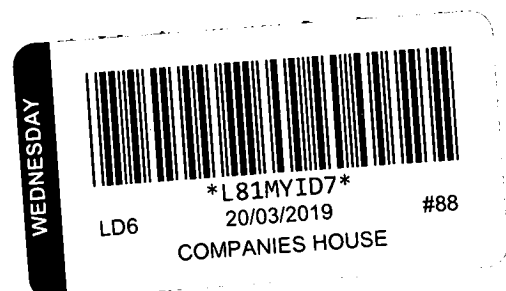


MSI Group Limited

Annual Report

For the year ended 31 March 2018



MSI Group Limited

Company Information

Directors	N J Simpson S D Littlefield J Plassard D Eglen (appointed 18 September 2018)
Secretary	J A Simpson (appointed 2 January 2018)
Company number	06019984 (England and Wales)
Registered office	3 rd Floor East, Cotton Centre Hays Lane London SE1 2QE
Auditors	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Business address	3 rd Floor East, Cotton Centre Hays Lane London SE1 2QE

MSI Group Limited

Contents

	Page
Strategic report	1-2
Directors' report	3
Directors' Responsibilities Statement	4
Independent auditors' report	5-7
Consolidated Statement of Comprehensive Income	8
Statement of financial position (Group & Company)	9-10
Statement of changes in equity (Group & Company)	11
Consolidated cashflow statement	12
Notes to the financial statements	13-24

MSI Group Limited

Strategic report For the year ended 31 March 2018

The directors submit their Strategic Report for the year ended 31 March 2018.

Review of the business

Profit before tax was £245k (2017: £306k) and whilst this was below forecast the board consider that the 2018 results are acceptable as following 3 rounds of NHS agency rate caps in the previous financial period the sector was dealt another significant challenge in April 2017 with the introduction of new IR35 tax legislation. Also, the group continued to invest into new, higher margin business areas meaning that the board are confident of increased profitability and positive cashflows in the year ahead.

Gross margin was £5.1m (2017: £8.4m for the 15-month period) which represented a reduction in gross margin percentage from 11.1% to 10.4%. The decline in gross margin was broadly compensated for by reductions in administrative expenses and interest payable and similar charges of £3.2m as compared to the previous 15-month period.

The board continue to monitor a comprehensive set of Key Performance Indicators ("KPIs") to ensure that progress is being made in accordance to plan and to identify any arrears where improvement can be made. Relevant financial KPIs are set out above.

The group's financial position has strengthened with net current assets increasing to £484k (2017: £349k) and net assets increasing to £677k (2017: £663k).

Principal risks and Uncertainties

There are various potential risks and uncertainties, which might impact the group's future performance. Both the Board and senior management consider and assess such risks on an ongoing basis.

The group's activities expose it to a number of financial risks including price risk, credit risk and liquidity risk.

Price risk – as with all companies, the group is exposed to price risk. This exposure is mitigated by pricing competitively and maintaining a high quality compliance function reviewing our candidate base.

Credit risk – the Group is exposed to risk from credit sales; however, there is a policy to minimise any risk by assessing new customer's credit risk and monitoring existing customer's creditworthiness. At the balance sheet date, there were no significant concentrations of credit risk.

Liquidity risk – the directors monitor the liquidity and cash flow risk of the group by review of monthly cash flow projections. The group has agreed loan limits with its bankers and has an invoice discounting facility to help manage fluctuations in cash flow which is monitored regularly.

MSI Group Limited

Strategic report (continued)
For the year ended 31 March 2018

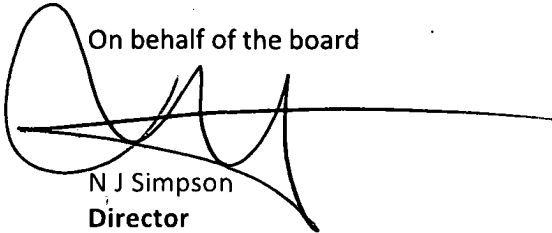
Future Developments

The Group is forecasting increased profitability in 2018/19 and beyond on the back of continued investment and new sales areas developed with turnover, margin and profits expected to increase significantly.

All sales functions and support areas have been reviewed and strategies developed for the best outcomes which may involve further investment, streamlining or process mapping for efficiency gains.

The board remains positive in the healthcare recruitment sector for the future and considers the continued attention and focus of the NHS regulatory bodies provides a positive business opportunity as the group is compliant with the major NHS frameworks and has committed to complying with the agency rate caps.

On behalf of the board

A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by a horizontal line and a few vertical strokes.

