

Mind Gym Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 03833448

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Mind Gym Limited

Company Information

Directors	O Black S Bailey J Black D Nelson
Company secretary	R Postlethwaite
Registered number	03833448
Registered office	160 Kensington High Street London W8 7RG
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Mind Gym Limited

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Mind Gym Limited

Group Strategic Report For the Year Ended 31 March 2016

Introduction

The Directors present their Group Strategic Report together with the audited financial statements for the year ended 31 March 2016.

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. We do this primarily through the provision of management and employee training, employee communication, research and related services.

Business review

In the last year, Mind Gym grew 26% with a 3-yr CAGR of 29%. The US business is performing particularly well with 42% growth and a 3-yr CAGR of 41%.

This has happened, and can continue, because of Mind Gym's unique, scalable model that allows us to deliver instructor-led programmes, with consistent quality, in over 30 countries. In the last year, we delivered up to 250 live courses a week and secured the highest 'Excellence' rating, based on participant feedback, in the company's history.

Our digital delivery has grown substantially. Our live programmes run through virtual classrooms now account for 35% of all workouts. In addition, we have built online diagnostics and a range of other digital, e-learning tools to complement the live courses.

We have also grown the proportion of the business which is delivered by certified in-house coaches who licence Mind Gym products.

We launched a new research paper on Change, 'From fragile to agile', with a range of new products and our research on Diversity and Inclusion, which has been the subject of a TEDx talk, has been widely adopted across a wide range of clients. In addition, we have updated the content, science and materials of a quarter of the product portfolio.

Mind Gym has been widely recognised during the year, including:

- Leadership training "ones to watch" 2016 – Trainingindustry.com
- External learning solution of the year 2016 – Learning & Performance Institute
- Excellence in vendor partnership 2015 – Chief Learning Officer
- No. 77 on The Sunday Times SME Export Track 100 (2016)

Our philanthropic programme Parent Gym, has now been extended beyond London and Brighton to support parents in Bradford and Leeds. During the year we also commissioned independent research which confirmed the positive impact of attending the programme on parent's skills and confidence. We also delivered 150 sets of 6-week programmes, reaching 1,500 parents. Parent Gym is funded entirely by Mind Gym and receives 1% of top line revenue.

Goals for next year and beyond

Our goals for the next three years include:

- Continued annual revenue growth >20% per annum and increases in EBITDA (%);
- Year-on-year increases in participant quality measured by those scoring the experience as 'Excellent'. FY17 target = 50%;
- Continue to launch ground breaking new research papers, solutions and products;
- Develop new technology that enhances our clients' experience and increases efficiency.

Mind Gym Limited

Group Strategic Report (continued) For the Year Ended 31 March 2016

Principal risks and uncertainties

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

Financial and economic risks are managed by

- closely monitoring cash flow so as to ensure that the Group has sufficient resources to continue to drive growth whilst paying dividends to shareholders
- natural hedges against exchange rate volatility and matching the currency of expenditure to the currency of income
- continuing to ensure that clients have strong financial covenants
- providing training to a diverse range of large businesses, in USA and UK, and so is not reliant for its continued success on any one client relationship. The largest client accounted for 6.4% of turnover, with no other client accounting for more than 5%.

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 talent pipeline continues to be strong with 79 new colleagues joining the core team during the year and a growing reputation as the business for ambitious psychologists to join.

The Group always strives to provide an engaging and stimulating working environment as well as competitive rewards.

The Group takes Cyber risk management seriously and takes steps to protect its data and IP. We are now certified for Cyber Essentials.

This report was approved by the board on 16 December 2016 and signed on its behalf.

O Black
Director



Mind Gym Limited

Directors' Report For the Year Ended 31 March 2016

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

Results and dividends

The profit for the year, after taxation, amounted to £1,557,497 (2015 - £1,162,396).

The Consolidated Statement of Comprehensive Income is set out on page 8 and shows the profit for the year.

Interim dividends were proposed to ordinary F and G shareholders during the year as per note 12. The directors do not recommend the payment of a final dividend.

Principal activities

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.

The directors who served during the year were:

O Black
S Bailey
J Black
D Nelson
J Healey (resigned 8 December 2015)

Directors' responsibilities statement

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

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

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Mind Gym Limited

Directors' Report For the Year Ended 31 March 2016

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

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 16 December 2016 and signed on its behalf.



