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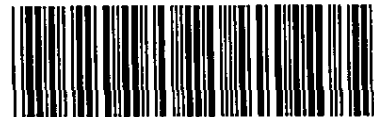
Registration number 08615796

Radius Holdco Limited

Annual report and consolidated financial statements

for the year ended 31 March 2016

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Radius Holdco Limited

Contents

Company information	1
Strategic report	2 to 3
Directors' report	4 to 5
Directors' responsibilities statement	6
Independent auditor's report	7 to 8
Consolidated income statement	9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated cash flow statement	15
Notes to the consolidated financial statements	16 to 55

Radius Holdco Limited

Company information

Chairman	I Connolly
Directors	M Block L Harding B Rocchio M Rourke T Toepter L Conley D Thorpe C Stone
Company secretary	L Conley
Registered office	Whitelands Lewins Mead Bristol BS1 2NT
Auditor	Deloitte LLP London

Radius Holdco Limited

Strategic report for the year ended 31 March 2016

The directors present the Strategic report of Radius Holdco Limited ("the company") for the year ended 31 March 2016 to comply with s414C of the Companies Act 2006

Strategy and business model

The aim of the Radius group ("the group") is the delivery of a high growth - organic and through acquisition - profitable business delivering global growth expertise to the international marketplace.

The group helps businesses to move into new markets, manage overseas operations or outsource entire global accounting and administration functions. Primary services offered from offices in the UK, US, India, China, Japan, Singapore and Brazil include integrated international accounting, banking, tax, HR, legal and compliance services as well as a cloud-based software platform to assist clients with the management of overseas operations.

The group was created through the acquisition of the Nair group of companies by HgCapital in August 2013. In April 2014 the High Street Partners group of companies was also acquired and the two businesses integrated. The integration of the two companies took place over the course of the year to 31 March 2015 and involved a number of important initiatives. The most significant was the deployment of the Radius operating model leveraging operational Centres of Excellence in India and China. As a part of this model Radius built capabilities to manage work outsourced by legacy companies in house. This change enables Radius to have increased control over the whole process as well as reduce dependence on higher cost third parties.

Review of the business

The directors consider the results of the year to be satisfactory and in line with expectations.

Revenue and operating profit for the year reached US \$81,403,000 (2015: US \$77,333,000) and US \$5,102,000 (2015: loss of US \$2,801,000) respectively. The loss for the year after tax and interest was US \$35,707,000 (2015: US \$34,170,000).

Key performance indicators

Over the year to 31 March 2016 Radius added 67 new client relationships (2015: 110). Annual Contract Sales (ACS) - which represents the 12-month value of revenues - were achieved at US \$14,600,000 (2015: over US \$20,000,000). As a result of this growth internal headcount grew by over 100 associates (2015: 100) with the total number of employees reaching approximately 945 worldwide (2015: 800) (73% located in low-cost locations (2015: 65%)).

Rolling cohort revenue retention averaged 86.2% over the course of the year to 31 March 2016 (2015: 81.2%). Sales and marketing and product development expenses averaged 11% and 5% of the annualised revenues respectively (2015: 11% and 5%). Worldwide revenue per employee averaged US \$86,000 (2015: US \$100,000).

Radius Holdco Limited

Strategic report for the year ended 31 March 2016 (continued)

Principal risks and uncertainties

The group is exposed to a number of operational and financial risks of which the following are the most significant

- Foreign exchange
- Interest rate
- Client service levels
- Brexit
- Anti-money-laundering/anti-bribery and corruption

The group has systems in place to ensure ongoing monitoring and control of these risks. Policies and procedures are continually being developed to ensure the group is placed in the best possible position to counteract any adverse movements. The group also operates in a Statement 16 accredited environment supported by an internal audit function.

Given the group operates in multiple geographies/currencies, the business is exposed to currency fluctuations impacting both the revenue and cost base. The group seeks to mitigate foreign exchange risk by matching revenue flows to those cost bases on a currency-by-currency basis and through GBP and INR forward contracts.

The group is subject to interest rate risk through a bank loan which is subject to a margin plus LIBOR. The original 3-month interest periods were subsequently extended to 6 months in order to provide further certainty over interest charges in the short term. There is a partial natural hedge to interest rate risk in receiving interest on monies held on behalf of clients which in part offsets an increase in bank interest charges. The group monitors interest rates regularly and identifies impacts of exchange rate movements on covenant compliance.

Client service levels are critical to the ongoing growth of the business and the group has in place an active case management system to monitor service levels.

Management are monitoring the impact of the decision from the Brexit referendum and will act accordingly once more is known about the impact of the decision to leave the EU.

Given the international nature of the business, compliance with anti-money-laundering/anti-bribery and corruption legislation is a critical area monitored by a dedicated compliance department. Companywide training in both areas for all staff members is performed on a regular basis.

Future developments

On 6 June 2016 the group acquired the business of Montage Services, a specialist tax and compliance advisory firm based in the US. The acquisition bolsters the group's advisory unit with the aim of capitalising on the growing demand for expansion expertise and guidance.

The purchase was made for an initial cash consideration of US \$6,929,000 with a further maximum US \$6,500,000 of deferred contingent consideration payable in the period from one to two years.

Approved by the Board on 28/07/16 and signed on its behalf by



I Toepfer
Director

Radius Holdco Limited

Directors' report for the year ended 31 March 2016

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

Directors of the company

The directors who held office during the year were as follows

M Block

L Harding

B Rocchio

M Rourke

T Toepfer

L Conley - Company secretary and director

D Thorpe

C Stone

The following director was appointed after the year end

J Connolly - Chairman (appointed 15 June 2016)

D Thorpe resigned as Chairman of the Board on 15 June 2016 and remains a director on the Board at signing date

Principal activity

The principal activity of the group is the provision of outsourcing and consultancy services

Results and dividend

The group's loss for the financial year after tax and interest was US \$35 707 000 (2015 US \$34 170 000)

The directors can not recommend the payment of a dividend (2015 US \$nil)

Key performance indicators

Details regarding key performance indicators have been included in the Strategic report and form part of this report by cross-reference

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is provided. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees at regular meetings matters which are likely to affect employees' interests. Information is provided to employees at these meetings or through communications to achieve employee awareness of the financial and economic factors affecting the group's performance.

Corporate and social responsibility

The directors recognise the importance of corporate social responsibility and endeavour to take into account the interests of the group's stakeholders including its employees, customers, suppliers and business partners in operating the business. The group believes that having responsible employees who display sound judgement and awareness of the consequences of their decisions and actions, and who act in an ethical and responsible way, is a key to the success of the business.

Radius Holdco Limited

Directors' report for the year ended 31 March 2016 (continued)

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in the financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

Deloitte LLP have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 28/07/16 and signed on its behalf by



I Toepfer
Director

Radius Holdco Limited

Directors' responsibilities statement

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's consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements under Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- select suitable accounting policies and apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company will continue in business.

