

Financial Statements

EMB-Group Limited

For the Year Ended 31 March 2017

Registered number: 07087597



Company Information

Directors	S Knowles M G Darnell S G Dawkins P A Edwards D A Gillett S D Smith D H Williams I P Greenaway K J Harris P Griffiths R M Osborne (appointed 18 April 2016)
Company secretary	D A Gillett
Registered number	07087597
Registered office	5 Merus Court Meridian Business Park Leicester Leicestershire LE19 1RJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH
Bankers	National Westminster Bank plc 1 Granby Street Leicester LE1 6EJ
Company Information	For more information please contact enquiries@embltd.co.uk or visit us at www.emb-group.co.uk

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Group Strategic Report

For the Year Ended 31 March 2017

Introduction

EMB-Group is the parent company of five wholly owned subsidiaries East Midlands Business Limited ('EMB'), EMB Excellence, EMB Cyber, ACM and EMB (Cymru). EMB-Group is also a partner in the joint venture company Busnes Cymru.

Business activity is split into three main areas – assessment and certification, organisational development and business growth services. We offer a range of commercial accreditation, risk management and consultancy services in addition to delivering a number of economic development and business improvement programmes on behalf of central Government, LEPs and Local Authorities.

Business review

This year we:

- delivered organisational development business consultancy and accreditation services for Investors in People across Central England, covering the West Midlands, East Midlands and East of England
- saw significant growth in our ISO certification business across the UK and Internationally, extending our sector range and client base and building on our UKAS 17021 accreditation status
- extended our portfolio of ISO certification products, which now includes 9001, 14001, 18001, 22000, 22301, 27001, 50001, OHSAS 18001 and BS 76000.
- delivered successfully the second year of the Department of Trade's East Midlands International Trade service working with over 3,000 companies to develop and extend their export capability and overseas trade activity
- managed and delivered large scale funding programmes co-financed by Regional Growth Funding and European Regional Development Funding, working with businesses to facilitate investment projects and create new jobs
- delivered a range of Growth Hub services on behalf of LEPs to catalyse business growth, improve access to finance and manage grant funds in conjunction with key partners
- delivered specialist consultancy in EU programme application, design, management, and audit preparation, working with clients to raise awareness and manage risks associated with large scale ERDF and ESF funded contracts
- continued to bid for and win a range of public sector contracts to deliver business improvement and growth programme and projects, working with strategic partners and stakeholders both locally and nationally.

Results

We measure progress against a range of key performance indicators. These include key financial indicators for revenue and profit, along with headline operational indicators for customer satisfaction and client retention.

After investment in growing our certification services Group revenue for the year ended 31 March 2017 was £8.58m with profit for the period, before tax, of £0.486m.

Group Strategic Report

For the Year Ended 31 March 2017

Looking forward

Business plans for 2017/18 include investment and growth through acquisition and partnership with expansion of cyber security, certification and other risk assurance services.

Our growth strategy continues to build on our track record, specialist skills, customer service and impact on client businesses. It focuses on long term sustainable profitability and growth. This year we will:

- continue to invest significantly in our ISO accreditation work to extend our expertise and capability to service the growing client base and range of ISO standards, sectors and scopes, with a continued focus on ISO 27001 Information Security
- rapidly develop and grow cyber and information systems security products and services with an initial focus on areas adjacent to our certification product line
- continue to deliver IIP branded activity in partnership with the new IIP Community Interest Company and further develop consultancy services beyond organisational development
- build on existing expertise to maintain and develop our public sector business and economic development contract portfolio, seeking opportunities to leverage our wider product and service offering
- continue with our investment plans that balance business risk, sustainability and complementarity with a focus on acquisition and JV opportunities that extend service provision and contracting opportunities
- continuously test the quality of our internal business processes and their consistent application to ensure they are fit for purpose and robust; and
- continuously develop the skills of our people to ensure they support new and extended business opportunities.