N J Simpson
Director
19. March 2019

MSI Group Limited

Directors' report For the year ended 31 March 2018

The directors submit their report and the financial statements of MSI Group Limited for the year ended 31 March 2018.

Principal activity

The principal activity for both company and group during the year was that of recruitment consultancy.

Directors

The following directors have held office since 1 April 2017:

N J Simpson
S D Littlefield
J Plassard
D Eglon (appointed 18 September 2018)

Results and dividends

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

Ordinary dividends of £125k (2017: £Nil) were paid during the year. The directors do not recommend the payment of a final dividend (2017: £Nil).

Directors' indemnity insurance

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Strategic report

Information on future developments and financial risk management is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1 and 2 under s414c (11) of the Companies Act 2006.

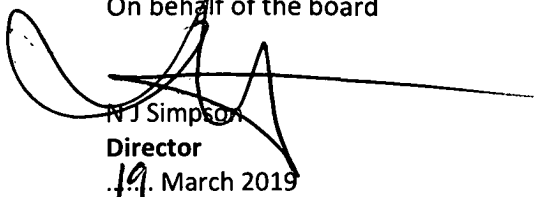
Auditor

The auditor, RSM UK Audit LLP Chartered Accountants, has indicated its willingness to continue in office.

Statement of disclosures to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board


N J Simpson
Director
19 March 2019

Directors' responsibilities in the preparation of the financial statements For the year ended 31 March 2018

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Independent auditor's report to the members of MSI Group Limited

Opinion

We have audited the financial statements of MSI Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated and company statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 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;
- 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 and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of MSI Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters 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 MSI Group Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

20... March 2019

MSI Group Limited

Consolidated Statement of Comprehensive Income For the year ended 31 March 2018

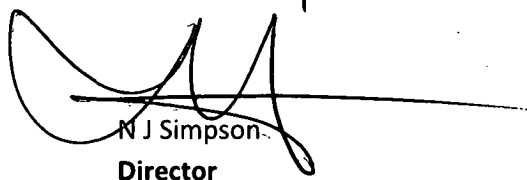
	Notes	Year ended 31 March 2018 £'000	15 months ended 31 March 2017 £'000
Turnover	2	49,310	75,309
Cost of sales		<u>(44,197)</u>	<u>(66,959)</u>
Gross profit		5,113	8,350
Administrative expenses		<u>(4,666)</u>	<u>(7,740)</u>
Operating profit		447	610
Interest payable and similar charges	3	<u>(202)</u>	<u>(304)</u>
Profit before taxation	4	245	306
Tax	6	<u>(106)</u>	<u>(44)</u>
Profit for the financial year		<u>139</u>	<u>262</u>

MSI Group Limited

Consolidated Statement of financial position As at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	9	<u>213</u>	<u>338</u>
		213	338
Current assets			
Debtors	10	8,778	10,439
Cash at bank and in hand		<u>-</u>	<u>-</u>
		8,778	10,439
Creditors: amounts falling due within one year	11	(8,294)	(10,090)
Net current assets		<u>484</u>	<u>349</u>
Total assets less current liabilities		<u>697</u>	<u>687</u>
Provision for liabilities	12	(20)	(24)
Net assets		<u><u>677</u></u>	<u><u>663</u></u>
Capital and reserves			
Called up share capital	13	-	-
Capital redemption reserve	14	-	-
Profit and loss account	14	<u>677</u>	<u>663</u>
Shareholders' Funds		<u><u>677</u></u>	<u><u>663</u></u>

The financial statements on pages 8 to 24 were approved by the board of directors and authorised for issue on 19 March 2019 and are signed on its behalf by:


N J Simpson
Director

Company Registration No. 06019984

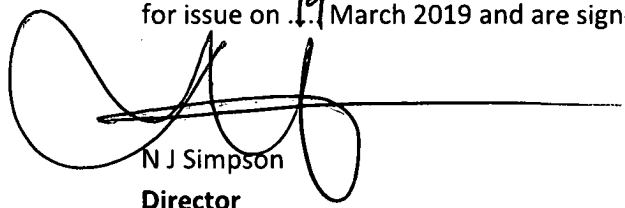
MSI Group Limited

Company Statement of financial position As at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	9	213	338
Investments	8	69	69
		<u>282</u>	<u>407</u>
Current assets			
Debtors	10	4,814	2,635
Cash at bank and in hand		-	-
		<u>4,814</u>	<u>2,635</u>
Creditors: amounts falling due within one year	11	(5,036)	(4,860)
Net current liabilities		<u>(222)</u>	<u>(2,225)</u>
Total assets less current liabilities		<u>60</u>	<u>(1,818)</u>
Provision for liabilities	12	(20)	(24)
Net assets / (liabilities)		<u><u>40</u></u>	<u><u>(1,842)</u></u>
Capital and reserves			
Called up share capital	13	-	-
Capital redemption reserve	14	-	-
Profit and loss account	14	40	(1,842)
Shareholders' Funds		<u><u>40</u></u>	<u><u>(1,842)</u></u>

As permitted by S408 of Companies Act 2006 the company has not presented its own profit and loss account and notes. The company's profit for the year was £2,007k (2017: loss of £825k).