O Black
Director

Mind Gym Limited

Independent Auditor's report to the members of Mind Gym Limited

We have audited the financial statements of Mind Gym Limited for the year ended 31 March 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

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

Mind Gym Limited

Independent Auditor's report to the members of Mind Gym Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

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

20 December 2016

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

Mind Gym Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4	25,033,117	19,834,373
Cost of sales		(6,486,399)	(5,205,608)
Gross profit		18,546,718	14,628,765
Administrative expenses		(16,683,155)	(13,126,425)
Operating profit	5	1,863,563	1,502,340
Interest receivable and similar income	9	27,352	19,582
Interest payable and expenses	10	(43,356)	(12,814)
Profit before taxation		1,847,559	1,509,108
Tax on profit	11	(290,062)	(346,712)
Profit for the year		1,557,497	1,162,396
Exchange translation differences on consolidation		125,961	53,741
Other comprehensive income for the year		125,961	53,741
Total comprehensive income for the year		1,683,458	1,216,137

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited
Registered number:03833448

Consolidated Statement of Financial Position
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	224,578	237,656
Tangible assets	15	170,388	175,844
		<u>394,966</u>	<u>413,500</u>
Current assets			
Stocks	17	168,472	263,209
Debtors: amounts falling due within one year	18	7,691,756	4,840,797
Cash at bank and in hand		2,597,501	2,122,815
		<u>10,457,729</u>	<u>7,226,821</u>
Creditors: amounts falling due within one year	19	(7,617,522)	(4,835,919)
Net current assets		<u>2,840,207</u>	<u>2,390,902</u>
Total assets less current liabilities		<u>3,235,173</u>	<u>2,804,402</u>
Creditors: amounts falling due after more than one year	20	(72,223)	(135,007)
Net assets		<u><u>3,162,950</u></u>	<u><u>2,669,395</u></u>
Capital and reserves			
Called up share capital	23	886	896
Capital redemption reserve		114	104
Other reserves		219,622	86,425
Profit and loss account		2,942,328	2,581,970
Equity attributable to owners of the parent Company		<u><u>3,162,950</u></u>	<u><u>2,669,395</u></u>

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



16 December 2016.

O Black
Director

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited
Registered number:03833448

Company Statement of Financial Position
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	224,578	237,656
Tangible assets	15	84,107	151,365
Investments	16	59,197	59,097
		<u>367,882</u>	<u>448,118</u>
Current assets			
Stocks	17	93,854	154,283
Debtors: amounts falling due within one year	18	6,044,246	3,498,627
Cash at bank and in hand		1,070,510	768,913
		<u>7,208,610</u>	<u>4,421,823</u>
Creditors: amounts falling due within one year	19	(5,702,938)	(3,175,844)
Net current assets		<u>1,505,672</u>	<u>1,245,979</u>
Total assets less current liabilities		<u>1,873,554</u>	<u>1,694,097</u>
Creditors: amounts falling due after more than one year	20	(72,223)	(135,007)
Net assets		<u><u>1,801,331</u></u>	<u><u>1,559,090</u></u>
Capital and reserves			
Called up share capital	23	886	896
Capital redemption reserve		114	104
Other reserves		219,622	86,425
Profit and loss account		1,580,709	1,471,665
		<u><u>1,801,331</u></u>	<u><u>1,559,090</u></u>

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

16 December 2016.

O Black
Director



The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2016

	Share capital	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2015	896	104	86,425	2,581,970	2,669,395
Profit for the year	-	-	-	1,557,497	1,557,497
Exchange translation differences on consolidation	-	-	-	125,961	125,961
Other comprehensive income for the year	-	-	-	125,961	125,961
Total comprehensive income for the year	-	-	-	1,683,458	1,683,458
Dividends: Equity capital	-	-	-	(1,250,000)	(1,250,000)
Purchase of own shares	-	10	-	(73,100)	(73,090)
Shares redeemed during the year	(10)	-	-	-	(10)
Share option charge	-	-	133,197	-	133,197
At 31 March 2016	886	114	219,622	2,942,328	3,162,950

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 March 2015

	Share capital	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2014	896	104	74,058	1,715,833	1,790,891
Profit for the year	-	-	-	1,162,396	1,162,396
Exchange translation differences on consolidation	-	-	-	53,741	53,741
Other comprehensive income for the year	-	-	-	53,741	53,741
Total comprehensive income for the year	-	-	-	1,216,137	1,216,137
Dividends: Equity capital	-	-	-	(350,000)	(350,000)
Share option charge	-	-	12,367	-	12,367
Total transactions with owners	-	-	12,367	(350,000)	(337,633)
At 31 March 2015	896	104	86,425	2,581,970	2,669,395