Group Strategic Report

For the Year Ended 31 March 2017

The principal risks and uncertainties

The principal risks and uncertainties we face are considered regularly and in line with good governance. We have a range of mitigating strategies and controls in place which are reviewed and tested on a regular basis. The principal risks are:

- maintaining and growing our accreditation standards – specifically our UKAS 17021 accreditation to award full ISO tick and crown certification to clients. We have technical specialists and a comprehensive Management System dedicated to this area of the business
- Information and Systems security – the development and extension of business processes and services in a digital environment has necessarily led us to consider and manage more rigorously risks associated with cyber security and information security. We are ISO27001 certified and Cyber Essentials Plus accredited. We have a specialist in-house team who manage, test, train and update the business in this area
- the political environment – specifically changes affecting the public sector contracting market place. We work closely with public sector customers and business partners so we understand this and can adapt our services to meet changes in policy, funding and demand
- the legacy of EU funded projects in relation to EU grant programmes we have delivered and are delivering – specifically the stringent EU audit regime and changes to EU funding regulations. We have an unrivalled in-house team of EU funding experts and experienced programme managers working in this area of the business. We have also considered the potential impact of Brexit in terms of impact, with no major risk to the business currently determined.

Quality management

The Group's quality management system is reviewed regularly under internal audit procedures and external accreditation audits to meet ISO, Investors in People and Cyber Essentials Plus standards.

Systems of internal control are closely monitored and reviewed. Financial control and monitoring procedures have been in place throughout the year and up to the date of approval of the accounts. These include:

- regular meetings of the Board, which is responsible for all strategic and financial matters
- clear responsibilities on the part of line and financial management and maintenance of good financial controls, the production of accurate and timely financial management information and the evaluation of key risks applicable to the business
- the control of key financial risks through clearly laid down authorisation levels and proper segregation of duties
- the maintenance of quality procedures together with physical and computer controls over hardware and software cyber security training for finance staff
- detailed monthly budgeting and reports of trading results, balance sheets and cash flows with regular review by management and the Board
- reporting of compliance with internal financial controls and procedures by the internal auditor, and an internal audit service provided independently of the external audit service and reporting directly to the Audit Committee, the function of which is to provide assurance that the controls in place to mitigate risks are operating effectively.

Group Strategic Report

For the Year Ended 31 March 2017

Equal Opportunities

We are wholeheartedly committed to the principle of equality of opportunity both in our capacity as an employer and as a provider of services. We make all efforts to prevent discrimination or other unfair treatment against any of our staff, potential staff or customers, regardless of ability.

Employee Involvement

We are a people-based business. We seek to attract, develop and retain a professional workforce to ensure the delivery of a high level of service to our customers. During the year we were re-accredited as an Investor in People and continued to provide information about performance, development activity and training opportunities to employees through the intranet, staff conferences and team meetings.

Environmental policies

We recognise that the sensible use of resources delivers both environmental and financial benefits. As part of our overall approach to corporate responsibility we aim to promote the maintenance of a healthy environment through responsible and sustainable consumption.

Health and safety

We are committed to safeguarding the health, safety and welfare of our employees and recognise our responsibilities for the health and safety of others who may be affected by our activities.

This report was approved by the board on 6 July 2017 and signed on its behalf.



S D Smith
Director

Directors' Report

For the Year Ended 31 March 2017

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £388,579 (2016 - £409,397).

Dividends paid are detailed in the notes to the financial statements.

Directors

The directors who served during the year were:

S Knowles
M G Darnell
S G Dawkins
P A Edwards
D A Gillett
S D Smith
D H Williams
I P Greenaway
K J Harris
P Griffiths
R M Osborne (appointed 18 April 2016)

The Chair, David Williams, is the senior independent Non-Executive.

Financial risk management objectives and policies

The Group uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company financial instruments is liquidity risk. The directors review and agree policies for managing this risk by ensuring sufficient liquidity are available to meet foreseeable needs and to invest cash assets safely.

Directors' Report (continued)

For the Year Ended 31 March 2017

Directors' responsibilities statement

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

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

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

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

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

Matters covered in the strategic report

Details of future developments for the Group are included in the Strategic Review.

