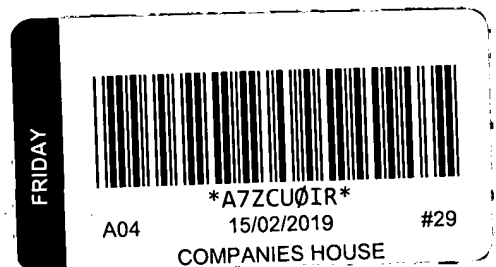


MWC INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



MWC INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	Michael William Cantillon (appointed 25 September 2018) Paul Andrew Cluskey (appointed 25 September 2018) Sonia May Kerr Obs 24 LLP (resigned 25 September 2018)
Company secretary	RJP Secretaries limited Peter Ward (resigned 25 September 2018) Jamie Constable (resigned 25 September 2018)
Registered number	08843321
Registered office	10 Elton Way Watford Hertfordshire United Kingdom WD25 8HH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

MWC INVESTMENTS LIMITED

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MWC INVESTMENTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The principal activity of the Group in the year under review is that of demolition, groundworks, substructures and superstructures.

Business review

The Directors are pleased to report that the period was one of good performance with Turnover of £37m, Gross Profit of £5.8m and Operating Profit of £1.2m, which is after a significant Goodwill charge of £1.9m. Excluding the impact of Goodwill, the Group made an operating profit of £3.1m. 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 35%, based on a comparative period last year.

Since 2013, Revenue has grown from £14m per annum to £37m per annum. This growth has been delivered organically, through the strategic diversification of services. Over the past five years the business has expanded its credentials in the core markets of demolition, groundworks, substructures and super structures. Operations have been developed to deliver increasingly complex, high value, projects.

Strategically the business will consolidate further in these core markets over the coming 5 years. At the year end the business had a number of significant contracts ongoing, for which the works comprise the full range of specialist disciplines in these areas.

Innovation is central to the Group's ethos and 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 the 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. As at the date of the signing of this report the Accident Frequency Rate was zero.

Principal risks and uncertainties

The Group is presented with a number of risks and uncertainties. Firstly there is always the general cyclical nature of the construction market. However, it is anticipated that 2019 will present a very strong year for the business and the pipeline for 2020 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. Health and Safety and Environmental risks are key considerations in every aspect of the Group's activity, but are well addressed through the Group's 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.

MWC INVESTMENTS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Financial and non-financial key performance indicators

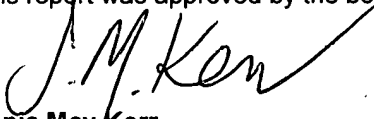
The directors consider the key financial performance indicator of the Group to be contract margins.

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 2019 and 2020, as well as a significant workload ongoing. Cantillon is currently active on 10 sites across London. The business operates from a solid platform and is well placed to win and deliver significant works for the coming 12 months and beyond.

This report was approved by the board on *1 January 2019* and signed on its behalf.


Sonia May Kerr
Director

MWC INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Results and dividends

The loss for the year, after taxation, amounted to £44,000 (2017: loss £1,151,000).

Directors

The directors who served during the year were:

Sonia May Kerr

Obs 24 LLP (resigned 25 September 2018)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 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 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 to 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 £26,000 (2017: £57,000).

Future developments

There are no significant future developments of note. The business continues to consolidate its credentials in chosen core markets

MWC INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Post balance sheet events

Michael Cantillon, Paul Cluskey and Sonia Kerr completed a Management Buy Out of the Group on 25 September 2018.

Disclosure of information to auditor

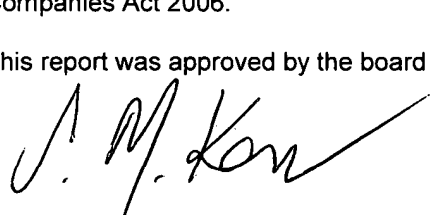
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- 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.

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



Sonia May Kerr
Director

8 January 2019

and signed on its behalf.



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 2018, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated 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 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Who we are reporting to

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.