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

Radius Holdco Limited

Independent auditor's report

We have audited the financial statements of Radius Holdco Limited for the year ended 31 March 2016, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 30 set out on pages 9 to 54. 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. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 auditor

As explained more fully in the Directors' responsibilities statement (set out on page 6), 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2016 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- the company financial statements 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 matter prescribed by the Companies Act 2006

In our opinion 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.

Radius Holdco Limited

Independent auditor's report (continued)

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 company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Richard Howe FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor

London, United Kingdom

Date 28/07/16

Radius Holdco Limited

Consolidated income statement For the year ended 31 March 2016

	Note	2016 US \$ 000	2015 US \$ 000
Revenue	5	81 403	77 333
Cost of sales		<u>(14 011)</u>	<u>(15 184)</u>
Gross profit		67 392	62 149
Administrative expenses		(62 337)	(64 603)
Loss on disposal of property, plant and equipment		-	(430)
Share of joint ventures' operating profit		<u>47</u>	<u>83</u>
Operating profit/(loss)		5 102	(2 801)
Other gains and losses	10	(58)	-
Finance income	11	11	6
Finance costs	11	<u>(35 657)</u>	<u>(32 041)</u>
Loss on ordinary activities before taxation		(30 602)	(34 836)
Tax (charge)/credit on loss on ordinary activities	12	<u>(5 105)</u>	<u>666</u>
Loss for the financial year	6	<u><u>(35 707)</u></u>	<u><u>(34 170)</u></u>
Loss attributable to Owners of the company		<u><u>(35 707)</u></u>	<u><u>(34 170)</u></u>

The above results were derived from continuing operations

Radius Holdeo Limited

**Consolidated statement of comprehensive income
For the year ended 31 March 2016**

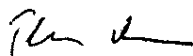
	2016 US \$ 000	2015 US \$ 000
Loss for the financial year	(35 707)	(34 170)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	<u>72</u>	<u>114</u>
Total comprehensive loss for the financial year	<u>(35 635)</u>	<u>(34 056)</u>
Total comprehensive loss attributable to Owners of the company	<u>(35 635)</u>	<u>(34 056)</u>

Radius Holdco Limited

Consolidated balance sheet As at 31 March 2016

	Note	31 March 2016 US \$ 000	31 March 2015 US \$ 000	1 April 2014 US \$ 000
Non-current assets				
Goodwill	14	248,548	245,703	176,850
Knowledge base	14	3,732	4,939	6,341
Customer list	14	25,511	28,599	-
		277,791	279,241	183,191
Property, plant and equipment	15	5,560	4,335	2,950
		283,351	283,576	186,141
Other investments		139	224	-
		283,490	283,800	186,141
Current assets				
Trade and other receivables	18	17,160	16,681	6,870
Cash and cash equivalents		11,497	8,618	13,427
		28,657	25,299	20,297
Total assets		312,147	309,099	206,438
Equity				
Called up share capital	22	1,310	1,308	1,094
Share premium	22	9,500	9,466	146
Retained losses	22	(79,867)	(44,232)	(10,389)
Shareholders' deficit		(69,057)	(33,458)	(9,149)
Current liabilities				
Trade and other payables	19	27,386	21,399	6,579
Loans and borrowings	20	13,750	2,750	38,000
		41,136	24,149	44,579
Non-current liabilities				
Loans and borrowings	20	340,068	318,408	171,008
Total liabilities		381,204	342,557	215,587
Total equity and liabilities		312,147	309,099	206,438

The consolidated financial statements of Radius Holdco Limited (registration number 08615796) were approved by the Board on 28/07/16 and signed on its behalf by



T Goepfer
Director

Radius Holdco Limited

Company balance sheet As at 31 March 2016

	Note	31 March 2016 US \$ 000	31 March 2015 US \$ 000	1 April 2014 US \$ 000
Non-current assets				
Investments in subsidiaries	16	<u>52 483</u>	<u>52 483</u>	<u>850</u>
Current assets				
Trade and other receivables	18	<u>660</u>	<u>532</u>	<u>390</u>
Total assets		<u>53 143</u>	<u>53 015</u>	<u>1 240</u>
Equity				
Called up share capital	22	1 310	1 308	1 094
Share premium	22	9 500	9 466	146
Retained losses	22	<u>(9 829)</u>	<u>(4 741)</u>	<u>(25)</u>
Shareholders' funds		<u>981</u>	<u>6 033</u>	<u>1 215</u>
Current liabilities				
Trade and other payables	19	114	20	25
Non-current liabilities				
Loans and borrowings	20	<u>52 048</u>	<u>46 962</u>	<u>-</u>
Total liabilities		<u>52 162</u>	<u>46 982</u>	<u>25</u>
Total equity and liabilities		<u>53 143</u>	<u>53 015</u>	<u>1 240</u>

The company financial statements of Radius Holdco Limited (registration number 08615796) were approved by the Board on 28/07/16 and signed on its behalf by



I Toepter
Director

Radius Holdeo Limited

Consolidated statement of changes in equity For the year ended 31 March 2016

	Called up share capital US \$ 000	Share premium US \$ 000	Retained losses US \$ 000	Total US \$ 000
At 1 April 2014	1 094	146	(16 061)	(14 821)
Changes on transition to IFRS	-	-	5 672	5 672
At 1 April 2014 as restated	1 094	146	(10 389)	(9 149)
Loss for the FY15 year as previously stated	-	-	(43 553)	(43 553)
Changes on transition to IFRS (see note 30)	-	-	9 596	9 596
Loss for the FY 15 year as restated	-	-	(33 957)	(33 957)
Other comprehensive income	-	-	114	114
Total comprehensive loss as restated	-	-	(33 843)	(33 843)
Issue of share capital	214	9 320	-	9 534
At 31 March 2015 as restated	1 308	9 466	(44 232)	(33 458)
	Called up share capital US \$ 000	Share premium US \$ 000	Retained losses US \$ 000	Total US \$ 000
At 1 April 2015	1 308	9 466	(44 232)	(33 458)
Loss for the FY 16 year	-	-	(35 707)	(35 707)
Other comprehensive income	-	-	72	72
Total comprehensive loss	-	-	(35 635)	(35 635)
Issue of share capital	2	34	-	36
At 31 March 2016	1,310	9 500	(79 867)	(69 057)

Radius Holdco Limited

**Company statement of changes in equity
For the year ended 31 March 2016**

	Called up share capital US \$ 000	Share premium US \$ 000	Retained losses US \$ 000	Total US \$ 000
At 1 April 2014	1 094	146	(25)	1 215
Loss for the FY 15 year	-	-	(4 716)	(4 716)
Total comprehensive loss	-	-	(4 716)	(4 716)
Issue of share capital	214	9 320	-	9 534
At 31 March 2015	1 308	9 466	(4 741)	6 033