Disclosure of information to auditor

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

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

EMB-Group Limited

Directors' Report (continued)

For the Year Ended 31 March 2017

This report was approved by the board on 6 July 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D A Gillett', written in a cursive style.

D A Gillett
Secretary

Independent Auditor's Report to the Members of EMB-Group Limited

We have audited the financial statements of EMB-Group Limited for the year ended 31 March 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of EMB-Group Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Thomas Copson (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
East Midlands

6 July 2017

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	8,578,602	14,111,936
Cost of sales		(7,761,247)	(13,387,862)
Gross profit		817,355	724,074
Administrative expenses		(344,574)	(212,742)
Operating profit	5	472,781	511,332
Interest receivable and similar income	9	13,664	22,764
Profit before tax		486,445	534,096
Tax on profit	10	(97,866)	(124,699)
Profit and total comprehensive income for the year		388,579	409,397

The notes on pages 17 to 36 form part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	863,545	1,036,980
Tangible assets	12	663,665	686,764
		<u>1,527,210</u>	<u>1,723,744</u>
Current assets			
Debtors: amounts falling due within one year	14	2,527,030	1,615,991
Cash at bank and in hand	15	6,738,185	7,800,842
		<u>9,265,215</u>	<u>9,416,833</u>
Creditors: amounts falling due within one year	16	(4,402,101)	(4,112,049)
Net current assets		<u>4,863,114</u>	<u>5,304,784</u>
Total assets less current liabilities		<u>6,390,324</u>	<u>7,028,528</u>
Creditors: amounts falling due after more than one year	17	(130,000)	(330,000)
Provisions for liabilities			
Deferred tax	20	(50,009)	(76,792)
Other provisions		(130,000)	(130,000)
		<u>(180,009)</u>	<u>(206,792)</u>
Net assets		<u><u>6,080,315</u></u>	<u><u>6,491,736</u></u>

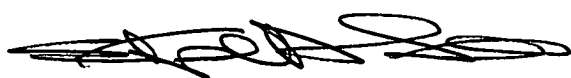
Consolidated Balance Sheet (continued)

As at 31 March 2017

	Note	2017 £	2016 £
Capital and reserves			
Called up share capital	21	1,000	1,000
Share premium account	22	9,750	9,750
Profit and loss account	22	6,069,565	6,480,986
		<u>6,080,315</u>	<u>6,491,736</u>

The parent Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £482,892 (2016 : £356,694).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2017.



S D Smith

Director



D H Williams

Director

The notes on pages 17 to 36 form part of these financial statements.

Company Balance Sheet

As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	23,907	22,813
Tangible assets	12	663,665	683,803
Investments	13	1,071,180	1,071,180
		<u>1,758,752</u>	<u>1,777,796</u>
Current assets			
Debtors: amounts falling due after more than one year	14	150,000	150,000
Debtors: amounts falling due within one year	14	986,339	1,666,545
Cash at bank and in hand	15	677,682	493,220
		<u>1,814,021</u>	<u>2,309,765</u>
Creditors: amounts falling due within one year	16	(727,365)	(725,045)
Net current assets		<u>1,086,656</u>	<u>1,584,720</u>
Total assets less current liabilities		<u>2,845,408</u>	<u>3,362,516</u>
Creditors: amounts falling due after more than one year	17	(130,000)	(330,000)
Provisions for liabilities			
Other provisions		(130,000)	(130,000)
		<u>(130,000)</u>	<u>(130,000)</u>
Net assets		<u>2,585,408</u>	<u>2,902,516</u>
Capital and reserves			
Called up share capital	21	1,000	1,000
Share premium account	22	9,750	9,750
Profit and loss account	22	2,574,658	2,891,766
		<u>2,585,408</u>	<u>2,902,516</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2017.



