (2016: £7,000,000). The loan is not repayable until 2020. The Interest rate on the loan is LIBOR + 11%.

Notes to the Financial Statements

For the Year Ended 30 June 2017

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £000	Group 2016 £000
Within one year	39	37
Between 1-2 years	-	39
	<u>39</u>	<u>76</u>

21. Financial instruments

The following financial instruments are held at amortised cost:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Financial assets				
Financial assets	<u>9,945</u>	<u>3,954</u>	<u>409</u>	<u>510</u>
Financial liabilities				
Financial liabilities maturing in less than one year	5,918	2,894	3,213	2,544
Financial liabilities maturing in greater than one year	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
	<u>12,918</u>	<u>9,894</u>	<u>10,213</u>	<u>9,544</u>

Financial assets comprise cash at bank, trade and other receivables and amounts due from group undertakings.

Financial liabilities comprise trade and other payables, bank loans and accruals.

22. Provisions for liabilities

	Deferred taxation £000	Leave pay £000	Total £000
The group			
At 1 July 2016	230	53	283
(Increase)/decrease in provision	(186)	47	(139)
At 30 June 2017	<u>44</u>	<u>100</u>	<u>144</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

23. Deferred taxation

Deferred taxation provided for at 19.75% (2016: 20%) in the financial statements is set out below:

	Group 2017 £000	Group 2016 £000
Accelerated capital allowances	44	36
Fixed asset revaluation	-	194
	<u>44</u>	<u>230</u>

24. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
100,000 Ordinary Shares shares of £0.01 each	<u>1</u>	<u>1</u>

10,100 A Ordinary Shares were allotted. The nominal value was £0.01 each, the price paid was £0.01.
 16,670 A Ordinary Shares were allotted. The nominal value was £0.01 each, the price paid was £24.
 68,230 A Ordinary Shares were allotted. The nominal value was £0.01 each, the price paid was £29.31.
 5,000 B Ordinary Shares were allotted. The nominal value was £0.01 each, the price paid was £0.01.

The A and B shares rank pari passu in all respects, but continued as a separate class of shares.
 Both A and B shares have voting rights and the right to participate in dividends and distributions of the company.

25. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

26. Capital commitments

The group had no capital commitments during the period.

Notes to the Financial Statements

For the Year Ended 30 June 2017

27. Financial risk management

The group has exposures to two main areas of risk - liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the maturity of the bank loan in note 19, the group is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and pro active credit control.

Interest rate risk

The group borrows from its bankers using either overdrafts or term loans. LIBOR interest rates are currently low and could rise, resulting in an increase in the cost of capital, however this is not anticipated to increase significantly in the next 18 months.

28. Related party transactions

During the period of reporting an amount of £300,000 (2016: £361,627) was paid to Pure Logistics and Consultancy Limited. Pure Logistics and Consultancy Limited is owned and controlled by Mike Cantillon. Mike Cantillon is a Director of Cantillon Holdings Limited and Cantillon Limited and has a shareholding in MWC Investments Limited, the parent company of the group.

During the period of reporting an amount of £148,260 (2016: £159,450) was paid to Kerr Advisory Limited. Kerr Advisory Limited is owned and controlled by Sonia Kerr. Sonia Kerr is a Director of MWC Investments Limited, the parent company of the group and Cantillon Holdings Limited and has a shareholding in MWC Investments Limited.

Beechbrook Mezzanine II SARL is a shareholder of MWC Investments Ltd and also during the period extended a loan to MWC Investments Ltd. Interest of £794,084 (2016: £1,206,094) was paid during the period of reporting to Beechbrook Mezzanine II SARL.

During the period of reporting an amount of £120,000 (2016: £221,319) was paid to Three V Partnership LLP. Three V Partnership LLP is owned and controlled by company secretaries J Constable and P Ward. J Constable and P Ward are also shareholders and directors of RCapital Nominees Ltd which has a shareholding in MWC Investments Limited, the parent company of the Group. They are also members of OBS 24 LLP which is a corporate director of MWC Investments Limited.

During the period Cantillon Limited sold their Watford office to M Cantillon and J Constable (see above for their relationship with the group) for £1.5m cash. The net book value of the asset when sold was £1,285,000 so a gain on disposal of the asset of £215,000 was recognised. Cantillon Limited continue to lease the building from M. Cantillon and J. Constable and during the period a reporting amount of £87,329 was paid in rent (£43,665 to M Cantillon and £43,664 to J Constable).

Notes to the Financial Statements

For the Year Ended 30 June 2017

29. Controlling party

It is the opinion of the Directors that there is no ultimate controlling party of the Group as no one party owns a majority shareholding in MWC Investments Ltd.