

m-hance Group Limited

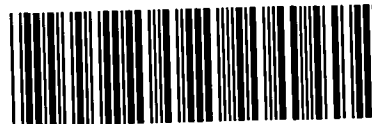
Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 07203843

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COMPANIES HOUSE

m-hance Group Limited

Company Information

Directors	T Darbyshire R Asplin
Company secretary	Estera Administration (UK) Limited
Registered number	07203843
Registered office	Trinity House Bredbury Park Way Stockport Cheshire SK6 2SN
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	Barclays Bank PLC Ashton House 497 Silbury Boulevard Milton Keynes MK9 2LB
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT

m-hance Group Limited

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m-hance Group Limited

Group Strategic Report For the Year Ended 31 December 2017

The directors present their strategic report and the financial statements for the year ended 31 December 2017. The report covers the activities of m-hance Group Limited (the "Company") and the results of the Company and its subsidiaries (together referred to as the "Group").

Principal activities and review of the business

The principal activity of the Group is the provision of Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) business software, systems and services to a wide range of organisations based primarily in the UK but also in Europe and USA.

The Group is the largest accredited Microsoft Dynamics GP partner in Europe and is a multi award winning provider of Microsoft Dynamics based solutions, which include Dynamics GP, Dynamics CRM, SharePoint and Office 365. The Group is a Microsoft Gold partner and has also been awarded the prestigious "P Seller" status. Microsoft's P Seller status is only awarded to a select group chosen from the elite in Microsoft's partner community, whose focus is to augment Microsoft's internal Technology Specialist team. m-hance is fully behind Microsoft's Dynamics365 Business Central product road map and is ideally placed to act as a trusted advisor to its customer base on their journey to cloud based platforms or on premise upgrades. Operating across several industry segments, the scale of the Group provides a high level of capability and service which few competitors can match.

The Group has experienced an increase in SaaS, Services and Support revenues being taken up via Cloud based CRM and ERP streams and the business will continue to invest in these products to drive future growth. The transition to recurring cloud based revenues together with the disposal of the AX business unit in April 2017 helped contribute to a decline in turnover in the year of some 10% but has seen gross margins improve by 1.1%. The business is now primed and ready to deliver cloud based solutions and medium term growth will be driven by market leading Microsoft Cloud CRM and ERP revenues.

The business has further strengthened its operational focus with a successful restructuring of its sales, consultancy and support functions to provide an enhanced customer first approach. The operations of the UK and Irish companies within the Group are effectively aligned to encourage greater sharing of skills and resources. Costs have also been closely managed with administration expenses reducing by 4.7%.

Working capital and cash forecasting are managed and well controlled by the experienced finance team. The Group's only significant third party financing facilities are a property mortgage of £658,667 secured on the Stockport office building and a finance lease of £142,319 in relation to computer equipment. The Group has no requirement for short term funding instruments such as invoice discounting. It should be noted that creditors falling due within one year includes £3,913,628 of deferred revenue which relates to future periods of annual support contracts which are recognised over the duration of the contract and are not a cash liability.

The directors use a number of measures, both financial and non financial, to monitor the performance of the company, and consider Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to be the principal financial performance indicator of trading performance of the business.

The Group's key financial and other performance indicators during the period were as follows:

	2017	2016
	£	£
Revenue	13,931,868	15,494,930
Gross profit	10,439,192	11,444,208
Adjusted EBITDA*	614,805	1,112,787
Average number of employees	140	153

*Adjusted EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, and is stated before any impairment charges, shareholder recharge, and exceptional items. Adjusted EBITDA is reconciled to operating profit as follows

m-hance Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2017

	2017 £	2016 £
Operating (loss)	(1,109,583)	(429,340)
Depreciation of tangible fixed assets	305,090	242,759
Amortisation of intangible assets	769,742	839,900
Exceptional items	287,528	58,858
Shareholder recharge	362,028	400,610
Adjusted EBITDA	614,805	1,112,787

Future developments and post balance sheet events

The directors are confident that the business is well placed for future growth in both revenues and profits. Performance in 2018 up to the date of signing these accounts is in line with budget expectations.

Principal risks and uncertainties

The Group's principal business risks are summaries below, together with the key processes which are in place to monitor and manage them.

Market risks

Our markets are subject to fluctuations in demand by customers, which are linked to the wider economic environment. The Group monitors market developments and reflects these in its business planning processes.

