

Registered number: 03833448

MIND GYM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2018

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MIND GYM LIMITED

COMPANY INFORMATION

Directors

O Black
S Bailey
J Black
D Nelson
R Steele

Company Secretary

R Postlethwaite

Registered Office

160 Kensington High Street
London
W8 7RG

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Company Number

03833448

Strategic report for the year ended 31 March 2018**Introduction**

The Directors present their Group Strategic Report together with the audited financial statements for the year ended 31 March 2018.

The principal activity of the Group is to apply behavioural science research codified by its team of psychologists and designers to transform the performance of companies and the lives of the people who work in them. It does this through its suite of products delivered by its network of accredited coaches.

Business review

In the last year, Mind Gym revenue grew 21% to £37m (2017: £30.6m). Over the last four years the compound annual growth has been 22%. In constant currency terms revenue grew 24% in 2018 and 22% on a four year CAGR basis.

The growth in revenue was supported by a number of new initiatives in the year expanding both the breadth of products and the client issues that the Group addresses.

During the course of the year the Group launched a digital “e-workout” offering, culminating in the publication of a portfolio of 65 different topics by 31 March 2018. These are self-directed digital learning modules that last between about 8-12 minutes. The response has been encouraging, generating 5% of total revenue in 2018. Existing clients have integrated the digital products into existing programmes that they are already running with Mind Gym to increase retention of revenues, as well as to reach large audiences of individual contributors. New clients have come to Mind Gym for the first time, attracted by the new, digital products as part of a blended learning proposition.

The Group extended the range of business priorities that the Group addresses with new research and products to address conduct, culture and ethics. A new research paper, ‘The only way is ethics: why good people do bad things and how to stop us’, was published in September 2017. This used robust behavioural science to show why traditional approaches to conduct and compliance are insufficient and provided an alternative approach to changing culture so people are more likely to behave ethically. The FCA, the UK regulator, published Mind Gym’s findings and included Mind Gym amongst the speakers at their signature conference on culture.

One major bank has already embarked on a global programme with Mind Gym to ensure that everyone can benefit from these insights. A number of other financial services, consumer goods and pharmaceutical companies have indicated that they will commit to significant ethics programmes with Mind Gym in the coming year.

Operating profit of £6.2m (2017 - £4.6m) was a 33% increase on the year. Adjusted EBITDA of £7.9m was a 63% increase on the previous year (2017 - £4.8m). A reconciliation of reported results to adjusted EBITDA is included in note 4. The Group measures adjusted EBITDA to give a better understanding of business performance. Adjusted EBITDA is defined as EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) excluding share-based payment charges, foreign currency gains and losses and exceptional aborted costs following transactional discussions with a third party. The share-based payment charge in 2018 related to a charge on share options granted in the year to one senior employee. Whilst exchange differences are generally a normal cost or benefit, the majority of the charge within the profit in 2018 is due to a high US dollar intercompany balance with the UK. This was a new occurrence in the year due to the high sales and accumulation of US \$. Whilst this currency exposure was partially hedged through US \$ costs, surplus US \$ were not converted into sterling during the year as sterling weakened.

Key performance indicators

The Group uses a number of key performance indicators (KPI) for its day to day operations and management review. Financial KPI's include revenue, adjusted EBITDA, profit before tax and net assets as disclosed in the financial statements. Other KPI's include, but are not limited to, the below KPI's:

	2018	2017
	£	£
Percentage revenue growth in the year	21%	22%
Adjusted EBITDA as a % of revenue	21%	16%
Percentage of participants rating courses "very good" or "excellent"	88%	88%

Revenue continued to grow at over 20% year on year. The Group improved EBITDA margins ensuring costs rose at a slower rate than sales. To ensure Mind Gym continues to meet high expectations, the Group requests course participants to complete feedback cards. "Very good" or "excellent rate" are the top two out of 5 options participants can select.

The balance sheet strengthened considerably during the year with net assets of £12.2m at March 2018 (2017 - £6.2m).

Non-current assets increased by £1.9m to £2.4m due to the recognition of a deferred tax asset. The financial statements reflect the anticipated corporation tax credit which they expect to crystallise in the summer of 2018 from the exercise of c.1.3 million EMI share options.

Trade and other receivables increased by £1.9m to £11.9m during the year, debtors increased by £2m to £11.9m. Debtor days reduced from 80 days in March 2017 to 76 days in March 2018. The Group recognises revenue on delivery of a training session and therefore income is accrued until it is invoiced. Accrued income days increased from 34 days at March 2017 to 39 days at March 2018. The Group reflected a specific bad debt provision at March 2018 of £138k.

In current liabilities, the Group repaid the overdraft present at 31st March 2017 (£0.1m) and had no borrowings at the reporting date.

The corporation tax creditor of £637k at March 2018 has reduced from the March 2017 position of £1,112k. The US subsidiary has made payments on account during the year which now match the corporate tax due for the year.

Cash generated during the year was £1.9m (2017 - £1.1m) with £5.5m (2017 - £3.7m) on the balance sheet at 31st March 2018.

During the year a dividend declared in the prior year for £310k was paid. An interim dividend for £200k was declared in March 2018 and was paid in April 2018 to F and G ordinary shareholders 16.95 pence per share. Following the reporting date an interim dividend of £3m was approved and declared to F and G ordinary shareholders. £700k was paid to the G shareholder on 1st June 2018 and the remaining £2.3m will be paid later in the year to the F shareholder.

In the financial year £2.6m (2017 - £2.7m) net cash was generated from operating activities. Cash conversion from the £4.4m (2017 - £3.4m) of profit generated in the financial year was affected by accelerated timing of tax payments and higher trade receivables, £310k of capital expenditure was incurred in IT equipment and software development. The Group generated a net £1.9m (2017 - £1.1m) of cash in the year and ended the year with a £5.5m cash balance.

Strategy

Management aim to continue revenue growth over the next three years though strategies that include:

- development of the digital product suite so that it is adopted by the majority of our key clients
- continuing to launch ground breaking new research with supporting solutions and products, starting with 'Respect: how to bring an end to bullying and harassment at work' (working title) in FY19
- accelerating US expansion, potentially with a hub on the West Coast

Principal risks and uncertainties

The Board and the Executive review and consider their management of key risks on a regular basis.