	Called up share capital US \$ 000	Share premium US \$ 000	Retained losses US \$ 000	Total US \$ 000
At 1 April 2015	1 308	9 466	(4 741)	6 033
Loss for the FY 16 year	-	-	(5 088)	(5 088)
Total comprehensive loss	-	-	(5 088)	(5 088)
Issue of share capital	2	34	-	36
At 31 March 2016	1 310	9 500	(9 829)	981

Radius Holdco Limited

Consolidated cash flow statement For the year ended 31 March 2016

	Note	2016 US \$ 000	2015 US \$ 000
Cash flows from operating activities			
Loss for the year		(35 707)	(34 170)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	7 494	7 421
Loss on disposal of property, plant and equipment		-	430
Share of joint ventures' operating profit		(47)	-
Finance income	11	(11)	(6)
Finance costs	11	35 657	32 041
Income tax expense	12	5,105	(666)
Other non-cash items relating to foreign exchange		76	151
Other gains and losses		58	-
		<u>12 625</u>	<u>5 201</u>
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(991)	1 212
(Decrease)/increase in trade and other payables		<u>(1,115)</u>	<u>2 022</u>
Cash generated from operations		10 519	8 435
Income taxes paid		<u>(784)</u>	<u>(2 018)</u>
Net cash flow from operating activities		<u>9 735</u>	<u>6 417</u>
Cash flows from investing activities			
Interest received	11	11	6
Interest paid		(1 454)	(1 361)
Purchases of property, plant and equipment		(3 579)	(2 323)
Proceeds from sale of property, plant and equipment		171	25
Acquisitions of investments in subsidiary undertakings		(2,623)	(36 477)
Cash acquired with subsidiary undertakings		-	5 968
Proceeds on disposal of a joint venture		<u>132</u>	<u>-</u>
Net cash flows from investing activities		<u>(7 342)</u>	<u>(34 162)</u>
Cash flows from financing activities			
Repayment of unsecured loans		(2 750)	(46 035)
New unsecured loans		3 200	68 632
Issue of ordinary share capital		<u>36</u>	<u>340</u>
Net cash flows from financing activities		<u>486</u>	<u>22 937</u>
Net increase/(decrease) in cash and cash equivalents		2 879	(4 808)
Cash and cash equivalents at 1 April		<u>8 618</u>	<u>13 426</u>
Cash and cash equivalents at 31 March		<u>11 497</u>	<u>8 618</u>

The notes on pages 16 to 55 form an integral part of these financial statements
Page 15

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016

1 General information

The company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom

The address of its registered office is
Whitefriars
Levens Mead
Bristol
BS1 2NJ

The financial statements are presented in US dollars which is the currency of the primary economic environment the group operates in

2 Adoption of new and revised standards

Adoption of IFRS

The group adopted IFRS in preparation of its 2016 financial statements

The preparation of the consolidated financial statements in accordance with IFRS resulted in changes to the accounting policies with the 2015 annual financial statements prepared under UK GAAP. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. They have also been applied in preparing an opening IFRS balance sheet at 1 April 2014 for the purposes of the transition to IFRS as required by IFRS 1 'First-time Adoption of International Financial Reporting Standards'. The impact of the transition from UK GAAP to IFRS is explained in note 30 to the financial statements

Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

In the current year the group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements

New and revised IFRSs on issue but not yet effective

At the date of authorisation of these financial statements the group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU

IFRS 10, IFRS 12 and IAS 28 (amendments)	Investment Entities Applying the Consolidation Exception
IAS 1 (amendments)	Disclosure Initiative
IFRSs 2012-2014 Cycle (annual improvements)	Annual Improvements to IFRSs 2012-2014 Cycle
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 9	Financial Instruments

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

2 Adoption of new and revised standards (continued)

IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial information of the group in future periods with the exception of IFRS 15 and IFRS 16 which have to be fully evaluated. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

3 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's")

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of consolidated 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 company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC and therefore the company's financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the consolidated accounts.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Going concern

The group's business activities together with the factors likely to affect its future development its financial position financial risk management objectives details of its financial instruments and derivative activities and its exposures to price credit liquidity and cash flow risk are described in the Strategic report on pages 2 to 3

The group meets its day-to-day working capital requirements through cash generated from operations backed up by a revolving credit facility Its bank borrowing facility is subject to financial covenants and based on the group's forecasts and projections Management does not foresee any breaches of these covenants in the foreseeable future

The forecasts taking account of reasonably possible changes in trading performance show that the group is able to operate within the level of its available facility and resources

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings up to 31 March 2016

A subsidiary is an entity controlled by the company Control is achieved where the company has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal as appropriate Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group

Inter-company transactions balances and unrealised gains on transactions between the company and its subsidiaries which are related parties are eliminated in full

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements

Revenue recognition

The group recognises revenue once the related service is performed there is persuasive evidence of an arrangement the sales price is fixed and determinable and collection of the resulting receivable is reasonably assured Revenue is comprised of the following types of services (1) recurring monthly accounting and payroll support services (2) hourly advisory services (3) fixed-price advisory services (4) entity setup and business registration services (5) fixed-price annual compliance services and (6) recurring monthly ancillary compliance services Revenues from accounting and payroll services hourly advisory services and ancillary compliance services are recognised in the month in which the services are provided Setup and fixed-priced advisory services revenues are recognised upon completion of the services provided a valid form of customer acceptance exists Annual compliance services revenues are recognised in line with the percentage of completion method whereby revenues are recognised relative to the value of the performance that has occurred to that point in time The group records the costs associated with local service provider fees as a component of cost of revenues in the accompanying consolidated statement of operations

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except when a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

Asset class	Depreciation rate and method
Office equipment	14 - 33% straight-line
Furniture and fittings	14 - 33% straight-line

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Business combinations

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at fair value and is subsequently measured at fair value less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Intangible assets with definite useful lives are amortised. The amortisation methodology, periods and residual values are reviewed annually. The assets are impaired if there are indications of impairment. Intangible assets with indefinite useful lives and goodwill are not amortised. They are reviewed annually for impairment irrespective of whether there is an indication of impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets in order to write off the cost, less any estimated residual value, over their expected useful economic lives as follows:

Asset class	Amortisation rate
Knowledge base	10 years
Customer list	8 years

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at fair value less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at fair value.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at fair value, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised when due and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is done on a present value basis.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due.

Share-based payments

The group operates an equity-settled share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black-Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at fair value less any impairment. Interest income is recognised when received.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the fair value would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset) the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FV/PI or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at fair value with interest expense recognised when due.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The group enters into a number of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 26.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies which are described in Note 3, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the discounted future cash flows of the group and comparing them with the carrying value of the goodwill at the end of each reporting period. The future cash flows are driven by a projected revenue and EBITDA growth, a weighted average interest rate, perpetuity growth rate and an average tax rate. Further details of goodwill impairment are provided in note 14.