The financial statements on pages 8 to 24 were approved by the board of directors and authorised for issue on 19 March 2019 and are signed on its behalf by:



N J Simpson
Director

Company Registration No. 06019984

MSI Group Limited

Statement of changes in equity For the year ended 31 March 2018

Group	Share capital £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2016	-	-	1,476	1,476
Total comprehensive income for the period	-	-	262	262
Share buy back	-	-	(1,075)	(1,075)
At 31 March 2017	-	-	663	663
Total comprehensive income for the year	-	-	139	139
Dividends paid	-	-	(125)	(125)
At 31 March 2018	-	-	677	677

Company	Share capital £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2016	-	-	58	58
Total comprehensive income for the period	-	-	(825)	(825)
Share buy back	-	-	(1,075)	(1,075)
At 31 March 2017	-	-	(1,842)	(1,842)
Total comprehensive income for the year	-	-	2,007	2,007
Dividends paid	-	-	(125)	(125)
At 31 March 2018	-	-	40	40

MSI Group Limited

Consolidated Cash flow statement For the year ended 31 March 2018

	Notes	Year ended 31 March 2018 £'000	15 months ended 31 March 2017 £'000
Cash flows from operating activities			
Profit for the financial year		139	262
Adjustments for:			
Depreciation of tangible assets		115	110
Loss on disposal of tangible assets		26	-
Interest paid		202	304
Taxation		106	44
Decrease in trade and other debtors		1,661	613
Decrease in trade creditors		(1,056)	(997)
Income taxes paid		-	(498)
Net cash outflow from operating activities		1,193	(162)
Cash flows from investing activities			
Purchases of tangible assets		(16)	(216)
Net cash outflow from investing activities		(16)	(216)
Cash flows from financing activities			
(Decrease)/increase in invoice discounting facility		(1,125)	322
Interest paid		(202)	(304)
Share buy back		-	(1,075)
Dividends paid		(125)	-
Net cash outflow from financing activities		(1,452)	(1,057)
Net decrease in cash and cash equivalents		(275)	(1,435)
Cash and cash equivalents at the beginning of the year		(394)	1,041
Cash and cash equivalents at end of the year	15	(669)	(394)

MSI Group Limited

Notes to the financial statements For the year ended 31 March 2018

1 Accounting Policies

1.1 General Information

MSI Group Limited (“the Company”) is a private limited company registered, domiciled and incorporated in England. The address of the Company’s registered office is Third Floor East, Cottons Centre, Hays Lane, London, SE1 2QE. The Group consists of MSI Group Limited and all of its subsidiaries. The Company’s and the Group’s principal activity is that of recruitment consultancy. The nature of operations is disclosed in the Directors’ Report.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.3 Going concern

The financial statements have been prepared on the going concern basis. The directors have considered the Company’s and the Group’s cash flow requirements for the twelve month period from the date of the approval of these financial statements and have concluded that the Company and the Group will be able to meet their liabilities as they fall due.

1.4 Basis of consolidation

The consolidated financial statements incorporate those of MSI Group Limited and all of its subsidiary undertakings (“the Group”) for the year. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its useful economic life. The results of companies acquired or disposed of are included in the Statement of Income after or up to the date that control passes respectively. All financial statements are made up to 31 March 2018.

1.5 Turnover

Turnover represents the invoiced value, net of Value Added Tax, net of trade discounts and other sales and related taxes for services provided to customers outside the group. Turnover arising from the contract business is charged on a time basis and is recognized as the service is rendered as validated by receipt of a client approved timesheet or equivalent. Permanent placement fees are recognised on the date the contract is agreed and a provision is made for possible cancellation of placements shortly after the start date.

MSI Group Limited

Notes to the financial statements (continued) For the year ended 31 March 2018

1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate.

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

1.7 Tangible fixed assets

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Leasehold improvements	Over the term of the lease
Furniture and fixtures	25% straight line
ICT equipment	25% straight line

MSI Group Limited

Notes to the financial statements (continued) For the year ended 31 March 2018

1.8 Investments

Long term investments are described as participating interests and are classified as fixed assets. Investments are stated at cost.