Economic downturn

Mind Gym is relatively well placed for a potential downturn. It has a diverse client base across many industrial sectors. Furthermore, solutions like 'Re-organisation remedy: how to upgrade when you downsize', the bite-size nature of our products, the new digital offer and the increasing body of evidence on the ROI of the judicious appliance of behavioural science, will all be helpful. Equally, a change in economic circumstances is likely to change buying patterns in unforeseen ways and we will need to be extremely agile with our response.

Foreign exchange

Mind Gym trades in a variety of currencies though the US \$ has the greatest exposure. This is partially mitigated through a natural hedge with US \$ costs.

Reliance on key personnel

Whilst the Group's employees remain vital to its continued success, the growth in systems, proven methodologies and extensive IP means that there is less dependence on any one individual (including the founders). The client team (the sales force) remain the biggest constraint and risk to growth. The talent pipeline continues to be strong and the Group has a growing reputation as the business for ambitious psychologists to work for. The Group always strives to provide an engaging and stimulating working environment as well as competitive rewards.

Tax

The Group takes regular and extensive advice to ensure it is aware of any risks. There is always the risk of legislation changes however.

Information systems and security breaches.

The Group takes Cyber risk management seriously and takes steps to protect its data and IP.

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

By Order of the Board



R Steele
Director

21 June 2018

Group directors' report for the year ended 31 March 2018

The Directors present their report and the audited financial statements for the year ended 31 March 2018.

Principal activity

The principal activity of the Group continued to be that of the provision of management development training and related services. A review of the business and future developments is included in the Strategic Report.

Results and dividends

The profit for the year, after taxation, amounted to £4,375,601 (2017 £3,359,721).

The Consolidated Statement of Comprehensive Income is set out on page 11 and shows the profit for the year.

Interim dividends were proposed to ordinary F and G shareholders during the year as per note 11. The directors do not recommend the payment of a final dividend.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below. Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Financial Risks

The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 24 to the Financial Statements.

Directors

The directors who served during the year and to the date of this report were:

O Black
S Bailey
J Black
D Nelson
R Steele (appointed 5 June 2018)

Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 21 June 2018 and signed on its behalf.



R Steele
Director

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MIND GYM LIMITED**Opinion**

We have audited the financial statements of Mind Gym Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 the 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 or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart Collins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

21 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	2018 £	2017 £
Continuing operations			
Revenue	4	36,966,788	30,612,578
Cost of sales		(7,420,864)	(6,838,527)
Gross profit		<u>29,545,924</u>	<u>23,774,051</u>
Administrative expenses		(23,381,625)	(19,147,507)
Operating profit	5	<u>6,164,299</u>	<u>4,626,544</u>
Finance costs		(1,594)	(2,617)
Profit before taxation		<u>6,162,705</u>	<u>4,623,927</u>
Tax on profit	8	(1,787,104)	(1,264,206)
Profit for the financial year from continuing operations		<u><u>4,375,601</u></u>	<u><u>3,359,721</u></u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange translation differences on consolidation		(260,681)	(40,420)
Other comprehensive income for the year attributable to the owners of the parent		<u>(260,681)</u>	<u>(40,420)</u>
Total comprehensive income for the year attributable to the owners of the parent		<u><u>4,114,920</u></u>	<u><u>3,319,301</u></u>
Earnings per share from continuing operations attributable to owners of the parent			
Basic earnings per share on profit for the year (pence per share)	10	0.49	0.38
Diluted earnings per share on profit for the year (pence per share)	10	0.43	0.32

MIND GYM LIMITED
COMPANY NUMBER 03833448

GROUP STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

	Note	2018 £	2017 £
Non-current assets			
Intangible assets	12	325,285	215,306
Tangible assets	13	80,816	93,033
Deferred tax	16	2,008,063	99,475
		<hr/>	<hr/>
		2,414,164	407,814
Current assets			
Inventories	15	259,852	280,378
Trade and other receivables	16	11,887,452	9,926,269
Cash and cash equivalents	22	5,542,260	3,667,495
		<hr/>	<hr/>
		17,689,564	13,874,142
Total assets		<hr/>	<hr/>
		20,103,728	14,281,956
Current liabilities			
Trade and other payables	17	7,277,505	6,927,030
Corporation tax	17	636,916	1,112,677
Borrowings	17	-	51,199
		<hr/>	<hr/>
Total liabilities		7,914,421	8,090,906
Net assets		<hr/>	<hr/>
		<u>12,189,307</u>	<u>6,191,050</u>

		2018 £	2017 £
Equity			
Share capital	20	886	886
Capital redemption reserve		114	114
Share option reserve		407,966	238,421
Retained earnings		11,780,341	5,951,629
Equity attributable to owners of the parent Company		<u>12,189,307</u>	<u>6,191,050</u>

The Accounting Policies and Notes on pages 23 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2018, and were signed on its behalf by:



R Steele
Director

	Note	2018 £	2017 £
Non-current assets			
Intangible assets	12	325,285	215,306
Tangible assets	13	56,331	57,813
Investments	14	59,197	59,197
Deferred tax	16	1,939,842	22,943
		<hr/>	<hr/>
		2,380,655	355,259
Current assets			
Inventories	15	147,431	141,619
Trade and other receivables	16	11,036,274	6,605,032
Cash and cash equivalents	22	2,050,765	813,328
		<hr/>	<hr/>
		13,234,470	7,559,979
Total assets		<hr/>	<hr/>
		15,615,125	7,915,238
Current liabilities			
Trade and other payables	17	4,556,804	3,724,970
Corporation tax	17	613,966	240,937
Borrowings	17	-	51,199
		<hr/>	<hr/>
Total liabilities		5,170,770	4,017,106
Net assets		<hr/>	<hr/>
		<u>10,444,355</u>	<u>3,898,132</u>

MIND GYM LIMITED
COMPANY NUMBER 03833448

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 MARCH 2018

		2018 £	2017 £
Equity			
Share capital	20	886	886
Capital redemption reserve		114	114
Share option reserve		407,966	238,421
Retained earnings		10,035,389	3,658,711
Equity attributable to owners of the parent Company		<u>10,444,355</u>	<u>3,898,132</u>

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Company's Income Statement and Statement of Comprehensive Income. The profit for the Company for the year ended 31 March 2018 was £4,662,886 (year ended 31 March 2017: £2,388,002).