Operational risk

Operational risk refers to the risk of financial loss from issues relating to internal process, people and systems. The Group manages this area of risk through internal controls and intervention when required, together with management reporting systems and appropriate insurance cover.

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Group Strategic Report (continued) For the Year Ended 31 December 2017

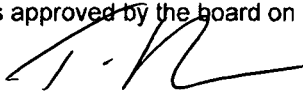
Liquidity and cash-flow risk

In order to mitigate the risk that it may be unable to fund its on going cash requirements, the Group monitors and manages its liquidity position using treasury tools such as rolling cash flow forecasts and scenario planning around its business forecasts. The Group establishes credit limits with its customers and monitors customer credit balances on a regular business.

This report was approved by the board on

6/9/2018

and signed on its behalf.



T Darbyshire
Director

m-hance Group Limited

Directors' Report For the Year Ended 31 December 2017

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

Results and dividends

The loss for the year, after taxation, amounted to £1,165,500 (2016 - loss £516,183).

Future developments

The directors are confident that the business is well placed for future growth in both revenues and profits.

Going concern

As at 31 December 2017 the Group has net assets of £220,826 (2016 - £1,418,194) and net current liabilities of £3,187,575 (2016 - £2,889,750).

The directors have reviewed the latest trading forecasts and are confident that the Group will generate trading cash in excess of its liabilities for the twelve months from the date of signing this report. On this basis, the directors have a reasonable expectation that the Group will be able to continue for the next twelve months. Thus the going concern basis of accounting has been adopted in preparing the annual financial statements.

Directors

The directors who served during the year were:

T Darbyshire
B Newton (resigned 24 February 2017)
S Driscoll (resigned 24 May 2018)
S Pilling (resigned 27 March 2018)
R Asplin (appointed 24 March 2017)

Political and charitable contributions

The Group made no political or charitable contributions during the year (2016 - £nil).

Other matters

Principal activities, risks and uncertainties have not been disclosed in the directors' report as they are included within the strategic report under s414C(11) of the Companies Act 2006.

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.

m-hance Group Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Auditor

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

This report was approved by the board on *6/9/2018* and signed on its behalf.



T Darbyshire
Director

m-hance Group Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2017

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 to 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.

m-hance Group Limited

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

Opinion

We have audited the financial statements of m-hance Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

m-hance Group Limited

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

Responsibilities of directors

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

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

m-hance Group Limited

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

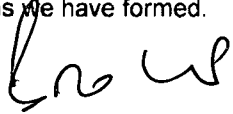
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

21 September 2014

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

m-hance Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	13,931,868	15,494,930
Cost of sales		(3,492,676)	(4,050,722)
Gross profit		10,439,192	11,444,208
Administrative expenses		(11,261,247)	(11,814,690)
Exceptional administrative expenses	11	(287,528)	(58,858)
Total administrative expenses		(11,548,775)	(11,873,548)
Operating loss	5	(1,109,583)	(429,340)
Interest receivable and similar income	8	258	1,036
Interest payable and expenses	9	(54,454)	(69,569)
Loss before taxation		(1,163,779)	(497,873)
Tax on loss	10	(1,721)	(18,310)
Loss for the financial year		<u>(1,165,500)</u>	<u>(516,183)</u>
Currency translation differences		(31,868)	(130,691)
Other comprehensive income for the year		(31,868)	(130,691)
Total comprehensive income for the year		<u>(1,197,368)</u>	<u>(646,874)</u>
(Loss) for the year attributable to:			
Owners of the parent Company		(1,165,500)	(516,183)
		<u>(1,165,500)</u>	<u>(516,183)</u>
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(1,197,368)	(646,874)
		<u>(1,197,368)</u>	<u>(646,874)</u>

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Registered number: 07203843

Consolidated Statement of Financial Position As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	2,967,249	3,682,353
Tangible assets	13	1,726,675	1,977,598
		<u>4,693,924</u>	<u>5,659,951</u>
Current assets			
Debtors: amounts falling due within one year	15	2,915,640	3,657,762
Cash at bank and in hand		459,224	654,455
		<u>3,374,864</u>	<u>4,312,217</u>
Creditors: amounts falling due within one year	16	(6,562,439)	(7,201,967)
Net current liabilities		<u>(3,187,575)</u>	<u>(2,889,750)</u>
Total assets less current liabilities		<u>1,506,349</u>	<u>2,770,201</u>
Creditors: amounts falling due after more than one year	17	(1,059,747)	(1,210,363)
Provisions for liabilities			
Other provisions	20	(225,776)	(141,644)
Net assets		<u><u>220,826</u></u>	<u><u>1,418,194</u></u>
Capital and reserves			
Called up share capital	21	100	100
Share premium account	22	13,132,733	13,132,733
Profit and loss account	22	(12,912,007)	(11,714,639)
Equity attributable to owners of the parent Company		<u><u>220,826</u></u>	<u><u>1,418,194</u></u>