Provision is made for any impairment in the value of fixed asset investments.

1.9 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit and loss.

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

Current tax is based on taxable profit for the year. Current tax liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10 Invoice discounting

Trade debtors are subject to an invoice discounting arrangement whereby an advance is received based upon, and secured against, trade debtors. Where the Group has retained significant benefits and risks related to financed debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received are shown separately on the statement of financial position. The interest element is recognised as it accrues, and is included in the profit and loss account with other interest charges.

1.11 Leases

All leases are operating leases and the annual rentals are charged to profit and loss on a straight-line basis over the lease term.

1.12 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss.

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

1.13 Pension

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

1.14 Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Financial instrument disclosures
- Section 33 'Related Party Disclosures' - Key management personnel remuneration

1.15 Judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no significant judgments or key accounting estimates relevant to the preparation of these financial statements.

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

2 Turnover

The group's turnover was all attributable to the one principal activity of the group.

An analysis of turnover is given below

	12 months to 31.03.18	15 months to 31.03.17
	£'000s	£'000s
United Kingdom	48,150	73,113
Overseas	1,160	2,196
	49,310	75,309

3 Interest payable

	12 months to 31.03.18	15 months to 31.03.17
	£'000s	£'000s
Bank loans and overdrafts	24	12
Invoice financing	178	292
	202	304

4 Profit before taxation

	12 months to 31.03.18	15 months to 31.03.17
	£'000s	£'000s
Profit before taxation is stated after charging/(crediting):		
Depreciation	115	111
Loss on disposal of fixed assets	26	-
Loss/(Gain) on foreign exchange transactions	(14)	29
Operating lease rentals	678	160
Audit services	25	25

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

5 Employees	12 months to 31.03.18	15 months to 31.03.17
	No.	No.
The average monthly number of persons (including directors) employed by the group and company during the period was:		
Administrative	26	33
Sales	87	107
Compliance	16	33
	129	173
Staff costs for the above persons:		
	£'000s	£'000s
Salaries and wages	5,572	8,476
Social security costs	597	934
Pension costs	68	114
	6,237	9,524
Remuneration of directors		
Salaries and wages	154	592
Pension costs	38	2
	192	594
Highest paid director		
Salary	134	400
Pension	4	2
	138	402

The number of directors for whom pension benefits are accruing is 2 (2017: 2). The directors are considered to be the key management personnel of the group and their total remuneration, including social security costs was £212,000 (2017: £668,000).

MSI Group Limited

Notes to the financial statements (continued) For the year ended 31 March 2018

6 Taxation

	12 months to 31.03.18 £'000	15 months to 31.03.17 £'000
Current tax:		
UK corporation tax on profits of the year	74	47
Foreign tax	36	-
Tax adjustment in respect of prior year	-	(3)
Current charge	<u>110</u>	<u>44</u>
Deferred tax credit	<u>(4)</u>	-
	<u>106</u>	<u>44</u>
Factors affecting the tax charge for the year:		
Profit before taxation	<u>245</u>	<u>306</u>
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2017: 20%)	47	61
Effects of:		
Non-deductible expenses	8	4
Differences in tax rates	22	(4)
Adjustment relating to prior year	-	(3)
Other adjustments	29	(14)
Tax charge	<u>106</u>	<u>44</u>

7 Dividends

	12 months to 31.03.18 £'000	15 months to 31.03.17 £'000
Interim paid	<u>125</u>	<u>-</u>

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

8 Fixed asset investments

	£'000
Balance at 1 April 2017 and 31 March 2018	<u>69</u>

The company holds more than 20% of the ordinary share capital of the following subsidiaries:

Company	Registered address	Country of registration of incorporation	Shares held directly
MSI Recruitment Ltd	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
NRS Global Ltd	6 Northbourne Road, London, England SW4 7DJ	England & Wales	100%
MSI Contract Recruitment Ltd	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
MSI Nurses Limited	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
Locum Consultants International Contract Limited	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
Growing Minds Limited	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
MSI Recruitment AG	Roosstrasse 53, 8832 Wollerau, Switzerland	Switzerland	100%
Solutio Neutral Vend Specialists Limited	3 rd Floor East, Cottons Centre, Hays Lane, London SE1 2QE	England & Wales	100%
MSI Recruitment Asia Pte. Ltd	114 Lavender Street, CT Hub 2, Singapore, 338729	Singapore	100%