S D Smith
Director



D.H Williams
Director

The notes on pages 17 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	1,000	9,750	6,480,986	6,491,736
Comprehensive income for the year				
Profit for the year	-	-	388,579	388,579
Total comprehensive income for the year	-	-	388,579	388,579
Dividends: Equity capital	-	-	(800,000)	(800,000)
Total transactions with owners	-	-	(800,000)	(800,000)
At 31 March 2017	1,000	9,750	6,069,565	6,080,315

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	1,000	9,750	6,543,589	6,554,339
Comprehensive income for the year				
Profit for the year	-	-	409,397	409,397
Total comprehensive income for the year	-	-	409,397	409,397
Dividends: Equity capital	-	-	(472,000)	(472,000)
Total transactions with owners	-	-	(472,000)	(472,000)
At 31 March 2016	1,000	9,750	6,480,986	6,491,736

The notes on pages 17 to 36 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 March 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	1,000	9,750	2,891,766	2,902,516
Comprehensive income for the year				
Profit for the year	-	-	482,892	482,892
Total comprehensive income for the year	-	-	482,892	482,892
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(800,000)	(800,000)
At 31 March 2017	1,000	9,750	2,574,658	2,585,408

Company Statement of Changes in Equity

For the Year Ended 31 March 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	1,000	9,750	3,007,072	3,017,822
Comprehensive income for the year				
Profit for the year	-	-	356,694	356,694
Total comprehensive income for the year	-	-	356,694	356,694
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(472,000)	(472,000)
Total transactions with owners	-	-	(472,000)	(472,000)
At 31 March 2016	1,000	9,750	2,891,766	2,902,516

The notes on pages 17 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	388,579	409,397
Adjustments for:		
Amortisation of intangible assets	220,996	88,247
Depreciation of tangible assets	74,790	92,241
Interest received	(13,664)	(22,764)
Taxation charge	97,866	124,699
(Increase)/decrease in debtors	(911,039)	119,843
Increase/(decrease) in creditors	88,861	(3,367,421)
Corporation tax (paid)	(123,458)	(87,590)
Net cash generated from operating activities	(177,069)	(2,643,348)
Cash flows from investing activities		
Purchase of intangible fixed assets	(47,561)	(5,460)
Purchase of tangible fixed assets	(51,691)	(34,744)
Interest received	13,664	22,764
Acquisition of subsidiary (net of cash acquired)	-	(548,036)
Net cash from investing activities	(85,588)	(565,476)
Cash flows from financing activities		
Dividends paid	(800,000)	(472,000)
Net cash used in financing activities	(800,000)	(472,000)
Net (decrease) in cash and cash equivalents	(1,062,657)	(3,680,824)
Cash and cash equivalents at beginning of year	7,800,842	11,481,666
Cash and cash equivalents at the end of year	6,738,185	7,800,842
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,738,185	7,800,842
	6,738,185	7,800,842

The notes on pages 17 to 36 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. General information

EMB-Group Limited is a company limited by shares. It was incorporated in England & Wales and its registered office is 5 Merus Court, Meridian Business Park, Leicester, Leicestershire, LE19 1RJ. The principal activity of the group is to deliver publicly funded economic development and business improvement programmes, directly paid for accreditation, risk management services and consultancy which help companies become more effective, more efficient and more profitable.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Income for contract services is recognised when satisfactory performance obligations have been achieved. This is based on value or proportion of work done and/or satisfactory achievement of target outputs on contracts.

Income in respect of grant funding that the group receives and distributes to grant recipients is recognised gross at the point when the distribution to the recipient is made. Any funding received in advance of distribution is deferred.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

The estimated useful lives range as follows:

Other intangible assets	-	1 to 5 years
Software	-	3 years
Goodwill	-	10 years

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Motor vehicles	-	33% straight line
Fixtures & fittings	-	20% straight line
Office equipment	-	33% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Valuation of investments

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

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.10 Creditors

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

2.11 Finance costs

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Financial instruments

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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

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

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

2.15 Interest income

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the Financial Statements

For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.17 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

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

Many of the amounts included in the financial statements involve the use of judgement and/or estimation.