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWC INVESTMENTS LIMITED
(CONTINUED)**

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matter on which we are required to report under 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 or 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWC INVESTMENTS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

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

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



Mark Bishop FCA
Senior statutory auditor
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Oxford
Date:

9 JANUARY 2019

MWC INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 £000	2017 £000
Turnover	4	37,048	27,525
Cost of sales		(31,259)	(23,729)
Gross profit		5,789	3,796
Administrative expenses - other		(2,686)	(2,500)
Administrative expenses - amortisation		(1,941)	(1,942)
Other operating income	5	8	199
Operating profit/(loss)	6	1,170	(447)
Interest receivable and similar income	10	22	2
Interest payable and expenses	11	(806)	(797)
Profit/(loss) before taxation		386	(1,242)
Tax on profit/(loss)	12	(430)	91
Loss for the financial year		(44)	(1,151)
Total comprehensive income for the year		(44)	(1,151)
(Loss) for the year attributable to:			
Owners of the parent Company		(44)	(1,151)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(44)	(1,151)

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED
REGISTERED NUMBER:08843321

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	13	3,075	5,016
Tangible assets	14	384	380
		<u>3,459</u>	<u>5,396</u>
Current assets			
Debtors: amounts falling due within one year	16	3,678	4,437
Cash at bank and in hand	17	11,638	5,789
		<u>15,316</u>	<u>10,226</u>
Creditors: amounts falling due within one year	18	(10,624)	(7,421)
Net current assets		<u>4,692</u>	<u>2,805</u>
Total assets less current liabilities		<u>8,151</u>	<u>8,201</u>
Creditors: amounts falling due after more than one year	19	(7,000)	(7,000)
Provisions for liabilities			
Deferred taxation	23	(43)	(44)
Other provisions	24	(95)	(100)
		<u>(138)</u>	<u>(144)</u>
Net assets		<u><u>1,013</u></u>	<u><u>1,057</u></u>
Capital and reserves			
Called up share capital	25	1	1
Share premium account	26	2,399	2,399
Profit and loss account	26	(1,387)	(1,343)
Equity attributable to owners of the parent Company		<u><u>1,013</u></u>	<u><u>1,057</u></u>

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

 8 January 2019

Sonia May Kerr
Director

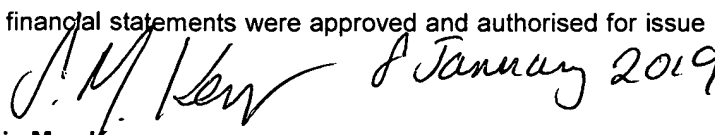
The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED
REGISTERED NUMBER:08843321

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	15	16,883	16,883
		<u>16,883</u>	<u>16,883</u>
Current assets			
Debtors: amounts falling due within one year	16	386	368
Cash at bank and in hand	17	13	40
		<u>399</u>	<u>408</u>
Creditors: amounts falling due within one year	18	(3,997)	(3,216)
Net current liabilities		<u>(3,598)</u>	<u>(2,808)</u>
Total assets less current liabilities		<u>13,285</u>	<u>14,075</u>
Creditors: amounts falling due after more than one year	19	(7,000)	(7,000)
Net assets excluding pension asset		<u>6,285</u>	<u>7,075</u>
Net assets		<u>6,285</u>	<u>7,075</u>
Capital and reserves			
Called up share capital	25	1	1
Share premium account	26	2,399	2,399
Profit and loss account brought forward		4,675	5,445
Loss for the year		(790)	(770)
Profit and loss account carried forward		3,885	4,675
		<u>6,285</u>	<u>7,075</u>

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


Sonia May Kerr
 Director

The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	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 2017	1	2,399	(1,343)	1,057	1,057
Comprehensive income for the year					
Loss for the year	-	-	(44)	(44)	(44)
Total comprehensive income for the year	-	-	(44)	(44)	(44)
At 30 June 2018	1	2,399	(1,387)	1,013	1,013

The notes on pages 14 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

The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 July 2017	1	2,399	4,675	7,075
Comprehensive income for the year				
Loss for the year	-	-	(790)	(790)
Total comprehensive income for the year	-	-	(790)	(790)
At 30 June 2018	1	2,399	3,885	6,285

The notes on pages 14 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 year				
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