The Accounting Policies and Notes on pages 23 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2018, and were signed on its behalf by:



R Steele
Director

MIND GYM LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2018

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total equity £
At 1 April 2016	886	114	219,622	2,942,328	3,162,950
Comprehensive income for the year					
Profit for the year	-	-	-	3,359,721	3,359,721
Other comprehensive income for the year					
Exchange translation differences on consolidation	-	-	-	(40,420)	(40,420)
Total comprehensive income for the year	-	-	-	3,319,301	3,319,301
Dividends: Equity capital	-	-	-	(310,000)	(310,000)
Share option charge	-	-	18,799	-	18,799
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	18,799	(310,000)	(291,201)
At 31 March 2017	886	114	238,421	5,951,629	6,191,050
Comprehensive income for the year					
Profit for the year	-	-	-	4,375,601	4,375,601
Other comprehensive income for the year					
Exchange translation differences on consolidation	-	-	-	(260,681)	(260,681)
Total comprehensive income for the year	-	-	-	4,114,920	4,114,920

MIND GYM LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)
YEAR ENDED 31 MARCH 2018

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total equity £
Dividends: Equity capital	-	-	-	(200,000)	(200,000)
Share option charge	-	-	169,545	-	169,545
Deferred taxation on share options	-	-	-	1,913,792	1,913,792
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	169,545	1,713,792	1,883,337
At 31 March 2018	886	114	407,966	11,780,341	12,189,307

The Accounting Policies and Notes on pages 23 to 47 form part of these financial statements.

MIND GYM LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2018

	Share capital £	Capital redemption reserve £	Share option reserve £	Retained earnings £	Total equity £
At 1 April 2016	886	114	219,622	1,580,709	1,801,331
Comprehensive income for the year					
Profit for the year	-	-	-	2,388,002	2,388,002
Total comprehensive income for the year	-	-	-	2,388,002	2,388,002
Dividends: Equity capital	-	-	-	(310,000)	(310,000)
Share option charge	-	-	18,799	-	18,799
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	18,799	(310,000)	(291,201)
At 31 March 2017	886	114	238,421	3,658,711	3,898,132
Comprehensive income for the year					
Profit for the year	-	-	-	4,662,886	4,662,886
Total comprehensive income for the year	-	-	-	4,662,886	4,662,886
Dividends: Equity capital	-	-	-	(200,000)	(200,000)
Share option charge	-	-	169,545	-	169,545
Deferred taxation	-	-	-	1,913,792	1,913,792
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	169,545	1,713,792	1,883,337
At 31 March 2018	886	114	407,966	10,035,389	10,444,355

MIND GYM LIMITED**GROUP STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,375,601	3,359,721
Adjustments for:		
Amortisation of intangible assets	127,824	212,335
Depreciation of tangible assets	83,472	209,547
Net finance costs	1,594	(9,613)
Taxation charge	1,787,104	1,264,206
(Increase)/decrease in inventories	20,527	(111,906)
(Increase) in trade and other receivables	(1,873,632)	(2,454,662)
Increase in trade and other payables	460,475	671,215
Corporation tax (paid)	(2,345,213)	(384,066)
Other recognised gains and losses	(260,681)	(40,420)
Transfer to share based payment reserve	169,545	18,799
Net cash generated from operating activities	<u>2,546,616</u>	<u>2,735,156</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(237,803)	(203,063)
Purchase of tangible fixed assets	(71,255)	(132,192)
Finance income	-	12,230
Net cash from investing activities	<u>(309,058)</u>	<u>(323,025)</u>

MIND GYM LIMITED**GROUP STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
Cash flows from financing activities		
Repayment of other borrowings	(51,199)	(89,520)
Dividends paid to owners of the parent	(310,000)	(1,250,000)
Interest paid	(1,594)	(2,617)
Net cash used in financing activities	<u>(362,793)</u>	<u>(1,342,137)</u>
Net increase in cash and cash equivalents	<u>1,874,765</u>	<u>1,069,994</u>
Cash and cash equivalents at beginning of year	3,667,495	2,597,501
Cash and cash equivalents at the end of year	<u><u>5,542,260</u></u>	<u><u>3,667,495</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>5,542,260</u>	<u>3,667,495</u>

The Accounting Policies and Notes on pages 23 to 47 form part of these financial statements.

MIND GYM LIMITED**COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,662,886	2,388,002
Adjustments for:		
Amortisation of intangible assets	127,824	212,335
Depreciation of tangible assets	49,503	91,418
Net finance costs	1,594	(4,191)
Dividends from group companies	(464,818)	(645,755)
Taxation charge	1,350,175	413,663
Increase in inventories	(5,812)	(47,765)
Increase in trade and other receivables	(4,431,242)	(596,132)
Increase/(decrease) in trade and other payables	941,834	(616,261)
Corporation tax paid	(980,253)	(513,533)
Transfer to share based payment reserve	169,545	18,799
Net cash generated from operating activities	1,421,236	700,580
Cash flows from investing activities		
Purchase of intangible fixed assets	(237,803)	(203,063)
Purchase of tangible fixed assets	(48,021)	(65,125)
Dividend income received	464,818	645,755
Net cash from investing activities	178,994	377,567

MIND GYM LIMITED**COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
Cash flows from financing activities		
Repayment of other borrowings	(51,199)	(89,520)
Dividends paid to owners of the parent	(310,000)	(1,250,000)
Interest paid	(1,594)	4,191
Net cash used in financing activities	<u>(362,793)</u>	<u>(1,335,329)</u>
Net increase in cash and cash equivalents	<u>1,237,437</u>	<u>(257,182)</u>
Cash and cash equivalents at beginning of year	813,328	1,070,510
Cash and cash equivalents at the end of year	<u><u>2,050,765</u></u>	<u><u>813,328</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,050,765</u></u>	<u><u>813,328</u></u>

The Accounting Policies and Notes on pages 23 to 47 form part of these financial statements.