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2016

	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 April 2015	896	104	86,425	1,471,665	1,559,090
Comprehensive income for the year					
Profit for the year	-	-	-	1,432,144	1,432,144
Total comprehensive income for the year	-	-	-	1,432,144	1,432,144
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,250,000)	(1,250,000)
Purchase of own shares	-	10	-	(73,100)	(73,090)
Shares redeemed during the year	(10)	-	-	-	(10)
Share option charge	-	-	133,197	-	133,197
At 31 March 2016	886	114	219,622	1,580,709	1,801,331

Mind Gym Limited

Company Statement of Changes in Equity For the Year Ended 31 March 2015

	Share capital	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2014	896	104	74,058	999,907	1,074,965
Comprehensive income for the year					
Profit for the year	-	-	-	821,758	821,758
Total comprehensive income for the year	-	-	-	821,758	821,758
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(350,000)	(350,000)
Share option charge	-	-	12,367	-	12,367
Total transactions with owners	-	-	12,367	(350,000)	(337,633)
At 31 March 2015	896	104	86,425	1,471,665	1,559,090

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,557,497	1,162,396
Adjustments for:		
Amortisation of intangible assets	253,362	201,618
Depreciation of tangible assets	176,551	168,495
Decrease/(increase) in stocks	94,737	(160,301)
Net interest	16,004	(6,768)
Taxation	290,062	346,712
Increase in debtors	(2,701,775)	(1,081,485)
Increase in creditors	1,211,254	1,093,454
Corporation tax	(118,895)	(9,594)
Other recognised gains and losses	125,961	51,967
Transfer to share based reserve	133,197	12,367
Net cash generated from operating activities	1,037,955	1,778,861
Cash flows from investing activities		
Purchase of intangible fixed assets	(240,284)	(251,956)
Purchase of tangible fixed assets	(171,096)	(73,854)
Interest received	27,352	19,582
Share buy back	(73,100)	-
Net cash used in investing activities	(457,128)	(306,228)
Cash flows from financing activities		
Repayment of other loans	(62,785)	(62,785)
Dividends paid	-	(350,000)
Interest paid	(43,356)	(12,814)
Net cash used in financing activities	(106,141)	(425,599)
Net increase in cash and cash equivalents	474,686	1,047,034
Cash and cash equivalents at beginning of year	2,122,815	1,075,781
Cash and cash equivalents at the end of year	2,597,501	2,122,815
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,597,501	2,122,815

The notes on pages 15 to 36 form part of these financial statements.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. General information

Mind Gym Limited is a company 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

This is the Group and Company's first period of accounting under FRS 102. The date of transition to FRS 102 was 1 April 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised at the date training courses are completed or delivery of goods or 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 creditors due within one year.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.4 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives 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, being 2 years.

2.5 Tangible fixed assets

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

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 within 'other operating income' in the Consolidated Statement of Comprehensive Income.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks

Stocks 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, stocks 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.

2.8 Debtors

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

2.9 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.10 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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

2.11 Creditors

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

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional currency and the Group's presentational currency is GBP. The Group also has operations in the USA, Dubai, Singapore and Canada.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.13 Finance costs

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

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends and final equity dividends are recognised when approved by the shareholders at Board meetings. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.15 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 Income Statement 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 Income Statement over the remaining vesting period.

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

2.16 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Pensions

Defined contribution pension plan

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

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.18 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.19 Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve 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 represents the cost of the shares of the Company held by the Enterprise Management Incentive (EMI) and other plans for certain employees.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

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

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 in FRS102 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.

- 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.

- Share based payments

The Group has share-based remuneration schemes for employees. The fair value of share options is 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 25 and include, amongst others, the dividend growth rate, share price volatility, expected life of the options and the number expected to vest.