These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

- The directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, have been met.

Sources of estimation uncertainty:

- Depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved;
- Bad debt provisions are based on the directors best estimate of the recoverability of debtor balances
- Deferred and accrued income is based on the directors knowledge of the contracts in place at each period end
- Retentions are based on an assessment of audit risk and repayment of funding received

4. Analysis of turnover

All turnover arose within the United Kingdom.

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

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	74,790	92,241
Amortisation of intangible assets, including goodwill	220,996	88,247
Other operating lease rentals	22,253	66,739

Notes to the Financial Statements

For the Year Ended 31 March 2017

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	2,000	2,000
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	30,800	33,000
Other services relating to taxation	3,600	2,800
All other services	1,950	9,950
	<u>36,350</u>	<u>45,750</u>

7. Employees

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

	2017 £	2016 £
Wages and salaries	2,931,377	2,728,643
Social security costs	359,730	293,460
Cost of defined contribution scheme	270,382	289,460
	<u>3,561,489</u>	<u>3,311,563</u>

Staff costs for the parent Company were as follows:

Wages and salaries £391,612 (2016 : £353,780)

Social security costs £61,900 (2016 : £53,920)

Cost of defined contribution scheme £34,628 (2016 : £31,283).

Average monthly number of employees, including the directors, during the year 26 (2016 : 26)

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

	2017 No.	2016 No.
Employees	<u>90</u>	<u>85</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	428,099	388,541
Company contributions to defined contribution pension schemes	32,022	60,102
	<u>460,121</u>	<u>448,643</u>

During the year retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes. Remuneration in respect of the highest paid director, including pension contributions, is £215,851 (2016 : £ 210,734). Key management personnel compensation not included above amounted to £179,985 (2016: £188,441).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>13,664</u>	<u>22,764</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	131,170	136,721
Adjustments in respect of previous periods	(6,521)	(3,314)
Total current tax	<u>124,649</u>	<u>133,407</u>
Origination and reversal of timing differences	(26,783)	(8,708)
Taxation on profit on ordinary activities	<u>97,866</u>	<u>124,699</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>486,445</u>	<u>534,096</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	97,289	106,819
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	16,010	5,754
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,502	6,784
Adjustments to tax charge in respect of prior periods	(6,521)	(3,314)
Difference in deferred tax rates	(11,383)	4,824
Deferred tax not recognised	(31)	3,832
Total tax charge for the year	<u>97,866</u>	<u>124,699</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Intangible assets

Group

	Software £	Other intangible assets £	Goodwill £	Total £
Cost				
At 1 April 2016	37,153	452,574	635,500	1,125,227
Additions	18,236	29,325	-	47,561
At 31 March 2017	55,389	481,899	635,500	1,172,788
Amortisation				
At 1 April 2016	14,340	47,428	26,479	88,247
Charge for the year	17,142	140,304	63,550	220,996
At 31 March 2017	31,482	187,732	90,029	309,243
Net book value				
At 31 March 2017	23,907	294,167	545,471	863,545
At 31 March 2016	22,813	405,146	609,021	1,036,980

Notes to the Financial Statements

For the Year Ended 31 March 2017

11. Intangible assets (continued)

Company

	Software £
Cost	
At 1 April 2016	37,153
Additions	18,236
At 31 March 2017	<u>55,389</u>
Amortisation	
At 1 April 2016	14,340
Charge for the year	17,142
At 31 March 2017	<u>31,482</u>
Net book value	
At 31 March 2017	<u><u>23,907</u></u>
At 31 March 2016	<u><u>22,813</u></u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

12. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2016	612,195	25,272	81,480	365	60,938	780,250
Additions	-	37,250	2,733	-	11,708	51,691
At 31 March 2017	612,195	62,522	84,213	365	72,646	831,941
Depreciation						
At 1 April 2016	12,244	15,158	30,753	175	35,156	93,486
Charge for the period on owned assets	12,244	16,960	20,137	175	25,274	74,790
At 31 March 2017	24,488	32,118	50,890	350	60,430	168,276
Net book value						
At 31 March 2017	587,707	30,404	33,323	15	12,216	663,665
At 31 March 2016	599,951	10,114	50,727	190	25,782	686,764