1. Organisation and trading activities

Mind Gym Limited ("the Company") is incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the principal activities are set out in the directors' report. The group consists of Mind Gym Limited and its subsidiaries, Mind Gym (USA) Inc., Mind Gym Performance PTE, Mind Gym Middle East FZ LLC, Mind Gym (Canada) Inc. (together "the Group").

The principal activity of the Group is to apply behavioural science to transform the performance of companies and the lives of the people who work in them. The Group does this primarily through research, strategic advice, management and employee development, employee communication, and related services.

2. Summary of significant accounting policies

The principal accounting policies adopted and applied in the preparation of these consolidated Financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of accounting

The consolidated financial statements of Mind Gym Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements presented to members for the year ended 31 March 2018 are the first financial statements the Group has prepared in accordance with IFRS, as discussed in note 28.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The Group has adopted all the standards and amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

At 31 March 2018, the following new and revised IFRSs relevant to the Group are issued but are not yet effective:

	<u>Effective date</u>
IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs: 2015-2017 cycle	1 January 2019*
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

*Not yet endorsed for use in the EU

2.1 Basis of accounting (continued)

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard will be applicable from 1 April 2018. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income; and fair value through profit and loss. The main change relevant to the Group surrounds the impairment of debtors. An expected credit losses model replaces the incurred loss impairment model used in IAS 39. As the Group's provision for doubtful debts represents a small fraction of turnover, IFRS 9 is not thought to have a material impact on the financial statements going forward.
- IFRS15 'Revenue from Contracts with Customers' sets out new revenue recognition criteria that will be applicable from 1 April 2018. The standard remains subject to industry interpretations and consensus. It is anticipated that the standard will impact on the timing of revenue recognised by the Group on certain long-term contracts albeit no impact on cash flow is expected. The Directors' have assessed that IFRS 15 will require the Group to revise its revenue recognition policies for various income streams however it is not thought to have a material impact on the financial statements going forward.
- IFRS 16 'Leases'. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. This is effective for the period beginning on 1 April 2019, with earlier adoption permitted if IFRS 15 'Revenue from contracts with customers' is also applied. The Directors' have assessed that the adoption of this policy will have a material impact on the balance sheet through the recognition of a 'right to use asset' and corresponding liability. The operating lease charge will be replaced by a depreciation charge, which will be materially similar to the current operating lease charge, plus an interest expense charged on the lease liability.

Of the other IFRSs and IFRICs, none are expected to have a material effect on future Group financial statements.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Mind Gym Limited and its subsidiary undertakings (i.e. entities that the Group controls when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity). Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

1.3 Foreign currency translation***Functional and presentation currencies***

The financial statements are presented in Pound Sterling (£), which is also the currency of the primary economic environment in which the Group and Company operates (its functional currency). The Group also has operations in the USA, Dubai, Singapore and Canada, whose functional currencies are USD, UAE, SGD and CAD respectively.

2.3 Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.4 Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. The Group is highly cash generative and has no borrowing facilities. The Group plans to continue to grow and manages the financial risk of this growth through routine preparation of budgets and forecasts for the next two-year period, monthly management accounts and forward reporting and managing of confirmed and potential sales orders.

2.5 Revenue recognition

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. Revenue is recognised at the date training courses are completed or delivery of r products made. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of current liabilities.

100% of revenue is derived from the provision of services.

2.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

2.7 Employee benefits

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 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.

2.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is not recognised on temporary differences arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.9 Intangible assets

Externally acquired intangible assets are initially recognised at cost. Expenditure on internally developed assets is capitalised if it can be demonstrated that it is technically feasible to develop the product for it to provide expected future economic benefits, adequate resources are available to complete the development, there is an intention to complete the project and expenditure on the project can be measured reliably. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.9 Intangible assets (continued)

Intangible assets are amortised over their estimated useful lives, which range as follows:

Software development	-	2 years
Trademark rights	-	5 years

Software development expenditure is written off to the Consolidated Statement of Comprehensive Income unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred as an intangible asset and amortised over the period during which the Group is expected to benefit.

2.10 Tangible 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Land and buildings leasehold	-	Over the period of the lease
Fixtures, fittings and equipment	-	50% straight line

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.

2.11 Inventories

Inventories relate to pack materials used in the delivery of courses and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Financial instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. The Group only enters into basic financial instruments and does not have any hedging instruments.

Financial assets and liabilities are offset, with the net amounts presented in the Financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

All of the Group's financial assets fall into the loans and receivables category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets included in loans and receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the loss event has an impact on the estimated future cash flows of the financial asset.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

All of the Group's financial liabilities fall into the other financial liabilities category.

Other financial liabilities

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of other financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2.13 Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Leases

A lease is classified at the inception date as a finance lease or an operating lease.

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

Operating lease payments, including any lease incentives received, are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.15 Dividends

Dividend income is recognised when the right to receive payment is established.

Dividends are recognised as liabilities in the period in which the dividends are approved and once they are no longer at the discretion of the Company. In the case of interim dividends to equity shareholders, these are declared by the Directors. In the case of final dividends, these are approved by the shareholders at the annual general meeting.

2.16 Equity instruments

The Group's reserves are as follows:

Share capital represents the nominal value of the shares issued.

The capital redemption reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Other reserves represent the cost of the shares of the Company held by the Enterprise Management Incentive (EMI) and other plans for certain employees.

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

2.17 Segmental reporting

Management has determined that based on the operating reports reviewed by the chief operating decision maker, who assess performance, make strategic decisions and allocate resources, that the Group has two operating segments. Management has identified that the directors of Mind Gym Limited as the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'. All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group.

3 Critical accounting estimates and judgements in applying accounting policies

In preparing these financial statements, the directors have made the following judgements:

Intangible asset additions

Costs relating to patents and software development are capitalised when they meet the criteria set out under IFRS as detailed in note 2. This requires the directors to exercise judgement over the costs and the projects to which they relate to including the future viability and economic benefits arising from the costs incurred.

3 Critical accounting estimates and judgements in applying accounting policies (continued)***Indicators of impairment***

Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

In preparing these financial statements, the directors have made the following estimates:

Share based payments

The Group has share-based remuneration schemes for employees. The fair value of share options estimated by using the Black-Scholes model, on the date of grant based on certain assumptions, unless there is a more accurate measure of the services provided. The assumptions are described in note 21 and include, amongst others, the dividend growth rate, share price volatility, expected life of the options and the number expected to vest.