Useful lives of property, plant and equipment

The group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The estimates are based on historical experience with similar assets.

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

5 Revenue

Analysis of the group's revenue for the year by class of business is as follows

	2016	2015
	US \$ 000	US \$ 000
Rendering of services	76 689	73 526
Treasury income	4 714	3 807
	<u>81 403</u>	<u>77 333</u>

Analysis of the group's revenue for the year by geographical location is as follows

	2016	2015
	US \$ 000	US \$ 000
United Kingdom	9 931	16 414
Europe	18 069	20 744
Americas	25 791	9 172
Asia	26 823	29 880
Africa	789	1 123
	<u>81 403</u>	<u>77 333</u>

6 Loss for the financial year

Arrived at after charging

	2016	2015
	US \$ 000	US \$ 000
Operating lease rentals	3 267	2 899
Depreciation expense	2 179	2 309
Amortisation expense	5 315	5 113
Staff costs (note 8)	<u>34 826</u>	<u>33 428</u>

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

7 Auditor's remuneration

	2016 US \$ 000	2015 US \$ 000
Audit of these financial statements	120	113
Audit of the financial statements of subsidiaries of the company pursuant to legislation	103	97
	<u>223</u>	<u>210</u>
Other fees to auditors		
Taxation compliance services	50	42
All other tax advisory services	260	72
Other services	-	2 049
	<u>310</u>	<u>2 163</u>

Other services relate to transaction services provided in relation to the acquisition in the year

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows

	Note	2016 US \$ 000	2015 US \$ 000
Wages and salaries		31 350	30 833
Social security costs		2 414	1 842
Other pension costs	24	980	713
Share-based payment expenses	25	82	40
		<u>34 826</u>	<u>33 428</u>

The average number of persons employed by the group (including directors) during the year was as follows

	2016 No	2015 No
Administration and support	<u>913</u>	<u>743</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows

	2016 US \$ 000	2015 US \$ 000
Remuneration	<u>1 141</u>	<u>941</u>

Radius Holdco Limited

**Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)**

9 Directors' remuneration (continued)

In respect of the highest paid director

	2016 US \$ 000	2015 US \$ 000
Remuneration	<u>647</u>	<u>618</u>

The directors did not receive any emoluments in the year in respect of their services to the company
(2015: US \$nil)

10 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows

	2016 US \$ 000	2015 US \$ 000
Change in the fair value of derivative liabilities outstanding at year end	<u>58</u>	<u>-</u>

11 Finance income and costs

	2016 US \$ 000	2015 US \$ 000
Finance income		
Other finance income	11	6
Finance costs		
Interest on bank overdrafts and borrowings	(1 897)	(1 652)
Interest on PIK notes	(26 628)	(23 725)
Interest on vendor loan notes	(802)	(743)
Loan cost amortisation	(1 244)	(1 224)
Accrued preference share dividends	<u>(5 086)</u>	<u>(4 697)</u>
Total finance costs	<u>(35 657)</u>	<u>(32 041)</u>
Net finance costs	<u>(35 646)</u>	<u>(32 035)</u>

Radius Holdco Limited

**Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)**

12 Tax

Tax charged/(credited) in the consolidated income statement

	2016	2015
	US \$ 000	US \$ 000
Current taxation		
UK corporation tax	405	-
UK corporation tax adjustment to prior periods	<u>124</u>	<u>(12)</u>
	529	(12)
Foreign tax suffered	<u>761</u>	<u>663</u>
Total current income tax	<u>1 290</u>	<u>651</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	567	(1 349)
Arising from adjustment relating to previous years	3 252	28
Arising from changes in tax rates and laws	<u>(4)</u>	<u>4</u>
Total deferred taxation	<u>3 815</u>	<u>(1 317)</u>
Tax charge/(credit) in the consolidated income statement	<u><u>5 105</u></u>	<u><u>(666)</u></u>

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

12 Tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 higher than the standard rate of corporation tax in the UK) of 20% (2015 21%)

The differences are reconciled below

	2016 US \$ 000	2015 US \$ 000
Loss before tax	(30 602)	(34 836)
Corporation tax at standard rate	(6 120)	(7 316)
Increase from effect of expenses not deductible in determining taxable profit	4 955	3 514
Decrease from effect of different UK tax rates on some earnings	97	(384)
Increase/(decrease) in current tax from adjustment for prior periods	3 670	(50)
Decrease from tax losses for which no deferred tax asset was recognised	2 120	-
Increase arising from group relief tax reconciliation	79	-
Increase from effect of foreign tax rates	304	-
Deferred tax charge from unrecognised tax loss on credit	-	3 570
Total tax charge/(credit)	5 105	(666)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 with further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) substantively enacted on 26 October 2015. This will reduce the group's future current tax charge accordingly.

Deferred tax assets and liabilities have been calculated at 19%/18% as appropriate (2014/15 20%) being the rates substantively enacted at the balance sheet date. Whilst it was announced in the Finance Bill 2016 that the UK corporation tax rate will reduce to 17% rather than 18% with effect from 1 April 2020, this legislation has not been substantively enacted and is therefore not reflected in the tax provisions reported in these accounts.

13 Loss attributable to the company

The loss for the financial year dealt within the financial statements of the parent company was US \$5 088 000 (2015 US \$4 716 000). As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

14 Intangible assets

Group

	Goodwill US \$ 000	Customer list US \$ 000	Knowledge base US \$ 000	Total US \$ 000
Cost or valuation				
At 1 April 2014	176 850	-	7 747	184 597
Additions	68 853	32 310	-	101 163
At 31 March 2015	245 703	32 310	7 747	285 760
At 1 April 2015	245 703	32 310	7 747	285 760
Additions	2 845	1 020	-	3 865
At 31 March 2016	248 548	33 330	7 747	289 625
Amortisation				
At 1 April 2014	-	-	1 406	1 406
Amortisation charge	-	3 711	1 402	5 113
At 31 March 2015	-	3 711	2 808	6 519
At 1 April 2015	-	3 711	2 808	6 519
Amortisation charge	-	4 108	1 207	5 315
At 31 March 2016	-	7 819	4 015	11 834
Carrying amount				
At 31 March 2016	248 548	25 511	3 732	277 791
At 31 March 2015	245 703	28 599	4 939	279 241
At 1 April 2014	176 850	-	6,341	183 191

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. Following the acquisition of the High Street Partners (HSP) business in April 2014 the operations have been merged to the extent that it is no longer possible to identify the performance of the legacy Nair and HSP businesses in isolation and as such the entire business is considered as a single CGU.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Determining whether goodwill is impaired requires an estimation of its value in use (determined by the discounted future cash flows of the group) and comparing it with the carrying value of the goodwill at the end of each reporting period. The group performs sensitivity analysis of the key drivers of discounted future cash flows in light of the current market conditions.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

14 Intangible assets (continued)

The value in use of goodwill is determined using the following key assumptions

- The group prepares cash flow forecasts derived from the most recent financial budgets and projects cash flows for the following five years based on estimated revenue growth rates of approximately 10% to 11% per annum and EBITDA growth of 20% to 34%. Net present value is applied to the projected cash flows
- The perpetuity growth rate has been set at 2.5% over the period which is deemed to be in line with expectations for the long-term growth in developed countries
- The group has not and will not be paying dividends for the foreseeable future. The discount rate applied is 11.0%

The total value in use of goodwill based on the assumptions is US \$348,900,000, compared with a carrying value of goodwill of US \$248,548,000. Therefore, no goodwill impairment was recognised as at 31 March 2016.