Other key sources of estimation uncertainty

- Fixed assets (see note 14 and 15)

Fixed 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.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

4. Analysis of turnover

	2016 £	2015 £
United Kingdom	9,785,188	8,366,610
Europe (excluding United Kingdom)	2,117,275	1,490,845
United States	9,356,860	6,576,792
Middle East	1,315,409	1,519,962
Singapore	265,335	207,909
Canada	201,533	-
Rest of the world	1,991,517	1,672,255
	<u>25,033,117</u>	<u>19,834,373</u>

The whole of the turnover is attributable to the principal activity of the Group.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	176,551	168,495
Amortisation of intangible assets	253,362	201,618
Hire of other assets - operating leases	447,642	345,044
Fees payable to the Group's auditor for the audit of the company's annual financial statements	19,250	17,500
Fees payable to the company's auditor for other non-audit services	6,750	25,500
Exchange differences	187,747	(117,426)
Share based payment (see note 24)	<u>133,197</u>	<u>12,367</u>

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

6. Employees

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

	2016 £	2015 £
Wages and salaries	10,287,716	7,784,939
Social security costs	948,121	776,659
Cost of defined contribution scheme	247,073	166,492
	<u>11,482,910</u>	<u>8,728,090</u>

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

	2016 No.	2015 No.
Sales and administration	143	118
Management	15	10
	<u>158</u>	<u>128</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	405,942	412,557
Company contributions to defined contribution pension schemes	18,000	25,986
Amounts paid to third parties in respect of directors' services	12,000	12,000
	<u>435,942</u>	<u>450,543</u>

There were 2 directors in the Group's defined contribution pension scheme during the year (2015 - 2).

The total amount payable to the highest paid director in respect of emoluments was £205,942 (2015 - £210,127). Group pension contributions of £8,000 (2015 - £8,000) 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 £704,318 (2015 - £675,543).

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

8. Pension commitments

The Group operates a defined contribution pension scheme. 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 the year amounted to £247,043 (2015 - £166,492). Contributions totalling £30,358 (2015 - £31,475) were payable to the fund at the year end and are included in other creditors.

9. Interest receivable

	2016 £	2015 £
Bank interest receivable	<u>27,352</u>	<u>19,582</u>

10. Interest payable and similar charges

	2016 £	2015 £
Interest payable on bank loans	<u>43,356</u>	<u>12,814</u>

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	393,000	69,501
Adjustments in respect of previous periods	(13,867)	6,544
	<u>379,133</u>	<u>76,045</u>
Foreign tax		
Foreign tax on income for the year	35,047	129,877
Foreign tax in respect of prior periods	(51,108)	53,427
	<u>(16,061)</u>	<u>183,304</u>
Total current tax	<u>363,072</u>	<u>259,349</u>
Deferred tax		
Origination and reversal of timing differences	(73,010)	87,363
Total deferred tax	<u>(73,010)</u>	<u>87,363</u>
Taxation on profit on ordinary activities	<u>290,062</u>	<u>346,712</u>

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,847,559	1,509,108
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	369,512	316,913
Effects of:		
Expenses not deductible for tax purposes	42,579	10,319
Utilisation of tax losses	-	(41,557)
Adjustments to tax charge in respect of prior periods	(64,975)	59,971
Overseas profits taxed at a (lower)/higher rate	(61,085)	11,937
Other tax adjustment	4,031	(10,871)
Total tax charge for the year	290,062	346,712

12. Dividends

	2016 £	2015 £
F Ordinary		
Interim approved of 1412.4p (2015 - 423.7p) per share	833,333	250,000
G Ordinary		
Interim approved of 706.2p (2015 - 169.5p) per share	416,667	100,000
	1,250,000	350,000

13. Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,432,144 (2015 - £821,758).

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

14. Intangible assets

Group and Company

	Patents £	Development costs £	Total £
Cost			
At 1 April 2015	63,370	938,281	1,001,651
Additions	-	240,284	240,284
At 31 March 2016	63,370	1,178,565	1,241,935
Amortisation			
At 1 April 2015	63,370	700,625	763,995
Charge for the year	-	253,362	253,362
At 31 March 2016	63,370	953,987	1,017,357
Net book value			
At 31 March 2016	-	224,578	224,578
At 31 March 2015	-	237,656	237,656

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

15. Tangible fixed assets

Group

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2015	232,332	712,644	944,976
Additions	176	170,920	171,096
At 31 March 2016	232,508	883,564	1,116,072
Depreciation			
At 1 April 2015	130,899	638,234	769,133
Charge owned for the period	54,651	121,900	176,551
At 31 March 2016	185,550	760,134	945,684
Net book value			
At 31 March 2016	46,958	123,430	170,388
At 31 March 2015	101,433	74,411	175,844

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

Company

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2015	226,800	591,341	818,141
Additions	176	34,387	34,563
At 31 March 2016	226,976	625,728	852,704
Depreciation			
At 1 April 2015	125,369	541,406	666,775
Charge owned for the period	54,651	47,171	101,822
At 31 March 2016	180,020	588,577	768,597
At 31 March 2016	46,956	37,151	84,107
At 31 March 2015	101,431	49,934	151,365

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

16. Fixed asset investments

Subsidiary undertakings

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 %

Company

	Subsidiary companies £
Cost or valuation	
At 1 April 2015	59,097
Additions	100
At 31 March 2016	<u>59,197</u>

During the year the Company formed a new subsidiary, Mind Gym (Canada) Inc.

17. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and goods for resale	<u>168,472</u>	<u>263,209</u>	<u>93,854</u>	<u>154,283</u>

The difference between purchase price of stocks and their replacement cost is not material.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

18. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	5,181,737	2,951,439	2,304,871	1,790,184
Amounts owed by group undertakings	-	-	2,514,539	854,720
Other debtors	845,571	212,719	616,890	39,550
Prepayments and accrued income	1,444,299	1,605,674	572,600	778,827
Tax recoverable	108,271	35,619	-	-
Deferred taxation	111,878	35,346	35,346	35,346
	<u>7,691,756</u>	<u>4,840,797</u>	<u>6,044,246</u>	<u>3,498,627</u>

19. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	68,496	68,496	68,496	68,496
Trade creditors	1,303,879	1,109,211	620,134	587,893
Amounts owed to group undertakings	-	-	370,396	213,414
Corporation tax	353,211	32,860	353,211	49,200
Taxation and social security	1,370,290	462,427	1,370,165	462,347
Other creditors	1,351,184	62,892	1,323,667	59,820
Accruals and deferred income	3,170,462	3,100,033	1,596,869	1,734,674
	<u>7,617,522</u>	<u>4,835,919</u>	<u>5,702,938</u>	<u>3,175,844</u>

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	72,223	135,007	72,223	135,007
	<u>72,223</u>	<u>135,007</u>	<u>72,223</u>	<u>135,007</u>

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

21. Loans

The bank loan is secured by a fixed and floating charge over the assets of the Company. The maturity can be broken down as follows:

	Group and Company 2016 £	Group and Company 2015 £
Maturity of debt		
In one year or less, or on demand	68,496	68,496
In more than one year but not more than two years	72,223	68,496
In more than two years but not more than five years	-	66,511
	72,223	135,007

22. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	8,624,809	5,286,973	6,506,810	3,453,367
	8,624,809	5,286,973	6,506,810	3,453,367
Financial liabilities				
Financial liabilities measured at amortised cost	(4,723,045)	(2,660,632)	(3,385,569)	(1,851,284)
	(4,723,045)	(2,660,632)	(3,385,569)	(1,851,284)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

23. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
6,670,000 (2015 - 6,710,000) A Ordinary shares of £0.0001 each	667	671
960,000 (2015 - 970,000) B Ordinary shares of £0.0001 each	96	97
50,000 (2015 - 100,000) D Ordinary shares of £0.0001 each	5	10
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>896</u>

All classes of share rank pari pasu.

On 18 December 2015, the Company repurchased and cancelled 100,000 Ordinary shares (40,000 A Ordinary, 10,000 B Ordinary and 50,000 D Ordinary) for a total cost of £73,100. The cost was taken to the Statement of Changes in Equity.

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

24. 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. 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) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	0.1403	1,612,306	0.1403	1,612,306
Granted during the year	0.1403	321,495	-	-
Forfeited during the year	0.1403	(214,241)	-	-
Outstanding at the end of the year	0.1403	1,719,560	0.1403	1,612,306

No options were exercisable at the year end.

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.

	2016 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%

During the year the Company also issued 48,067 share options with a fair value of £110,780, based on the value of services received as prescribed under the Group's bonus scheme.

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:

Mind Gym Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

24. Share based payments (continued)

	2016 £	2015 £
Equity-settled schemes	133,197	12,367

The Group did not enter into any share-based payment transactions with parties other than employees during the current or prior year.

25. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	483,987	382,344	330,000	330,000
Later than 1 year and not later than 5 years	1,993,788	1,355,587	1,320,000	1,320,000
Later than 5 years	788,018	880,000	550,000	880,000
Total	3,265,793	2,617,931	2,200,000	2,530,000

26. Related party transactions

Controlling parties

The Company is controlled by O Black and J Black by virtue of their joint shareholding.

Group and Company

During the year the Company approved and/or paid dividends to J Black and J Bailey as holders of F and G shares, respectively, as per note 12.

At the reporting date, £260,818 (2015: £Nil) was due from the directors and has been included in other debtors, the amounts are unsecured and due on demand.