The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	(44)	(1,151)
Adjustments for:		
Amortisation of intangible assets	1,941	1,942
Depreciation of tangible assets	117	107
Loss on disposal of tangible assets	(8)	-
Interest paid	806	797
Interest received	(22)	(2)
Taxation charge	430	(91)
Decrease/(increase) in debtors	759	(1,389)
Increase in creditors	2,869	4,167
(Decrease)/increase in provisions	(5)	47
Corporation tax (paid)	(97)	(85)
Net cash generated from operating activities	6,746	4,342
Cash flows from investing activities		
Purchase of tangible fixed assets	(125)	(148)
Sale of tangible fixed assets	4	1,303
Interest received	22	2
Gain on sale of fixed assets	8	-
Net cash from investing activities	(91)	1,157
Cash flows from financing activities		
Repayment of/new finance leases	-	(37)
Interest paid	(806)	(797)
Net cash used in financing activities	(806)	(834)
Net increase in cash and cash equivalents	5,849	4,665
Cash and cash equivalents at beginning of year	5,789	1,124
Cash and cash equivalents at the end of year	11,638	5,789
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11,638	5,789

The notes on pages 14 to 32 form part of these financial statements.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 10 Elton Way, Watford, WD25 8HH.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent *Company*, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No Statement of cash flows has been presented for the parent *Company*;
- Disclosures in respect of the parent *Company's* financial instruments have not been presented as equivalent disclosures have been provided in respect of the Company as a whole.

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.

2.3 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.4 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; and
- the stage of completion of the contract at the end of the reporting period can be measured reliably.

2.5 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.6 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.10 Financial instruments

The Group only enters into basic financial instrument 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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

2.11 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.

2.12 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.

2.13 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.14 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.

2.15 Interest income

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

2.16 Borrowing costs

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

2.17 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.18 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.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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 judgements 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.

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Turnover

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

	2018 £000	2017 £000
Rendering of services	37,048	27,524
Sales of goods	-	1
	<u>37,048</u>	<u>27,525</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £000	2017 £000
Other operating income	<u>8</u>	<u>199</u>

6. Operating profit/(loss)

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

	2018 £000	2017 £000
Depreciation of tangible fixed assets	117	106
Amortisation of intangible assets, including goodwill	1,941	1,942
Other operating lease rentals	189	112
Defined contribution pension cost	<u>82</u>	<u>69</u>

7. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>27</u>	<u>26</u>

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. Employees

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Wages and salaries	5,080	4,258	-	-
Social security costs	615	524	-	-
Cost of defined contribution scheme	82	69	-	-
	<u>5,777</u>	<u>4,851</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Sales and trading	60	57
Processing and administration	13	9
	<u>73</u>	<u>66</u>

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL)

9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	319	271
Company contributions to defined contribution pension schemes	11	9
	<u>330</u>	<u>280</u>

During the year retirement benefits were accruing to 2 directors (2017: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £271k (2017: £259k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11k (2017: £9k).

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. Interest receivable

	2018 £000	2017 £000
Other interest receivable	22	2

11. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	806	797

12. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	430	95
Total current tax	430	95
Deferred tax		
Origination and reversal of timing differences	-	(184)
Changes to tax rates	-	(2)
Total deferred tax	-	(186)
Taxation on profit/(loss) on ordinary activities	430	(91)

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	385	(1,244)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	73	(245)
Effects of:		
Expenses not deductible for tax purposes	357	414
Research and Development Credit	-	(215)
Different Tax rates	-	(6)
Other differences	-	(39)
Total tax charge for the year	430	(91)

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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Intangible assets

Group and Company

	Goodwill £000
Cost	
At 1 July 2017	9,709
At 30 June 2018	<u>9,709</u>
Amortisation	
At 1 July 2017	4,693
Charge for the year	1,941
At 30 June 2018	<u>6,634</u>
Net book value	
At 30 June 2018	<u>3,075</u>
At 30 June 2017	<u>5,016</u>

Amortisation of intangible fixed assets is included in administrative expenses.