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

6/9/2018



T Darbyshire

Director

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Registered number: 07203843

Company Statement of Financial Position As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	14	3,352,884	3,352,884
		<u>3,352,884</u>	<u>3,352,884</u>
Current assets			
Debtors: amounts falling due within one year	15	7,800,470	6,170,192
		<u>7,800,470</u>	<u>6,170,192</u>
Creditors: amounts falling due within one year	16	(4,842,836)	(3,212,558)
		<u></u>	<u></u>
Net current assets		<u>2,957,634</u>	<u>2,957,634</u>
Total assets less current liabilities		<u>6,310,518</u>	<u>6,310,518</u>
Net assets		<u><u>6,310,518</u></u>	<u><u>6,310,518</u></u>
Capital and reserves			
Called up share capital	21	100	100
Share premium account	22	13,132,733	13,132,733
Profit and loss account brought forward		(6,822,315)	(8,432,074)
Profit for the year		-	1,609,759
Profit and loss account carried forward		<u>(6,822,315)</u>	<u>(6,822,315)</u>
Total Equity		<u><u>6,310,518</u></u>	<u><u>6,310,518</u></u>

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



6/9/2018

T Darbyshire

Director

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2017	100	13,132,733	(11,714,639)	1,418,194	1,418,194
Comprehensive income for the year					
Loss for the year	-	-	(1,165,500)	(1,165,500)	(1,165,500)
Currency translation differences	-	-	(31,868)	(31,868)	(31,868)
Total comprehensive income for the year	-	-	(1,197,368)	(1,197,368)	(1,197,368)
At 31 December 2017	100	13,132,733	(12,912,007)	220,826	220,826

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

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

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2016	100	13,132,733	(11,067,765)	2,065,068	2,065,068
Comprehensive income for the year					
Loss for the year	-	-	(516,183)	(516,183)	(516,183)
Currency translation differences	-	-	(130,691)	(130,691)	(130,691)
Total comprehensive income for the year	-	-	(646,874)	(646,874)	(646,874)
At 31 December 2016	100	13,132,733	(11,714,639)	1,418,194	1,418,194

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2016	100	13,132,733	(8,432,074)	4,700,759
Comprehensive income for the year				
Profit for the year	-	-	1,609,759	1,609,759
At 1 January 2017	100	13,132,733	(6,822,315)	6,310,518
Total comprehensive income for the year	-	-	-	-
At 31 December 2017	100	13,132,733	(6,822,315)	6,310,518

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(1,165,500)	(516,183)
Adjustments for:		
Amortisation of intangible assets	769,742	839,900
Depreciation of tangible assets	305,090	242,759
Interest payable	54,454	69,569
Interest receivable	(258)	(1,036)
Taxation charge	1,721	18,310
Decrease in debtors	754,886	134,476
(Decrease) in creditors	(635,256)	(322,701)
Increase/(decrease) in provisions	84,132	(49,081)
Corporation tax (paid)	(33,419)	(77,497)
Foreign exchange	(31,868)	(130,691)
Net cash generated from operating activities	<u>103,724</u>	<u>207,825</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(55,355)	(21,275)
Purchase of tangible fixed assets	(53,352)	(467,098)
Interest receivable	258	1,036
Net cash from investing activities	<u>(108,449)</u>	<u>(487,337)</u>

m-hance Group Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2017

	2017 £	2016 £
Cash flows from financing activities		
New secured loans	-	912,000
Repayment of loans	(202,667)	(439,478)
Other new loans	173,282	-
Repayment of/new finance leases	(106,667)	(71,014)
Interest payable	(54,454)	(69,569)
Net cash used in financing activities	(190,506)	331,939
Net (decrease)/increase in cash and cash equivalents	(195,231)	52,427
Cash and cash equivalents at beginning of year	654,455	602,028
Cash and cash equivalents at the end of year	459,224	654,455
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	459,224	654,455
	459,224	654,455

The notes on pages 18 to 37 form part of these financial statements.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. General information

m-hance Group Limited is a private company, limited by shares. The address of the registered office can be found on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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 Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.4 Going concern

As at 31 December 2017 the Group has net assets of £220,826 (2016 - £1,418,194) and net current liabilities of £3,187,575 (2016 - £2,889,750).