A decrease in the estimated revenue and EBITDA growth rates used in estimating the value in use by 700bps and 600bps, respectively, would cause the carrying value to exceed the estimated value and goodwill would be deemed impaired.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

15 Property, plant and equipment

Group

	Fixtures and fittings US \$ 000	Office equipment US \$ 000	Total US \$ 000
Cost or valuation			
At 1 April 2014	210	3 104	3 314
Acquisitions	399	1 464	1 863
Additions	330	1 993	2 323
Disposals	-	(2 032)	(2 032)
At 31 March 2015	939	4 529	5 468
At 1 April 2015	939	4 529	5 468
Additions	649	2 930	3 579
Disposals	-	(171)	(171)
At 31 March 2016	1 588	7 288	8 876
Depreciation			
At 1 April 2014	15	349	364
Charge for year	269	2 040	2 309
Eliminated on disposal	-	(1 577)	(1 577)
Exchange adjustments	-	37	37
At 31 March 2015	284	849	1 133
At 1 April 2015	284	849	1 133
Charge for the year	420	1 759	2 179
Foreign exchange movements	-	4	4
At 31 March 2016	704	2 612	3 316
Carrying amount			
At 31 March 2016	884	4 676	5 560
At 31 March 2015	655	3 680	4 335
At 1 April 2014	195	2 755	2 950

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

16 Investments

Summary of the company investments

	2016 US \$ 000	2015 US \$ 000
Investments in subsidiaries	<u>52,483</u>	<u>52,483</u>
Subsidiaries		US \$ 000
Cost or valuation		
At 1 April 2014		850
Additions		<u>51,633</u>
At 31 March 2015		<u>52,483</u>
At 1 April 2015 and 31 March 2016		<u>52,483</u>
Carrying amount		
At 31 March 2015 and 31 March 2016		<u>52,483</u>
At 1 April 2014		<u>850</u>

The parent company and group have investments in the following subsidiary undertakings

Subsidiary undertakings

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Radius GGF (Bahamas) Ltd	Bahamas	Ordinary shares	100	Holding company
Radius Consultoria Empresarial Ltda	Brazil	Ordinary shares	100	The provision of outsourcing and consultancy services
B&B Gestão em Processamento Ltda	Brazil	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius Midco Limited	England and Wales	Ordinary shares	100	Holding company
Radius Bidco Limited	England and Wales	Ordinary shares	100	Holding company
Radius (UK) Limited	England and Wales	Ordinary shares	100	Holding company
Radius Pledgeco Limited	England and Wales	Ordinary shares	100	Holding company
Radius Debtco Limited	England and Wales	Ordinary shares	100	Holding company

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

16 Investments (continued)

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Radius (Bristol) Limited	England and Wales	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius Commercial Services Limited	England and Wales	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius (Europe) Limited	England and Wales	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius (Asia) Limited	Hong Kong	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius Corporate Solutions (India) Private Limited	India	Ordinary shares	100	The provision of outsourcing and consultancy services
Nair & Co Global Services Private Limited	India	Ordinary shares	100	Dormant
Radius GGE Pte Limited	Singapore	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius (Singapore) Pte Limited	Singapore	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius GGF (USA) Inc	US	Ordinary shares	100	The provision of outsourcing and consultancy services
Radius GGE Inc	US	Ordinary shares	100	The provision of outsourcing and consultancy services

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

16 Investments (continued)

Joint ventures

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Tricor-HSP Japan k.k.	Japan	Ordinary shares	49	The provision of outsourcing and consultancy services
Tricor HSP Singapore Pte Ltd	Singapore	Ordinary shares	49	The provision of outsourcing and consultancy services

There is no provision for impairment in the group's or company's investments held as fixed assets at the year-end date

The following subsidiaries are exempt from audit of accounts for the year ended 31 March 2016 under the requirements of the UK Companies Act 2006 section 479A. Radius Holdco Limited guarantees all outstanding liabilities that the following subsidiaries are subject to at 31 March 2016

Radius Commercial Services Ltd (Registration number 04095796)

Radius Europe Ltd (Registration number 05333869)

Radius Division G Ltd (Registration number 06338717)

17 Acquisition of subsidiary

Analysis of the acquisition of Brazil B&B Gestão

On 20 October 2015 the group acquired the business of B&B Gestão, an accounting and business services firm based in São Paulo, Brazil. The acquired business has been transferred into a new company, B&B Gestão em Processamento Ltda, giving the group an enhanced service offering to its clients with operations in Brazil as well as purchasing a book of existing business.

Radius Holdeo Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

17 Acquisition of subsidiary (continued)

Analysis of the acquisition of Brazil B&B Gestão (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below

	Book value	Fair value adjustment	Fair value
	US \$'000	US \$'000	US \$'000
Customer list	-	1 020	1 020
Deferred tax asset	-	209	209
Deferred tax liability	-	(347)	(347)
Net financial liabilities	(86)	-	(86)
Total identifiable liabilities	(86)	882	796
Goodwill			2 845
Total consideration			3 641
Satisfied by			
Cash			2 284
Contingent consideration arrangement			1 357
			3 641
Net cash outflow arising on acquisition			
Cash consideration			2 623
Consideration due to be paid			1 018
			3 641

The assets acquired include the book of existing customer relationships of B&B Gestão which has a fair value of US \$1 020 000. None of the goodwill is expected to be deductible for income tax purposes.

The contingent consideration arrangement requires the achievement of certain organisational and revenue objectives. The potential undiscounted amount of all future payments that the group could be required to make under the contingent consideration arrangement is US \$1 018 000.

B&B Gestão em Processamento Ltda contributed US \$608 000 revenue and a loss of US \$103 000 to the group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of B&B Gestão em Processamento Ltda had been completed on the first day of the financial year, group revenues for the period would have been US \$82 254 000 and group loss would have been US \$35 851 000.