Notes to the Financial Statements

For the Year Ended 31 March 2017

12. Tangible fixed assets (continued)

Company

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 April 2016	612,195	25,272	77,985	365	59,693	775,510
Additions	-	37,250	1,125	-	9,251	47,626
At 31 March 2017	612,195	62,522	79,110	365	68,944	823,136
Depreciation						
At 1 April 2016	12,244	15,158	30,219	175	33,911	91,707
Charge for the period on owned assets	12,244	16,960	15,568	175	22,817	67,764
At 31 March 2017	24,488	32,118	45,787	350	56,728	159,471
Net book value						
At 31 March 2017	587,707	30,404	33,323	15	12,216	663,665
At 31 March 2016	599,951	10,114	47,766	190	25,782	683,803

Notes to the Financial Statements

For the Year Ended 31 March 2017

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
East Midlands Business Limited	Ordinary	100 %	Business services
EMB Excellence Limited	Ordinary	100 %	Business services
EMB Cyber Limited (formerly EMB Certification Ltd)	Ordinary	100 %	Business services
EMB (Cymru) Limited	Ordinary	100 %	Dormant
ACM Limited	Ordinary	100 %	Business services

The company also has a 47.5% shareholding in Busnes Cymru Limited a dormant company incorporated in England and Wales.

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	1,071,180
At 31 March 2017	1,071,180
Net book value	
At 31 March 2017	1,071,180
At 31 March 2016	1,071,180

Notes to the Financial Statements

For the Year Ended 31 March 2017

14. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,268,114	1,257,159	2,500	1,243
Amounts owed by group undertakings	-	-	889,861	1,585,265
Other debtors	7,254	-	-	-
Prepayments and accrued income	1,251,662	358,832	93,978	80,037
	<u>2,527,030</u>	<u>1,615,991</u>	<u>986,339</u>	<u>1,666,545</u>

An impairment loss of £23,141 (2016: £14,230) was recognised against trade debtors.

In addition to the balances above, debtors due in greater than one year of £150,000 (2016: £150,000) in the company only balance sheet relates to amounts owed by group undertakings.

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	6,738,185	7,800,842	677,682	493,220

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	425,766	464,874	100,407	79,871
Amounts owed to group undertakings	-	-	-	3,668
Corporation tax	135,113	133,922	94,012	88,153
Other taxation and social security	386,352	368,415	146,201	282,451
Other creditors	261,386	129,758	251,100	100,816
Accruals and deferred income	3,193,484	3,015,080	135,645	170,086
	<u>4,402,101</u>	<u>4,112,049</u>	<u>727,365</u>	<u>725,045</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Shareholder loans	30,000	30,000	30,000	30,000
Other creditors	100,000	300,000	100,000	300,000
	<u>130,000</u>	<u>330,000</u>	<u>130,000</u>	<u>330,000</u>

18. Other provisions

Provisions totalling £130,000 (Company and Group) (2016: £130,000 - Company and Group) relate to various property matters including dilapidation costs.

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>10,200,673</u>	<u>9,326,987</u>	<u>1,732,064</u>	<u>2,229,728</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(4,010,636)</u>	<u>(1,414,295)</u>	<u>(617,152)</u>	<u>(654,441)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings and accrued income.

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

Notes to the Financial Statements

For the Year Ended 31 March 2017

20. Deferred taxation

Group

	2017 £
At beginning of year	(76,792)
Charged to profit or loss	26,783
Arising on business combinations	-
At end of year	(50,009)

	Group 2017 £	Group 2016 £
Deferred tax on intangible assets	(50,009)	(76,792)

21. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
250 E Ordinary shares shares of £1 each	250	250
750 F Ordinary shares shares of £1 each	750	750
	1,000	1,000

22. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit & loss account

The profit and loss account includes all current year retained profits and losses.