The directors have reviewed the latest trading forecasts and are confident that the Group will generate trading cash in excess of its liabilities for the twelve months following the signing of this report. The Directors have received assurances from group companies that none of the amounts owing will be recalled for at least twelve months.

On this basis, the Company's directors have a reasonable expectation that the Group will be able to continue for the next twelve months. Thus the going concern basis of accounting has been adopted in preparing the annual financial statements.

2.5 Turnover

Turnover from the sale of goods and services is recognised when the company has transferred the significant risks and rewards of ownership to the buyer and its probable the economic benefits of the transaction will flow to the company.

Turnover on the sale of software licences is recognised on delivery of the licence to the customer and the customer has the ability to use the software. If significant post-delivery obligations exist, turnover is deferred until no significant obligations remain. Turnover from maintenance and support service contracts is invoiced in advance, accounted for as deferred turnover and recognised as turnover in equal instalments over the term of the contract. Turnover from software development and consultancy services is recognised over the duration of the project on a percentage of completion basis. Turnover from SaaS contracts is invoiced in advance, accounted for as deferred turnover and recognised as turnover in equal instalments over the term of the service provided.

2.6 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 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 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:

Development costs	- 25%
Goodwill	- 10% to 25%

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.7 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.

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:

Long-term leasehold property	-	2% of property excluding land
Motor vehicles	-	25%
Fixtures and fittings	-	10% to 25%
Computer equipment	-	25%

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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

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

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instrument 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 and loans to related parties.

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.

2.12 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.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.14 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.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.15 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 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 Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.19 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 Statement of Financial Position 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 Statement of Financial Position.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

2. Accounting policies (continued)

2.20 Taxation

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 reporting date in the countries where the Company and the Group operate and generate income.

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

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

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

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

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

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

Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic visibility and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 13)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Impairment of intangible assets (see note 12)**
An impairment review is performed at the reporting date, which requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. No impairment has been identified at the reporting date.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom and Republic of Ireland	13,485,247	15,252,145
Rest of Europe	135,207	-
Rest of the world	311,414	242,785
	<u>13,931,868</u>	<u>15,494,930</u>

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

5. Operating loss

The operating loss is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	305,090	242,759
Amortisation of intangible fixed assets	769,742	839,900
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	31,760	30,250
- Tax compliance services	11,100	10,750
Operating lease rentals	229,954	231,619

6. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	7,668,359	8,338,430	-	-
Social security costs	830,052	859,224	-	-
Cost of defined contribution scheme	219,626	266,034	-	-
	<u>8,718,037</u>	<u>9,463,688</u>	<u>-</u>	<u>-</u>

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

	2017 No.	2016 No.
Sales	23	27
Administration	98	21
Operations	19	105
	<u>140</u>	<u>153</u>

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL)

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	384,915	430,494
Company contributions to defined contribution pension schemes	18,228	18,228
	<u>403,143</u>	<u>448,722</u>

The highest paid director received remuneration of £200,842 (2016 - £201,131).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,078 (2016 - £8,078).

8. Interest receivable

	2017 £	2016 £
Bank interest received	258	1,036
	<u>258</u>	<u>1,036</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	559	-
Other loan interest payable	25,005	25,530
Loan note interest	20,083	37,144
Finance leases and hire purchase contracts	8,807	6,895
	<u>54,454</u>	<u>69,569</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	1,721	18,310
Total current tax and Taxation on profit on ordinary activities	<u>1,721</u>	<u>18,310</u>

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 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 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(1,163,779)	(497,873)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(224,027)	(99,575)
Effects of:		
Expenses not deductible for tax purposes	43,680	298,863
Fixed asset differences	147,252	159,468
Capital allowances for year in excess of depreciation	(640)	-
Other timing differences leading to an increase (decrease) in taxation	2,246	(536)
Adjust closing deferred tax to average rate	40,377	114,018
Adjust opening deferred tax to average rate	(43,073)	(110,035)
Deferred tax not recognised	(20,399)	(344,211)
Impact of different tax rates	-	318
Income tax on medical insurance	1,671	-
Adjustments to brought forward values	(2,923)	-
Tax losses carried forward	57,557	-
Total tax charge for the year	1,721	18,310

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015-2016 on 26 October 2015 reducing the effective tax rate from 20% to 19% from April 2017, with a further reduction to 17% from April 2020. Deferred taxes as at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

11. Exceptional items

	2017 £	2016 £
Restructuring and transition costs	287,528	251,105
Exceptional gain from sale	-	(217,247)
Professional fees	-	25,000
	<u>287,528</u>	<u>58,858</u>

The restructuring costs predominately relate to the closure of business units in the USA and India plus the realignment of staff within the Group to allow greater sharing of skills and resources between the Group companies.