Radius Holden Limited

Notes to the consolidated financial statements
for the year ended 31 March 2016 (continued)

18 Trade and other receivables

		31 March 2016	31 March 2015	Group 1 April 2014	31 March 2016	31 March 2015	Company 1 April 2014
	Note	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Trade receivables		5 459	4 644	523			
Receivables from related parties		-			660	462	790
Other receivables		6,519	7 423	1 481		79	
Deferred tax asset	21	-	206			-	-
Prepayments and accrued income		5 182	1 498	1 866	-		
		<u>17 160</u>	<u>16 681</u>	<u>6 870</u>	<u>660</u>	<u>532</u>	<u>590</u>

The directors consider that the carrying amount of trade receivables approximates to their fair value

Radius Holden Limited

Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)

19 Trade and other payables

		31 March 2016	31 March 2015	Group 1 April 2014	31 March 2016	31 March 2015	Company 1 April 2014
	Note	US \$ 000	US \$ 000	US \$ 000	US \$ 000	US \$ 000	US \$ 000
Trade payables		3 080	5 595	2 275	-		
Other payables		7 355	6 112	1 199	114	20	
Deferred tax liability	21	3 746		18		-	
Derivative financial instrument	26	59					-
Accruals and deferred income		12 642	9 602	2 530	-		25
Corporation tax liability		525		569		-	
		<u>27 462</u>	<u>21 309</u>	<u>6 579</u>	<u>114</u>	<u>20</u>	<u>25</u>

The directors consider that the carrying amount of trade payables approximates to their fair value

Radius Holden Limited

Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)

20 Loans and borrowings

	31 March 2016 US \$ 000	31 March 2015 US \$ 000	Group 1 April 2014 US \$ 000	31 March 2016 US \$ 000	31 March 2015 US \$ 000	Company 1 April 2014 US \$ 000
Current loans and borrowings						
Bank loan	7 750	2 750	28 000	-	-	-
Vendor loan notes	10 000	-	-	-	-	-
	<u>17 750</u>	<u>2 750</u>	<u>28 000</u>			
Non current loans and borrowings						
Bank loan (net of loan costs)	39 857	39 198	171 003	-	-	-
PLH notes	248 163	221 505	-	-	-	-
Preference shares	42 265	42 265	-	12 265	12 265	-
Vendor loan notes	-	10 000	-	-	-	-
Accruals and deferred income	9 783	5 440	-	9 783	1 097	-
	<u>340 068</u>	<u>318 408</u>	<u>171 003</u>	<u>52 048</u>	<u>46 962</u>	

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

20 Loans and borrowings (continued)

Bank loans are represented by the total US \$62 500 000 (2015 US \$48 000 000) of loan facility provided by joint lenders (Lloyds Bank Plc and Silicon Valley Bank). The interest is calculated as LIBOR + a variable margin which ranges from 2.5% to 3.5% and depends on the leverage ratio of the company at the end of each quarter. The loan is repayable in instalments with the final payment to be made on 31 March 2019.

At 31 March 2016 the group drew US \$48 450 000 of the loan facility (2015 US \$48 000 000) with US \$14 050 000 (2015 US \$nil) undrawn.

Preference shares of US \$42 265 000 were issued on 27 April 2014 at a nominal value of US \$1. They do not have voting rights and carry a coupon rate of 12% per annum recognised as interest payable. The preference shares are repayable in full on 31 October 2023.

Unsecured vendor loan notes of US \$10 000 000 carry a fixed rate of interest of 8% per annum and are repayable on 27 April 2016.

Unsecured PIK notes of US \$215 454 000 (2015 US \$192 310 000) held HgCapital were issued on 1 August 2013 and additional unsecured PIK notes of US \$30 490 126 (2015 US \$27 214 803) were issued on 27 April 2014. Also unsecured PIK notes of US \$1 933 000 (2015 US \$1 725 000) held by a director were issued on 31 January 2014. All notes are repayable on 31 October 2013 and charge the interest of 12% per annum.

21 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting year.

Group

	Accelerated tax depreciation US \$ '000	Tax losses US \$ '000	Acquired intangible assets US \$ '000	Total US \$ '000
At 1 April 2014	(15)	-	-	(15)
Credit to income statement	217	1 200	548	1 965
Deferred tax liability acquired	-	10 779	(12 527)	(1 748)
Prior year adjustments	4	-	-	4
At 1 April 2015	206	11 979	(11 979)	206
Charged to income statement	(106)	(1 561)	1 050	(617)
Deferred tax liability acquired	-	209	(347)	(138)
Prior year adjustment	(147)	(3 050)	-	(3 197)
At 31 March 2016	(47)	7 577	(11 276)	(3 746)

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

21 Deferred tax (continued)

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	31 March 2016	31 March 2015	1 April 2014
	US \$ 000	US \$ 000	US \$ 000
Deferred tax liabilities	(11 352)	(11 979)	(15)
Deferred tax assets	7 606	12 185	-
	<u>(3 746)</u>	<u>206</u>	<u>(15)</u>

A deferred tax asset amounting to US \$5 866 030 (2015: US \$15,749 000) has not been recognised.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

22 Called up share capital and reserves

Group and Company

Authorised, allotted, called up and fully paid shares

	31 March 2016		31 March 2015		1 April 2014	
	No. 000	US\$ 000	No. 000	US\$ 000	No. 000	US\$ 000
"A" ordinary of US\$0.01 (1 April 2014 - US\$0) each	103,838	1,038	103,838	1,038	-	-
"B1" ordinary of US\$0.03 (1 April 2014 - US\$0) each	4,617	139	4,617	139	-	-
"B2" ordinary of US\$0.01 (1 April 2014 - US\$0) each	3,620	109	3,548	106	-	-
"C" ordinary of US\$0.01 (1 April 2014 - US\$0) each	1,229	12	1,228	12	-	-
"D" ordinary of US\$0.01 (1 April 2014 - US\$0) each	1,255	1*	1,255	13	-	-
	<u>114,559</u>	<u>1,310</u>	<u>114,486</u>	<u>1,308</u>	-	-

The company is not required to have an authorised share capital

During the year the company allotted 72,512 "B2" ordinary shares with a nominal value of US\$0.03 per share

Holders of "A" and "B1" ordinary shares are entitled to receive notice of attend, vote, speak or count as part of the quorum at a general meeting or receive or vote on any written resolution. Holders of "A" ordinary shares are entitled to one vote per "A" ordinary share whereas holders of "B1" ordinary shares are entitled to two votes per "B1" ordinary share.