Notes to the Financial Statements

For the Year Ended 31 March 2017

23. Dividends

	2017 £	2016 £
E Ordinary shares		
Dividends paid	200,000	118,000
F Ordinary shares		
Dividends paid	600,000	354,000
	<u>800,000</u>	<u>472,000</u>

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £270,382 (2016: £275,450). Contributions totalling £nil (2016 : £30,120) were payable to the fund at the balance sheet date.

25. Commitments under operating leases

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	47,986	33,722	47,986	33,722
Later than 1 year and not later than 5 years	79,150	4,553	79,150	4,553
	<u>127,136</u>	<u>38,275</u>	<u>127,136</u>	<u>38,275</u>

Notes to the Financial Statements

For the Year Ended 31 March 2017

26. Related party transactions

East Midlands Business Limited (EMB), EMB Excellence Limited (EMBX) and EMB-Group Limited had the following related party transactions in the year.

Transactions with entities with control, joint control and significant influence

The Group has incurred costs of £9,716 (2016: £83,262) from East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) Limited (formerly Derbyshire and Nottinghamshire Chamber of Commerce and Industry) in respect of membership, events and other services.

The Group incurred costs of £5,643 (2016: £6,087) from Northamptonshire Chamber of Commerce in respect of membership, events and other services. The Group provided service of £3,549 (2016 : £nil) to Northamptonshire Chamber of Commerce.

Dividends paid to the founder shareholders totalled £600,000 (2016 : £354,000). Dividends paid to those directors who are also shareholders totalled £200,000 (2016 :£118,000).

Certain directors of the company are also directors of the founder shareholders as follows:

- SG Dawkins, IP Greenaway, KJ Harris and S Knowles are directors of East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) Limited.
- MG Darnell, P Griffiths and RM Osborne are directors of Northamptonshire Chamber of Commerce.
- SG Dawkins, KJ Harris and S Knowles are directors of Leicestershire Chamber of Commerce.

Transactions with other related parties

The Company and the Group incurred costs with Geldards include the Chairman's remuneration of £17,050 (2016: £16,000). The Group also incurred costs of £5,000 (2016: £24,766) from Geldards LLP in respect of legal services.

The Group incurred costs of £41,250 (2016: £39,493) from PKF Cooper Parry Group Limited in respect of due diligence work. K J Harris, a director of the company is a partner in PKF Cooper Parry LLP, a business associated with PKF Cooper Parry Group Limited.

27. Controlling party

The directors consider that the company has no ultimate controlling party.

Company detailed profit and loss account

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover		1,616,013	1,504,540
Cost of sales		(984,006)	(962,236)
Gross profit		632,007	542,304
Less: overheads			
Administration expenses		(61,110)	(100,448)
Operating profit		570,897	441,856
Interest receivable		6,007	2,991
Tax on profit on ordinary activities		(94,012)	(88,153)
Profit for the year		482,892	356,694

Approved by the board on 6 July 2017.



S D Smith

Director



D H Williams

Director

Schedule to the Detailed Accounts

For the Year Ended 31 March 2017

	2017 £	2016 £
Turnover		
Sales	<u>1,616,013</u>	<u>1,504,540</u>
	2017 £	2016 £
Cost of sales		
Direct costs	410,960	431,447
Wages and salaries	307,269	211,015
National insurance	107,245	116,333
Pension costs	73,626	97,394
Depreciation of plant and equipment	84,906	106,047
	<u>984,006</u>	<u>962,236</u>
	2017 £	2016 £
Administration expenses		
Staff salaries	16,254	16,241
Staff welfare	1,667	-
Legal and professional	1,112	41,005
Bank charges	41,720	42,223
Sundry establishment expenses	357	979
	<u>61,110</u>	<u>100,448</u>
	2017 £	2016 £
Interest receivable		
Bank interest receivable	<u>6,007</u>	<u>2,991</u>
	<u>6,007</u>	<u>2,991</u>