The exceptional gain is from the sale of a small non-core Sage business unit that was operating on a breakeven basis.

Professional fees are in relation to the reorganisation of the Group capital structure and revised articles and equity arrangements.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

12. Intangible assets

Group and Company

	Development £	Goodwill £	Total £
Cost			
At 1 January 2017	440,215	15,908,453	16,348,668
Additions	55,355	-	55,355
Foreign exchange movement	-	(717)	(717)
At 31 December 2017	<u>495,570</u>	<u>15,907,736</u>	<u>16,403,306</u>
Amortisation			
At 1 January 2017	428,874	12,237,441	12,666,315
Charge for the year	4,505	765,237	769,742
At 31 December 2017	<u>433,379</u>	<u>13,002,678</u>	<u>13,436,057</u>
Net book value			
At 31 December 2017	<u><u>62,191</u></u>	<u><u>2,905,058</u></u>	<u><u>2,967,249</u></u>
At 31 December 2016	<u><u>11,341</u></u>	<u><u>3,671,012</u></u>	<u><u>3,682,353</u></u>

As part of the year-end financial statements preparation, the directors of the various m-hance companies have undertaken a review of the carrying value of the goodwill on the statement of financial position. The goodwill has arisen through the acquisition of various businesses acquired between 2010 and 2012 which have been integrated to form m-hance. All of the acquired businesses have been integrated and operate as a single business, trading through one entity in each jurisdiction with significant cross selling activities. Accordingly, the directors have considered the cash-flows of the combined business when assessing whether the carrying value of goodwill has been impaired. As a result of this review and in the light of the 2017 trading performance the directors have agreed that no impairment is required.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

13. Tangible fixed assets

Group

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2017	1,842,000	13,495	311,021	1,437,610	3,604,126
Additions	-	-	16,570	36,782	53,352
Exchange adjustments	-	-	(201)	(3,834)	(4,035)
At 31 December 2017	1,842,000	13,495	327,390	1,470,558	3,653,443
Depreciation					
At 1 January 2017	411,380	13,495	267,592	934,061	1,626,528
Charge for the year on owned assets	36,840	-	13,332	254,918	305,090
Exchange adjustments	-	-	(279)	(4,571)	(4,850)
At 31 December 2017	448,220	13,495	280,645	1,184,408	1,926,768
Net book value					
At 31 December 2017	1,393,780	-	46,745	286,150	1,726,675
At 31 December 2016	1,430,620	-	43,429	503,549	1,977,598

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Computer equipment	200,000	280,000
	<u>200,000</u>	<u>280,000</u>

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

14. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
m-hance Limited	Ordinary	100 %	Developer and provider of business software, systems and services
m-hance Holding (Ireland) Limited	Ordinary	100 %	Holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
m-hance Cloud Software Solution Limited	Ordinary	100 %	Developer and provider of business software, systems and services
m-hance India Private Limited	Ordinary	100 %	Developer and provider of business software, systems and services
m-hance, Inc.	Ordinary	100 %	Developer and provider of business software, systems and services

Name	Registered office
m-hance Limited	Trinity House, Bredbury Park Way, Stockport, Cheshire, SK6 2SN
m-hance Holding (Ireland) Limited	2nd Floor Beaux Lane House, Mercer Street Lower, Dublin 2, 662881
m-hance Cloud Software Solution Limited	2nd Floor Beaux Lane House, Mercer Street Lower, Dublin 2, 662881
m-hance India Private Limited	4th Floor, Vedwati Apartments Shivaji Nagar Pune Pune, MH 411005, India
m-hance, Inc.	1 Broadway, Cambridge, MA 02142, United States

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2017	3,352,884
At 31 December 2017	<u>3,352,884</u>
Net book value	
At 31 December 2017	<u>3,352,884</u>
At 31 December 2016	<u>3,352,884</u>

15. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Trade debtors	1,350,927	1,872,143	-	-
Amounts owed by group undertakings	-	-	7,800,470	6,170,192
Other debtors	15,310	2,546	-	-
Prepayments and accrued income	465,313	475,977	-	-
Deferred maintenance costs	1,084,090	1,307,096	-	-
	<u>2,915,640</u>	<u>3,657,762</u>	<u>7,800,470</u>	<u>6,170,192</u>

The group impairment loss recognised in the profit and loss account for the year in respect of bad and doubtful trade debtors was £79 (2016: £657). The company did not recognise an impairment loss in the year (2016: £Nil).