Fixed assets

Fixed assets, including both tangible and intangible assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Provisions against trade receivables and accrued income

Trade receivables and accrued income balances are reviewed for impairment on a regular basis and provisions are raised where appropriate. The review is performed by management and considers factors such as the age of the debt, recovery since the reporting date and discussions with the customer. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are reassessed as part of the above review and are released where subsequent information supports the recovery.

Deferred tax

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of the exercise of share options in the future and the recognition of a deferred tax asset in respect of capital allowances in the United Kingdom.

The amounts recognised in the consolidated financial statements in respect of each matter are derived from the Group's best estimation and judgement as described above. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

4. Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being the EMEA (encompassing the United Kingdom ("UK"), Singapore ("SGP") and United Arab Emirates ("UAE") entities) and America (encompassing the United States ("US") and Canadian ("CAD") entities). The segments are considered appropriate for reporting in accordance with IFRS 8 (Operating Segments) since these segments are reviewed by the Board without further significant categorisation. As the Group provides the same services worldwide, no secondary segmentation is provided.

4. Segmental analysis (continued)

The committee considers the business from both a geographic and product perspective. Geographically, management considers performance in the UK, USA, Asia, Dubai and Canada.

From a product perspective, management separately considers separate revenue streams at a consolidated level, including delivery (face to face & virtuals), digital, design, license and other revenue.

During 2018 and 2017 the Group entered into a third-party arrangement to cover the cost of training on behalf of a client which were later recovered in full. These activities are excluded from the reportable operating segments, as these activities are not reviewed by the strategic steering committee.

The strategic steering committee assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as sale related costs as they represent the exceptional costs incurred on the aborted sale of the business in January 2018. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Whilst exchange differences are generally a normal cost or benefit, the majority of the charge within profit is due to a high US dollar intercompany balance with the UK. The equity-settled share-based payment expense relates to the charge on new options granted to employees during the year, which reflects the higher value of the aborted transaction.

The segmental analysis represents revenues and results from the groups trading operations with external customers to the group only. As a result, transfer pricing charges from the UK to the US of £4.6m (2017: £3.4m) that are otherwise included in the UK and US statutory accounts and tax computations as income and costs respectively are excluded

Details regarding each of the operations of each reportable segment is included in the following tables.

Segment results for the period ended 31 March 2018

	EMEA	America	Other	Total
Sales and other operating revenues	17,585,606	19,380,051	1,131	36,966,788
Operating costs	(3,918,647)	(3,589,761)	87,544	(7,420,864)
Administration expenses	(12,467,948)	(10,913,677)	-	(23,381,625)
Operating profit segment result	1,199,011	4,876,613	88,675	6,164,299
Finance costs	(1,594)	-	-	(1,594)
Profit for the period before taxation	1,197,417	4,876,613	88,675	6,162,705

Adjusted EBITDA

	EMEA	America	Other	Total
Operating loss segment result	1,199,011	4,876,614	88,674	6,164,299
Depreciation and amortisation	177,327	33,969	-	211,296
Share based payment expense	169,545	-	-	169,545
Foreign exchange (gains)/losses	147,299	366,242	-	513,541
Sale related costs	815,256	-	-	815,256
Total adjusting items	1,309,427	400,211	-	1,709,638
Adjusted EBITDA	2,508,438	5,276,825	88,674	7,873,937

4. Segmental analysis (continued)

The segments assets and liabilities at 31 March 2018 were as follows:

	EMEA	America	Other	Total
Non-current assets	2,389,679	24,485	-	2,414,164
Current assets	9,532,730	8,146,112	10,722	17,689,564
Total liabilities	(5,042,811)	(2,871,610)	-	(7,914,421)

Segment results for the period ended 31 March 2017

	EMEA	America	Other	Total
Sales and other operating revenues	11,304,739	18,921,181	386,658	30,612,578
Operating costs	(2,934,424)	(3,517,445)	(386,658)	(6,838,527)
Administration expenses	(9,432,818)	(9,714,689)	-	(19,147,507)
Operating loss segment result	(1,062,503)	5,689,047	-	4,626,544
Finance costs	(22,567)	19,950	-	(2,617)
(Loss)/profit for the period before taxation	(1,085,070)	5,708,997	-	4,623,927

Adjusted EBITDA

	EMEA	America	Other	Total
Operating (loss)/profit segment result	(1,062,503)	5,689,047	-	4,626,544
Depreciation and amortisation	303,753	118,129	-	421,882
Share based payment expense	18,799	-	-	18,799
Foreign exchange (gains)/losses	102,868	(386,512)	-	(283,644)
Sale related costs	47,488	-	-	47,488
Total adjusting items post adjustment	472,908	(268,383)	-	204,525
Adjusted EBITDA	(589,595)	5,420,664	-	4,831,069

The segments assets and liabilities at 31 March 2017 were as follows:

	EMEA	America	Other	Total
Non-current assets	372,595	35,219	-	407,814
Current assets	6,283,444	7,529,831	60,867	13,874,142
Total liabilities	(4,044,378)	(4,046,528)	-	(8,090,906)

5. Expenses by nature

	2018 £	2017 £
Coach costs	5,222,139	4,521,025
Staff costs (note 7)	16,187,711	13,788,032
Depreciation of tangible fixed assets	83,472	209,547
Amortisation of intangible assets	127,824	212,335
Hire of other assets - property rental operating leases	576,736	495,089
Exchange differences	513,541	(283,644)
Sale related costs	815,256	47,488
Share based payment	169,545	18,799

FX losses arose predominantly from the revaluation of high US \$ balance on the inter-company balance with the UK. The Directors believe this was exceptionally high and in future surplus US\$ will be repatriated to the UK.

Sale related costs refer to the exceptional costs incurred predominantly from professional fees from a plan to sell the business which were subsequently aborted at a late stage.

Share related costs related predominantly to the granting of share options to one senior individual.