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

8 Fixed asset investments (continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

MSI Recruitment Ltd	Recruitment consultancy
NRS Global Ltd	Recruitment consultancy
MSI Contract Recruitment Ltd	Dormant
MSI Nurses Limited	Dormant
Locum Consultants International Contract Limited	Dormant
Growing Minds Limited	Recruitment consultancy
Solutio Neutral Vend Specialists Limited	Dormant
MSI Recruitment AG	Recruitment consultancy
MSI Recruitment Asia Pte. Ltd	Recruitment consultancy

9 Tangible fixed assets	Leasehold improvements	Fixtures & Fittings	ICT Equipment	Total
	£'000s	£'000s	£'000s	£'000s
Group & Company				
Cost				
01 April 2017	49	140	457	646
Additions	-	-	16	16
Disposals	(7)	(44)	(116)	(167)
31 March 2018	42	96	357	495
Depreciation				
01 April 2017	19	61	228	308
Charged in the year	8	19	88	115
Disposals	(8)	(30)	(103)	(141)
31 March 2018	19	50	213	282
Net Book Value				
31 March 2018	23	46	144	213
31 March 2017	30	79	229	338

MSI Group Limited

Notes to the financial statements (continued) For the year ended 31 March 2018

10 Debtors	Group		Company	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Amounts falling due within one year:				
Trade debtors	5,712	6,976	771	1,225
Amounts owed by group undertakings	-	-	2,559	-
Prepayments and accrued income	2,332	2,998	887	960
Other debtors	734	465	597	450
	8,778	10,439	4,814	2,635

11 Creditors	Group		Company	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Bank overdrafts	668	394	2,966	617
Trade creditors	933	425	420	384
Other taxes and social security	410	1,678	274	207
Amounts owed by group undertakings	-	-	-	2,251
Corporation tax	169	62	30	-
Invoice discounting account	4,807	5,932	740	947
Accruals and deferred income	1,307	1,599	606	454
	8,294	10,090	5,036	4,860

The invoice discount account of £4,807K (2017: £5,932K) is secured by a fixed charge over the group's book debts and related rights.

There are also personal guarantees from the director N Simpson, for the value of £500,000 in respect of the overdraft facility and £60,000 in respect of the invoice discounting facility.

MSI Group Limited

Notes to the financial statements (continued)

For the year ended 31 March 2018

12 Provision for liabilities	Group		Company	
	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2017	24	24	24	24
Movement in the year	(4)	-	(4)	-
Balance at 31 March 2018	20	24	20	24

Deferred taxation provided in the financial statements:

	2018	2017
	£'000s	£'000s
Group and Company		
Excess of tax allowance over depreciation	20	24

13 Called up share capital

	2018	2017
	£	£
Allotted, issued and fully paid		
780 ordinary shares of £0.01 each	8	8

During the period ended 31 March 2017, the company bought back 176 Ordinary Shares for proceeds of £1,075,000.

14 Reserves

The profit and loss account represents the cumulative profit and loss, net of distributions to owners.

The capital redemption reserve represents the nominal value of shares acquired by the company and cancelled.

15 Cash flows	2017	Cashflow	2018
	£'000s	£'000s	£'000s
Bank overdraft	(394)	(275)	(669)
Cash and cash equivalents at end of year	(394)	(275)	(669)

MSI Group Limited

Notes to the financial statements (continued) For the year ended 31 March 2018

16 Commitments under operating leases

At 31 March 2018, the group and company had annual commitments under non-cancellable operating leases as follows:

	2018 £'000s	2017 £'000s
Within one year	341	678
Between one and five years	26	309
	<u>367</u>	<u>987</u>

17 Financial Instruments

The carrying amount of the Group's financial instruments as at the year end was

Financial assets:	2018	2017
	£'000s	£'000s
Debt instruments measured at amortised cost	<u>8,547</u>	<u>9,964</u>
Financial liabilities	2018	2017
	£'000s	£'000s
Financial liabilities measured at amortised cost	<u>7,715</u>	<u>7,956</u>

18 Contingent liabilities

The Company is subject to an unlimited intercompany guarantee in respect of all bank borrowings Within the Group. Under this guarantee, the Company has a contingent liability of £4,066k (2017: £5,024k).

19 Ultimate parent and ultimate controlling party

N J Simpson is the ultimate controlling party by virtue of his majority shareholding in MSI Group Limited.

20 Related party transactions

N J Simpson, the director and ultimate controller of MSI Group Limited, was paid dividends in the year of £125k (2017: £nil).

At the year-end, there was an outstanding director's loan owed to the company relating to N J Simpson of £327k (2017: £123k). No interest has been charged on this balance.