Amounts owed by group undertakings are unsecured, non interest bearing and repayable on demand.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Mortgage account	202,667	202,667	-	-
Trade creditors	964,332	1,162,537	-	-
Amounts owed to group undertakings	-	-	4,842,836	3,212,558
Corporation tax	20,031	18,310	-	-
Other taxation and social security	697,099	595,874	-	-
Obligations under finance lease and hire purchase contracts	106,667	106,667	-	-
Other creditors	39,127	34,731	-	-
Accruals	618,888	512,765	-	-
Deferred income	3,913,628	4,568,416	-	-
	<u>6,562,439</u>	<u>7,201,967</u>	<u>4,842,836</u>	<u>3,212,558</u>

Amounts owed to group undertakings are unsecured, non interest bearing and payable on demand.

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Mortgage account	456,000	658,667	-	-
Shareholder loan note	503,440	330,158	-	-
Net obligations under finance leases and hire purchase contracts	35,652	142,319	-	-
Deferred income	64,655	79,219	-	-
	<u>1,059,747</u>	<u>1,210,363</u>	<u>-</u>	<u>-</u>

The mortgage account loan is secured by a debenture and a charge over Trinity House, 6-10 Bredbury Business Park, Stockport.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

18. Loans

Analysis of the maturity of loans is given below:

	Group 2017 £	Group 2016 £
Amounts falling due within one year		
Mortgage	202,667	202,667
	<u>202,667</u>	<u>202,667</u>
Amounts falling due 1-5 years		
Mortgage	456,000	607,999
Shareholder loan notes	503,440	330,158
	<u>959,440</u>	<u>938,157</u>
Amounts falling due after more than 5 years		
Bank loans	-	50,668
	<u>-</u>	<u>50,668</u>
	<u>1,162,107</u>	<u>1,191,492</u>

The mortgage loan accrues interest at a rate of 2.5% above base. The shareholder loan note accrues interest at 5%.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,091,018</u>	<u>3,836,239</u>	<u>7,800,470</u>	<u>6,170,192</u>
Financial liabilities				
Financial liabilities measured at amortised cost			<u>(2,926,773)</u>	<u>(2,980,744)</u>
			<u>(2,926,773)</u>	<u>(2,980,744)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank, trade and other debtors and accrued income. For the purpose of the Company financial assets also include amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise mortgage account, trade and other creditors, accruals, other loans and obligations under finance lease and hire purchase contracts. For the purpose of the Company financial liabilities also include amount owed to group undertakings.

20. Provisions

Provision for onerous lease and overseas restructure

Group

	£
At 1 January 2017	141,644
Charged to the profit or loss	115,237
Utilised in year	(31,105)
At 31 December 2017	<u>225,776</u>

The onerous lease and overseas restructure provisions are for unoccupied premises and dilapidations and the cost of overseas restructuring following the reorganisation of the business.

The provision relates to dilapidations and a rent review on exit of the leased property in Ireland.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

22. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative gains and losses recognised in the consolidated Statement of Comprehensive Income.

23. Pension commitments

The group operates a defined benefit contribution scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £219,626 (2016: £247,806).

At 31 December 2017 contributions amounting to £41,381 (2016: £66,250) were owed by the group at that date.

24. Commitments under operating leases

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

	Group 2017 £	Group 2016 £
Not later than 1 year	156,202	10
Later than 1 year and not later than 5 years	125,893	232,554
	<u>282,095</u>	<u>232,564</u>

25. Related party transactions

Expenses of £nil (2016 - £17,047) were paid during the year to Trend Management Services Limited by m-hance Limited for professional fees and expenses. A director of m-hance Limited in the prior year was also a director of Trend Management Services Limited. All transactions were conducted on an arms length basis on normal trading terms.

m-hance Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

26. Controlling party

The Company's controlling party is BECAP GP Limited and the ultimate shareholder is BECAP Fund LP. The registered office for both entities is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Post, Guernsey, GY1 4HY.