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor for the audit of the Group and Company financial statements	40,603	26,750
Fees payable to the Group's auditor for the audit of the Company's subsidiaries	17,600	6,204
- Other non-audit services	1,815	6,450
	<u>60,018</u>	<u>39,404</u>

7. Employees

Employee Benefit Expense

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	14,182,021	12,347,549	6,905,235	5,401,461
Social security costs	1,565,402	1,121,287	1,002,181	591,969
Cost of defined contribution scheme	440,288	319,196	252,735	168,758
	<u>16,187,711</u>	<u>13,788,032</u>	<u>8,160,151</u>	<u>6,162,188</u>

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions payable by the Group for 2018 amounted to £440,288 (2017 - £319,196). Contributions totalling £62,135 in 2018 (2017 - £32,001) were payable to the fund at the year end and are included in other creditors.

7. Employees (continued)

Directors Remuneration

Directors' emoluments were as follows:

	2018	2017
	£	£
Directors' emoluments	408,977	458,298
Group contributions to defined contribution pension schemes	36,000	31,600
Amounts paid to third parties in respect of directors' services	29,000	24,250
	<u>473,977</u>	<u>514,148</u>

There were 2 directors in the Group's defined contribution pension scheme during 2018 (2017 – 2).

The total amount payable to the highest paid director in respect of emoluments was £223,791 in 2018 (2017 - £258,298). Group pension contributions of £18,000 in 2018 (2017-£11,600) were made to a money purchases scheme on their behalf.

Key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have responsibility and authority for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was as follows;

	2018	2017
	£	£
Key management personnel's emoluments	768,693	834,917
Short-term employee benefits	14,663	20,217
Post-employment benefits	49,605	31,600
Share-based payment expense	159,545	8,544
	<u>992,506</u>	<u>895,278</u>

Average Number of People Employed

The average monthly number of employees (including executive directors) for the continuing operations was:

	2018	2017
	No.	No.
Sales and administration	187	180
Management	15	15
	<u>202</u>	<u>195</u>

8. Taxation

	2018 £	2017 £
Corporation tax		
UK corporation tax on profits for the year	1,240,606	463,990
Adjustments in respect of prior periods	106,191	(55,941)
	<u>1,346,797</u>	<u>408,049</u>
Foreign tax		
Foreign tax on income for the year	445,511	843,753
	<u>445,511</u>	<u>843,753</u>
Total current tax	<u>1,792,308</u>	<u>1,251,802</u>
Deferred tax		
Origination and reversal of timing differences	(5,204)	12,404
Total deferred tax	<u>(5,204)</u>	<u>12,404</u>
Taxation on profit on ordinary activities	<u>1,787,104</u>	<u>1,264,206</u>

Factors affecting tax charge for the year

The rate of taxation is expected to follow a blended rate of the standard rate of UK and US corporate taxes in future periods.

The main UK corporation tax rate will reduce to 17% from 1 April 2020. The US federal corporate tax rate was reduced from 35% to 21% with effect from 1 January 2018.

These reductions are expected to reduce the Group's future current tax accordingly.

The tax assessed for 2018 is higher than (2017 – higher than) the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>6,162,705</u>	<u>4,623,927</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 20%)	1,170,914	924,785
Effects of:		
Fixed asset differences	640	-
Expenses not deductible for tax purposes	323,575	50,678
Foreign tax credits	(19,262)	-
Adjustments to tax charge in respect of prior periods	106,191	-
Overseas profits taxed at a higher/(lower) rate	165,576	312,706
Other tax adjustments	39,470	(23,963)
Total tax charge for the year	<u>1,787,104</u>	<u>1,264,206</u>

9. Net Foreign Exchange Gains/(Losses)

The exchange differences (charged)/credited to profit or loss are included as follows:

	2018 £	2017 £
Other (losses)/gains – net	(513,541)	283,644

10. Earnings per share**Basic**

The basic earnings per share is based on the profit / (loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares in each year assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2018 £	2017 £
Profit attributable to owners of the Group	4,375,601	3,359,721
Weighted average number of ordinary shares in issue	8,860,000	8,860,000
Basic earnings per share (pence per share)	49p	38p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, being share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares), based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

As at 31 March 2018, share options of 1,352,638 were in issue (2017 – 1,403,591). Details of share options that could potentially dilute earnings per share in future periods are disclosed in Note 21.

	2018 £	2017 £
Profit attributable to owners of the Group	4,375,601	3,359,721
Weighted average number of ordinary shares for diluted earnings per share	10,182,492	10,341,480
Diluted earnings per share (pence per share)	43p	32p

11. Dividends

	2018 £	2017 £
F Ordinary		
Interim approved of 16.95p (2017 - 350.3p) per share	100,000	206,667
G Ordinary		
Interim approved of 16.95p (2017 - 175.p) per share	100,000	103,333
	<u>200,000</u>	<u>310,000</u>

Following the year end a dividend of £3,000,000 was approved and declared, £700,000 was paid on 1st June 2018 and the remaining £2,300,000 will be paid later in the year.

12. Intangible assets

Group and Company

	Patents £	Development costs £	Total £
Cost			
At 31 March 2016	63,370	1,178,565	1,241,935
Additions	-	203,063	203,063
At 31 March 2017	63,370	1,381,628	1,444,998
Additions	-	237,803	237,803
At 31 March 2018	63,370	1,619,431	1,682,801
Amortisation			
At 31 March 2016	63,370	953,987	1,017,357
Charge for the year	-	212,335	212,335
At 31 March 2017	63,370	1,166,322	1,229,692
Charge for the year	-	127,824	127,824
At 31 March 2018	63,370	1,294,146	1,357,516
Net book value			
At 31 March 2018	-	325,285	325,285
At 31 March 2017	-	215,306	215,306
At 31 March 2016	-	224,578	224,578

MIND GYM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2018****13. Tangible assets****Group**

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 31 March 2016	234,165	883,564	1,117,729
Additions	827	131,365	132,192
At 31 March 2017	234,992	1,014,929	1,249,921
Additions	722	70,533	71,255
At 31 March 2018	235,714	1,085,462	1,321,176
Depreciation			
At 31 March 2016	187,207	760,134	947,341
Charge for the year	42,385	167,162	209,547
At 31 March 2017	229,592	927,296	1,156,888
Charge for the year	958	82,514	83,472
At 31 March 2018	230,550	1,009,810	1,240,360
Net book value			
At 31 March 2018	5,164	75,652	80,816
At 31 March 2017	5,400	87,633	93,033
At 31 March 2016	46,958	123,430	170,388