Holders of "B2", "C" or "D" ordinary shares are not entitled to receive notice of attend, vote, speak or count as part of the quorum at a general meeting or receive or vote on any written resolution.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

22 Called up share capital and reserves (continued)

The group and company's other reserves are as follows

Share premium

The share premium reserve contains the premium arising on issue of equity shares net of issue expenses

Retained losses

The retained losses reserve represents cumulative profits and losses net of dividends paid and other adjustments

23 Obligations under leases and hire purchase contracts

Group

Operating leases

The total future value of minimum lease payments is as follows

	2016 US \$ 000	2015 US \$ 000
Within one year	3 122	2 491
In two to five years	7 142	5 082
In over five years	55	-
	<u>10 319</u>	<u>7 573</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was US \$3 267 000 (2015: US \$2 899 000)

24 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to US \$980 000 (2015: US \$713 000)

25 Share-based payments

The company granted share options to employees on 7 January 2015 which are not subject to performance conditions. The options vest over a four year period at 25% per annum and the option expires on the tenth anniversary of the grant i.e. 6 January 2025.

All awards under the plan are assumed to be equity-settled. As such, the fair value has been calculated by the company as at the date of grant.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

25 Share-based payments (continued)

Details of the share options outstanding during the year are as follows

	2016		2015	
	Number of share options	Weighted average exercise price (in US \$)	Number of share options	Weighted average exercise price (in US \$)
Outstanding at beginning of year	2 807 303	0.34	-	-
Granted during the year	606 000	0.34	2 830 303	0.34
Forfeited during the year	1 061 162	0.34	23 000	0.34
Exercised during the year	72 512	0.34	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2 279 629	0.34	2 807 303	0.34
Exercisable at the end of the year	707 576	0.34	351 253	0.34

The weighted average share price at the date of exercise for share options exercised during the year was US \$0.34. The options outstanding at 31 March 2016 had a weighted average exercise price of US \$0.34 and a weighted average remaining contractual life of 2.75 years. For the year ended 31 March 2016, options were granted on 7 January 2016 and 30 March 2016. The aggregate of the estimated fair values of the options granted on those dates is US \$206,040.

The inputs into the Black-Scholes model are as follows:

	2016	2015
Weighted average share price	US \$0.34	US \$0.34
Weighted average exercise price	US \$0.34	US \$0.34
Expected volatility	51.85%	63.43%
Expected life	3 years	4 years
Risk-free rate	66%	50%
Expected dividend yields	0%	0%

Expected volatility was determined based on the volatility of two similar listed comparators over a one year period.

Charge arising from share-based payments

The total charge for the year for share-based payments was US \$82,207 (2015: US \$40,012), which related to equity-settled share-based payment transactions.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

26 Financial instruments

Capital risk management

The group manages its capital to ensure that entities in the group are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The group's overall strategy remains unchanged from 2015.

The capital structure of the group consists of net debt (borrowings disclosed in note 20 after deducting cash and bank balances) and equity of the group (comprising issued capital, reserves and retained losses as disclosed in note 22).

The group is not subject to any externally imposed capital requirements.

The group's Board reviews the capital structure on at least a semi-annual basis. As part of this review, the Board considers the cost of capital, the risks associated with each class of capital.

Categories of financial instruments

	2016 US \$'000	2015 US \$'000
Financial assets		
Cash and bank balances	11,497	8,618
Loans and receivables	11,978	12,067
	<u>23,475</u>	<u>20,685</u>
Financial liabilities		
Derivative instruments	58	-
Other	354,975	327,425
	<u>355,033</u>	<u>327,425</u>

The directors consider that the carrying amount of trade receivables and trade payables approximates to their fair values.

Financial risk management objectives

The group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, fair value, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

26 Financial instruments (continued)

Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on translation of the group's net cash flow in GBP and INR, the principal currencies in which the risk arises.

Forward foreign exchange contract

The following table details the forward foreign currency (FC) contracts outstanding as at 31 March 2016

Outstanding contracts	Average exchange rate	Foreign currency '000	Notional value US \$ '000	Fair value US \$ '000
Buy GBP				
1 to 3 months	1.4416	1,950	2,811	(9)
4 to 6 months	1.4424	2,132	3,075	(10)
7 to 12 months	1.4443	4,089	5,906	(22)
Buy INR				
1 to 3 months	66.88	151,000	2,258	-
4 to 6 months	67.85	152,000	2,240	(3)
7 to 12 months	69.35	303,000	4,369	(14)
			<u>20,659</u>	<u>(58)</u>

Interest rate risk management

The group is subject to interest rate risk through a bank loan which is subject to a fixed margin plus 1 IBOR. The interest periods originally over a 3-month term were subsequently extended to 6 months in order to provide further certainty over interest charges in the short term. There is considered to be a partial natural hedge to interest rate risk in that interest received on monies held on behalf of clients would in part offset an increase in interest charges. The group monitors interest rates regularly and identifies impacts of exchange rate movements on covenant compliance.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date.

If variable interest rates had been 10 per cent higher/lower and all other variables were held constant, the group's loss for the year ended 31 March 2016 would decrease/increase by \$22,000 (2015: decrease/increase by \$10,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

26 Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The group uses information supplied by independent rating agencies where available and if not available other publicly available financial information and its own trading records to rate its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored and controlled by suitable counterparty limits.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. At the balance sheet date no individual counterparty comprised more than 5% of the total of balances outstanding.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the group may be required to pay.

Radius Holdco Limited

Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)

26 Financial instruments (continued)

Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

	Less than 1 month US \$ 000	1 - 3 months US \$ 000	3 months to 1 year US \$ 000	1 - 4 years US \$ 000	5+ years US \$ 000	Total US \$ 000
31 March 2016						
Non-interest bearing	3 080	-	-	-	-	080
Finance lease liability	-	-	-	-	-	-
Variable interest rate instruments	110	285	5 640	46 859	-	52 924
Fixed interest rate instruments	11 603	-	-	-	584 868	596 471
	<u>14 823</u>	<u>285</u>	<u>5 640</u>	<u>46 859</u>	<u>584 868</u>	<u>652 471</u>

The weighted average effective interest rate at 31 March 2016 for variable interest rate instruments is 3.4718% and for fixed interest rate instruments is 11.7946%.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

27 Related party transactions

The remuneration of the five highest paid employees of the group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*

Key management compensation

	2016 US \$ 000	2015 US \$ 000
Salaries and other short term employee benefits	1 864	1 691
Termination benefits	181	-
Share-based payments	-	3 195
	<u>2 045</u>	<u>4 886</u>

Director's transactions

Unsecured PIK notes of US \$1 933 000 held by a director of the company were outstanding at 31 March 2016 (2015 US \$1 725 000). No repayments were made during the year and the total interest charged at 12% per annum and amounted to US \$207 619 (2015 US \$187 667) was included in the liability above.

In addition, at 31 March 2016, the total of \$1 967 765 was due to the group employees in respect of unsecured vendor loan notes including interest charged at 8% per annum of US \$136 492 (2015 US \$125 118).

Other related party transactions

Unsecured PIK notes of US \$246 818 000 (2015 US \$219 524 000) held by Hg Capital 6 Nominees Limited, a parent undertaking of the group, were outstanding at 31 March 2016. This included interest at 12% per annum of US \$26 420 000 (2015 US \$23 401 000).