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Tangible fixed assets

Group

	Office equipment £000	Fixtures and fittings £000	Motor vehicles £000	Plant and machinery £000	Total £000
Cost or valuation					
At 1 July 2017	168	11	20	435	634
Additions	11	9	11	94	125
Disposals	-	-	(10)	(47)	(57)
At 30 June 2018	<u>179</u>	<u>20</u>	<u>21</u>	<u>482</u>	<u>702</u>
Depreciation					
At 1 July 2017	43	5	13	193	254
Charge for the year on owned assets	33	3	3	78	117
Disposals	-	-	(7)	(46)	(53)
At 30 June 2018	<u>76</u>	<u>8</u>	<u>9</u>	<u>225</u>	<u>318</u>
Net book value					
At 30 June 2018	<u>103</u>	<u>12</u>	<u>12</u>	<u>257</u>	<u>384</u>
At 30 June 2017	<u>125</u>	<u>6</u>	<u>7</u>	<u>242</u>	<u>380</u>

Plant and machinery with a carrying value of £nil (2017: £67,253) are held under finance leases.

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Name	Registered office
Cantillon Holdings Limited	England and Wales
Cantillon Limited	England and Wales

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2017	16,883
At 30 June 2018	16,883
Net book value	
At 30 June 2018	16,883
At 30 June 2017	16,883

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

16. Debtors

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Trade debtors	3,307	4,152	-	-
Amounts owed by group undertakings	-	-	386	368
Prepayments and accrued income	371	285	-	-
	<u>3,678</u>	<u>4,437</u>	<u>386</u>	<u>368</u>

17. Cash and cash equivalents

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Cash at bank and in hand	11,638	5,789	13	40

18. Creditors: Amounts falling due within one year

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Trade creditors	5,989	4,715	4	17
Amounts owed to group undertakings	-	-	3,829	3,032
Corporation tax	377	45	-	-
Other taxation and social security	714	430	2	3
Obligations under finance lease and hire purchase contracts	-	39	-	-
Other creditors and deferred income	2,166	1,032	-	-
Accruals	1,378	1,160	162	164
	<u>10,624</u>	<u>7,421</u>	<u>3,997</u>	<u>3,216</u>

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
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 the group and company.

20. Loans

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Amounts falling due 2-5 years				
Bank loans	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Within one year	-	39
	<u>-</u>	<u>39</u>

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

22. Financial instruments

The following financial instruments are held at amortised cost:

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Financial assets				
Financial assets	<u>14,949</u>	<u>9,945</u>	<u>399</u>	<u>409</u>
Financial liabilities				
Financial liabilities maturing in less than one year	7,372	5,918	3,993	3,213
Financial liabilities maturing in greater than one year	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</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.

23. Deferred taxation

Deferred taxation provided for at 17% (2017: 19.75%) in the financial statements is set out below:

Group

	2018 £000	<i>2017 £000</i>
At beginning of year	44	230
Charged to profit or loss	(1)	(186)
At end of year	<u>43</u>	<u>44</u>

The provision for deferred taxation is made up as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Accelerated capital allowances	43	44
	<u>43</u>	<u>44</u>

MWC INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

24. Provisions

Group

	Leave pay £000
At 1 July 2017	100
Charged to profit or loss	(5)
At 30 June 2018	95

25. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
100,000 (2017 - 100,000) Ordinary shares of £0.01 each	1	1

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.

26. 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.

27. Capital commitments

The group had no capital commitments during the period.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

28. Commitments under operating leases

At 30 June 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Not later than 1 year	194	<i>194</i>
Later than 1 year and not later than 5 years	459	<i>547</i>
	653	<i>741</i>

29. 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 20, 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.

MWC INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

30. Related party transactions

During the period of reporting an amount of £300,000 (2017: £300,000) 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 is a shareholder in the group.

During the period of reporting an amount of £118,189 (2017: £148,260) 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 is a shareholder in the group.

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 £804,969 (2017: 794,084) was paid during the period of reporting to Beechbrook Mezzanine II SARL.

During the period of reporting an amount of £120,000 (2017: £120,000) 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, at the year end.

During the prior 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. Cantillon Limited continue to lease the building from M. Cantillon and J. Constable and during the period a reporting amount of £100,000 was paid in rent (£50,000 to M Cantillon and £50,000 to J Constable).

31. 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.