13. Tangible assets (continued)

Company

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2016	227,806	625,727	853,533
Additions	-	65,125	65,125
At 31 March 2017	227,806	690,852	918,658
Additions	723	47,298	48,021
At 31 March 2018	228,529	738,150	966,679
Depreciation			
At 1 April 2016	180,850	588,577	769,427
Charge for the year	41,557	49,861	91,418
At 31 March 2017	222,407	638,438	860,845
Charge for the year	958	48,545	49,503
At 31 March 2018	223,365	686,983	910,348
Net book value			
At 31 March 2018	5,164	51,167	56,331
At 31 March 2017	5,399	52,414	57,813
At 31 March 2016	46,956	37,150	84,106

14. Investments

Details of the Company's subsidiary are as follows:

The following were subsidiary undertakings of the Company, all of which had the principal activity of providing management and development training:

Name	Country of incorporation	Class of shares	Holding
Mind Gym (USA) Inc	USA	Common stock	100 %
Mind Gym Performance (Asia) Pte Ltd	Singapore	Ordinary shares	100 %
Mind Gym Middle East FZ-LLC	Dubai	Ordinary shares	100 %
Mind Gym (Canada)	Canada	Ordinary shares	100 %

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

Name	Registered office
Mind Gym (USA) Inc	9 E 37th St, New York, NY 10016, USA
Mind Gym Performance (Asia) Pte Ltd	8 Cross St, #28-63, PWC Building, Singapore (048424)
Mind Gym Middle East FZ-LLC	Building 03, 1st Floor, Office No. 114, Dubai
Mind Gym (Canada)	145 King Street West, Toronto, Ontario, Canada, M5H 4G2

Company

	Subsidiary companies
	£
Cost	
At 1 April 2017	59,197
At 31 March 2018	<u>59,197</u>

15. Inventories

	Group	Group	Company	Company
	2018	2017	2018	2017
	£	£	£	£
Finished goods and goods for resale	<u>259,852</u>	280,378	<u>147,431</u>	141,619

Stock recognised in cost of sales during 2018 as an expense was £1,194,430 (2017 - £1,209,739).

16. Trade and other receivables

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Current:				
Trade receivables	7,696,936	6,724,818	4,281,302	3,177,604
Amounts owed by group undertakings	-	-	4,428,978	2,222,803
Other receivables	189,845	343,350	94,786	66,244
Prepayments and accrued income	3,913,120	2,858,101	2,231,208	1,138,381
Tax recoverable	87,551	-	-	-
	11,887,452	9,926,269	11,036,274	6,605,032
Non-current:				
	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Deferred taxation (note 19)	2,008,063	99,475	1,939,842	22,943
	2,008,063	99,475	1,939,842	22,943

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2018 £	2017 £
UK Pounds	4,324,622	3,177,610
US Dollar	3,081,620	3,258,743
Arab Emirate Dirham	36,660	184,119
Singapore Dollar	254,034	104,346
	7,696,936	6,724,818

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales. A high propensity of the Group's clients are blue chip and therefore credit risk is low. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The maximum exposure to credit risk at 31 March 2018 is represented by the carrying amount of each financial asset. There is no material provision for impaired receivables in the years 2018 or 2017.

The total value of trade receivables written off as irrecoverable is £14,839 in 2018 (2017 - £4,647) and is included within Administrative expenses.

17. Trade and other payables: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	-	51,199	-	51,199
Trade payables	1,260,762	1,192,812	859,630	683,326
Amounts owed to group undertakings	-	-	262,324	174,796
Corporation tax	636,916	1,112,677	613,966	240,937
Other taxation and social security	480,007	511,348	478,994	510,948
Other payables	404,600	432,225	286,155	392,618
Accruals and deferred income	5,132,136	4,790,645	2,669,701	1,963,282
	7,914,421	8,090,906	5,170,770	4,017,106

The bank loan was repaid on 22 September 2017 and was secured by a fixed and floating charge over the assets of the Group. The facility attracted an interest rate of 4% per annum above LIBOR.

18. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	17,135,799	13,302,274	13,000,299	7,258,392
Financial liabilities				
Financial liabilities measured at amortised cost	(4,694,450)	(4,207,308)	(3,111,543)	(2,305,339)

Group

Financial assets measured at amortised cost comprise cash at bank and in hand of £5,542,260 (2017 - £3,667,495), trade receivables of £7,696,936 (2017 - £6,724,818) accrued income of £3,706,758 (2017 - £2,566,611) and other receivables of £189,845 (2017 - £343,350).

Financial Liabilities measured at amortised cost comprise bank loans (2017 - £51,199), trade payables of £1,260,762 (2017 - £1,192,812), other payables of £404,600 (2017 - £432,225) and accruals of £3,029,088 (2017 - £2,531,072).

Company

Financial assets measured at amortised cost comprise cash at bank and in hand of £2,050,765 (2017 - £813,328), trade receivables of £4,281,302 (2017 - £3,177,604) accrued income of £2,144,468 (2017 - £978,413), amounts due by group undertakings of £4,428,978 (2017 - £2,222,803) and other receivables of £94,786 (2017 - £66,244).

Financial Liabilities measured at amortised cost comprise bank loans (2017 - £51,199), trade payables of £859,630 (2017 - £683,326), other payables of £286,155 (2017 - £392,618), amounts owed to group undertakings of £262,324 (2017 - £174,796) and accruals of £1,703,434 (2017 - £1,003,400).

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19 per cent (2018) and 20 per cent (2017). The gross movement on the deferred income tax account is as follows:

	2018 £	2017 £
Opening balance	99,475	111,879
Income statement charge (note 8)	(5,204)	(12,404)
Credit to equity	1,913,792	-
Closing balance	<u>2,008,063</u>	<u>99,475</u>

The deferred tax asset recognised on the statement of changes in equity credit is in respect of the anticipated exercising of EMI options in the next financial year, recognised over the anticipated vesting period. As at 31 March 2018 the equity value of the business applied in determining this deferred tax asset was reassessed at £130m.

The Company had a deferred tax asset of £1,939,842 (2017 - £22,943).

20. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
6,670,000- A Ordinary shares of £0.0001 each	667	667
960,000- B Ordinary shares of £0.0001 each	96	96
50,000- D Ordinary shares of £0.0001 each	5	5
590,000- F Ordinary shares of £0.0001 each	59	59
590,000- G Ordinary shares of £0.0001 each	59	59
	<u>886</u>	<u>886</u>

All classes of share rank pari pasu.

21. Share based payments

The Group operates several Enterprise Management Incentive plans for certain employees. In accordance with the provision of the plans, employees may acquire shares in the parent Company ("Company"), options vest on the occurrence of certain events such as a listing or sale of the Company or after certain performance or market conditions are met and exercisable immediately. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	0.0961	1,403,592	0.0911	1,521,840
Granted during the year	0.0001	101,011	0.0733	48,067
Forfeited during the year	0.0236	(151,964)	0.0439	(166,315)
Outstanding at the end of the year	<u>0.0971</u>	<u>1,352,639</u>	<u>0.0961</u>	<u>1,403,592</u>

21. Share based payments (continued)

No options were exercisable at the 2018 year end (2017 - Nil).

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share based remuneration schemes operated by Mind Gym Limited.

	2018 Black-Scholes
Option pricing model used	
Weighted average share price (pence)	5.82
Exercise price (pence)	0.01
Weighted average contractual life (days)	2
Expected volatility	24.5%
Expected dividend growth rate	0%
Risk-free interest rate	1%

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable publicly quoted companies.

The share-based remuneration expense comprises:

	2018 £	2017 £
Equity-settled schemes	<u>169,545</u>	<u>18,799</u>

22. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	<u>5,542,260</u>	3,667,495	<u>2,050,765</u>	813,328

23. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders of the Parent Company and its subsidiaries, comprising issued capital, reserves and retained earnings. The Group is not subject to externally imposed capital requirements other than those included, from time to time, in the financial covenants associated with bank borrowings. As at 31 March 2018, the Group had £Nil borrowings.

24. Financial risk management

The Group is exposed to a variety of financial risks which result from its operating. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group has not entered into any derivative transactions such as interest rate swaps.

Market risk***Foreign exchange risk***

The Group operates internationally, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. The group invoices clients mainly in GBP and USD, with a small number of invoices raised in other local currencies. An element of the Group's USD exposure is mitigated by a natural hedge from USD costs which are increasing as the Group continues to build its cost base in the US. The UK entity has bank accounts in EUR and USD, and the US entity has a CAD bank account which are used to mitigate foreign exchange risk. Transactions in other currencies are of small value.

Liquidity risk

Cash flow forecasting is performed by Group Finance who monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration expected cash receipts, regular spending and payment of taxes such as VAT, PAYE/NI and Corporation Tax.

Currently, the Group's liquidity risk is low as they are in a cash generating position with a surplus of cash in all entities. All Group and Company liabilities in the current and prior year are due within 3 months of the reporting date.

Credit risk

Credit risk is managed on a Group basis, including credit risk relating to accounts receivable balances. Credit risk is deemed to be relatively low due to the large corporate nature of the vast majority of the Group's clients. Management are continually working to improve both internal procedures and to streamline invoicing requirements imposed by clients in order to improve the timeliness of receipts.

As at 31 March 2018, receivables of £1,694,852 (2017: £1,146,793, 2016: £774,259) were past due. Of these receivables, £129,928 (2017: £Nil, 2016: £Nil) have been impaired. The bad debt provision was calculated by management based on individual client debts, with knowledge of client relationship and progress on credit control communications taken into consideration. The ageing analysis of these receivables is as follows:

24. Financial risk management (continued)

	31 March 2018		
	2-3 months	4-6 months	6 months +
Trade receivables denominated in GBP	£782,729	£96,123	(£57,188)
Trade receivables denominated in USD	£551,948	£107,147	£190,324
Trade receivables denominated in UAE	(£58)	£3,962	£7,868
Trade receivables denominated in SGD	£23,075	£24,241	(£35,320)
	£1,357,694	£231,473	£105,684

	31 March 2017		
	2-3 months	4-6 months	6 months +
Trade receivables denominated in GBP	£585,560	£72,718	(£1,256)
Trade receivables denominated in USD	£256,971	£119,832	£1,885
Trade receivables denominated in UAE	(£2,424)	£11,186	£80,534
Trade receivables denominated in SGD	£32,289	£2,946	(£13,448)
	£872,396	£206,682	£67,715

25. Transactions with related parties

During 2018 the Group entered into the following transactions with related parties:

During the year the Group approved and/or paid dividends to J Black and J Bailey as holders of F and G shares, respectively, as per note 11. All dividends remain unpaid at the year end and are included within other payables.

Amounts receivable/(payable) as a result of trading with and loans granted to/(from) subsidiary undertakings are as follows:

	2018 £	2017 £
Mind Gym (USA) Inc	4,025,833	1,813,345
Mind Gym Middle East FZ-LLC	403,145	409,459
Mind Gym Performance (Asia) Pte Ltd	(209,334)	(174,634)
Mind Gym (Canada)	(52,990)	(163)

Sales to and purchases from related parties represent those undertaken in the ordinary course of business. Transactions between the Company and its subsidiaries, which is a related party, have been eliminated on consolidation.

26. Operating lease commitments

Operating lease payments represent rentals payable by the Group for certain of its assets. Leases carry an option to extend on completion. At 31 March 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	526,703	512,329	355,205	330,000
Later than 1 year and not later than 5 years	1,793,595	2,129,796	1,188,227	1,320,000
Later than 5 years	-	276,054	-	220,000
	<u>2,320,298</u>	<u>2,918,179</u>	<u>1,543,432</u>	<u>1,870,000</u>

27. Controlling party

The Group was controlled by O Black and J Black by virtue of their joint shareholding in the Parent Company throughout the period.

28. First-time adoption of IFRS

The financial statements presented to members for the year ended 31 March 2018 is the first financial statements the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2018 the Group prepared its statutory financial statements in accordance with accounting standards generally accepted in the United Kingdom ("UK GAAP").

The reported financial position and the financial performance for the previous periods were not affected by the transition to IFRS.