Hg Pool Management Limited charged US \$169 564 in 2016 (2015 US \$181 585) for the services of three non-executive directors during the year.

28 Parent and ultimate parent undertaking

According to the register maintained by the company, a number of limited partnerships which are managed by HgCapital LLP (holding through a nominee company) held a significant interest in the ordinary shares of the company at 31 March 2016. The directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed by HgCapital LLP has an ownership of more than 20% of the issued share capital of the company.

29 Events after balance sheet date

On 6 June 2016 the group acquired the business of Montage Services, a specialist tax and compliance advisory firm based in the US. The acquisition bolsters the group's advisory unit with the aim of capitalising on the growing demand for expansion expertise and guidance.

The purchase was made for an initial cash consideration of US \$6,929 000 with a further maximum US \$6 500 000 of deferred contingent consideration payable in the period from one to two years.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

30 Transition to IFRS

This is the first year that the group has presented its financial statements under IFRS (International Financial Reporting Standard) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 March 2015 and the date of transition to IFRS was therefore 1 April 2014.

First time transition

The transitional impact to the group includes an adjustment to amortisation and deferred tax, separating identifiable intangible assets from goodwill and recognition of the holiday pay accrual.

There have been no transitional adjustments to the company.

IFRS 1 establishes the transitional requirements for the first time preparation of financial statements in accordance with IFRS. In general, a company is required to determine its IFRS accounting policies effective at the reporting date and apply these retrospectively to the balance sheet at the date of transaction, and all financial statements for the comparative period and the reporting period.

To assist in the transition process, there are a number of exemptions to this retrospective application. The following significant exemption has been adopted by the Group:

- Business combinations: the Group has elected not to account for business combinations retrospectively in accordance with IFRS 3 'Business Combinations'. Those combinations recognised prior to the date of transition have not been restated.

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

30 Transition to IFRS (continued)

Consolidated income statement For the year ended 31 March 2015

	As originally reported US \$ 000	IFRS transitional adjustment US \$ 000	As restated US \$ 000
Revenue	77 333	-	77 333
Cost of sales	<u>(15 184)</u>	<u>-</u>	<u>(15 184)</u>
Gross profit	62 149	-	62 149
Administrative expenses	(73 943)	9 340	(64 603)
Loss on disposal of property, plant and equipment	(430)	-	(430)
Share of joint ventures' operating profit	<u>83</u>	<u>-</u>	<u>83</u>
Operating profit/(loss)	(12 141)	9 340	(2 801)
Finance income	6	-	6
Finance costs	<u>(32 041)</u>	<u>-</u>	<u>(32 041)</u>
Loss on ordinary activities before taxation	(44 176)	9 340	(34 836)
Tax credit on loss on ordinary activities	<u>623</u>	<u>43</u>	<u>666</u>
Loss for the financial year	<u>(43 553)</u>	<u>9 383</u>	<u>(34 170)</u>

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

30 Transition to IFRS (continued)

Consolidated balance sheet As at 1 April 2014

	As originally reported US \$ 000	IFRS transitional adjustment US \$ 000	As restated US \$ 000
Non-current assets			
Goodwill	170 965	5 885	176 850
Knowledge base	6 341	-	6 341
Intangible assets	177 306	5 885	183 191
Property, plant and equipment	2 950	-	2 950
	<u>180 256</u>	<u>5 885</u>	<u>186 141</u>
Current assets			
Trade and other receivables	6 870	-	6 870
Cash and cash equivalents	13 427	-	13 427
	<u>20 297</u>	<u>-</u>	<u>20 297</u>
Total assets	<u>200 553</u>	<u>5 885</u>	<u>206 438</u>
Equity			
Called up share capital	1 094	-	1 094
Share premium	146	-	146
Retained losses	(16 061)	5 672	(10 389)
Shareholders' deficit	<u>(14 821)</u>	<u>5 672</u>	<u>(9 149)</u>
Current liabilities			
Trade and other payables	6 366	213	6 579
Loans and borrowings (current)	38 000	-	38 000
Non-current liabilities			
Loans and borrowings	171 008	-	171 008
Total liabilities	<u>215 374</u>	<u>213</u>	<u>215 587</u>
Total equity and liabilities	<u>200 553</u>	<u>5 885</u>	<u>206 438</u>

The IFRS transitional adjustments for the balance sheet position as at 1 April 2014 are as follows:

- reversal of amortisation expense on the goodwill intangible asset increasing the goodwill asset by US \$5 885 000 and
- recognition of a holiday pay accrual of US \$213 000

Radius Holdco Limited

Notes to the consolidated financial statements For the year ended 31 March 2016 (continued)

30 Transition to IFRS (continued)

Consolidated balance sheet As at 31 March 2015

	As originally reported US \$ 000	IFRS adjustment on transition date US \$ 000	IFRS transitional adjustment US \$ 000	As restated US \$ 000
Non-current assets				
Goodwill	257 552	5 885	(17 734)	245 703
Knowledge base	4 939	-	-	4 939
Customer list	-	-	28 599	28 599
Intangible assets	262 491	5 885	10 865	279 241
Property plant and equipment	4 335	-	-	4 335
	266 826	5 885	10 865	283 576
Other investments	224	-	-	224
	267 050	5 885	10 865	283 800
Current assets				
Trade and other receivables	17 726	-	(1 045)	16 681
Cash and cash equivalents	8 618	-	-	8 618
	26 344	-	(1,045)	25 299
Total assets	293 394	5 885	9 820	309 099
Equity				
Called up share capital	1 308	-	-	1 308
Share premium	9 466	-	-	9 466
Retained losses	(59 500)	5 672	9 596	(44 232)
Shareholders' deficit	(48 726)	5 672	9 596	(33 458)
Current liabilities				
Trade and other payables	20 962	213	224	21 399
Loans and borrowings	2 750	-	-	2 750
	23 712	213	224	24 149
Non-current liabilities				
Loans and borrowings	318 408	-	-	318 408
Total liabilities	342 120	213	224	342 557
Total equity and liabilities	293 394	5 885	9 820	309 099

Radius Holdco Limited

**Notes to the consolidated financial statements
For the year ended 31 March 2016 (continued)**

30 Transition to IFRS (continued)

The key IFRS transitional adjustments for the year ended 31 March 2015 are as follows

- reversal of amortisation expense on the goodwill intangible asset increasing goodwill net book value by US \$13 400 000
- recognition of separable intangible assets (Customer list) upon acquisition of a subsidiary. The cost value reallocated from goodwill to customer list is US \$32 310 000 and the amortisation on the asset during the period is US \$3 711 000
- recognition of a holiday pay accrual of US \$350 000
- tax adjustment increasing the goodwill value by US \$1 176 000 and
- tax adjustment recognising a deferred tax asset of US \$206 000