

REGISTERED NUMBER: SC296339 (Scotland)

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 August 2016
for
Mono Global Group Limited**



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for the Year Ended 31 August 2016**

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Mono Global Group Limited

**Company Information
for the Year Ended 31 August 2016**

DIRECTORS:

B D Dougherty
G Hill
G Kennedy
I H Marshall
B Woods
B J Barker
G W Kerr

SECRETARY:

G W Kerr

REGISTERED OFFICE:

48 St Vincent Street
Glasgow
G2 5TS

REGISTERED NUMBER:

SC296339 (Scotland)

AUDITORS:

Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

**Group Strategic Report
for the Year Ended 31 August 2016**

The directors present their strategic report of the company and the group for the year ended 31 August 2016.

REVIEW OF BUSINESS

There has been no significant change in the group's core activities in the year under review with the main range of services provided remaining constant, albeit the mix of services has considerably changed. We have however, expanded our customer base and significantly reduced our reliance on a limited number of customers, which gives us greater resilience in a competitive market. However, we are having to deliver a very different mix of services to that of recent years, much of which is at lower margins than previously seen.

The consolidated results are as shown in the group profit and loss account on page 8. Turnover increased by 13% to £44,150,563 (2015 - £38,871,448) and gross profit decreased by £986,757 (21.3%) to £3,640,063 (2015 - £4,626,820), reflecting a gross margin of 8.2% (2015 - 11.9%). The operating loss for the financial period was £207,193 (2015 - profit of £572,342).

This has been a challenging year and we are having to adapt the business to better reflect the new contracts and mix of business that we are now delivering. Much of this transition work has taken place in the latter half of this financial period and we believe that this leaves us better placed to deliver in the coming years. As part of the restructuring, we have had significant non-recurring costs and have made provision for losses on a contract that has had to be re-valued on its conclusion. A large part of our focus is on improving and monitoring the gross profits on our major contracts and we expect to improve our results across all of our major customers in the next year. Our strategy for the medium term is to improve profitability and to ensure that our turnover is of a quality that allows each programme of works to be independently profitable, while exercising stringent control of central costs.

The next financial year will be challenging, however we have secured new customers who bring long term quality opportunities and we are also exploring a move into the fixed line market. So, while it will be challenging, it also brings great prospects for medium term profit growth. The directors believe that the wide range of services provided by the group and the group's position as a major supplier to a number of customers will enable the company to deliver an improved financial performance in the next financial year.

**Group Strategic Report
for the Year Ended 31 August 2016**

PRINCIPAL RISKS AND UNCERTAINTIES

The group, like any other business, is exposed to the risk of a downturn in activity within the telecommunications service sector. The group manages this risk by focussing on the range and quality of the services it provides to its customers while identifying and pursuing new or additional opportunities.

The telecoms sector, and therefore the group, is not immune to the risks and uncertainties posed by operational and technological changes and by financial pressures within its customers and markets but the directors believe that major factors such as the consolidation of networks, the ongoing development of 4G and the move towards interim upgrades ahead of 5G will enable us to trade profitably over the next financial year.

In terms of pricing risk, the risk of the group receiving low prices compared to market levels is mitigated by the use of up to date market intelligence and internal review of pricing assumptions.

The group and the company have minimal exposure to currencies other than sterling and the directors do not consider that there is a requirement for currency hedging as the financial exposure is not significant.

The group is exposed to the risk of default by its trade debtors. The directors consider this risk to be minimised due to their customer base being largely represented by companies with whom they have a strong customer relationship and by exercising strong credit control.

The trade debtors presented in the consolidated balance sheet are stated net of provision for doubtful debts. Provision is made where the directors consider there to be a risk that the full amount of the outstanding receivable will not be recoverable.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long term and short term finance.

The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies.

RESULTS AND DIVIDENDS

The loss for the financial year was £765,502 (2015: Profit of £22,163). The directors propose that the loss for the year is transferred to reserves. No dividend was declared or paid during the year (2015: £nil).

ON BEHALF OF THE BOARD:



.....
I H Marshall - Director

Date: 29/3/17
.....

**Report of the Directors
for the Year Ended 31 August 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2015 to the date of this report.

B D Dougherty
G Hill
G Kennedy
I H Marshall
B Woods

Other changes in directors holding office are as follows: . .

Mrs S J White - resigned 30 September 2015
G A Kennedy - appointed 2 November 2015 - resigned 21 March 2016
B J Barker - appointed 22 March 2016
D MacRae - resigned 22 March 2016
K J Lyon - resigned 29 February 2016

G W Kerr was appointed as a director after 31 August 2016 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

Mono Global Group Limited (Registered number: SC296339)

**Report of the Directors
for the Year Ended 31 August 2016**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
I H Marshall - Director

Date: 29/3/17

Report of the Independent Auditors to the Members of Mono Global Group Limited

We have audited the financial statements of Mono Global Group Limited for the year ended 31 August 2016 on pages eight to thirty two. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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

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

Opinion on financial statements

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 August 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Members of
Mono Global Group Limited**

Matters on which we are required to report by exception

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

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



Fraser Campbell (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 31/3/17

Mono Global Group Limited (Registered number: SC296339)

**Consolidated Income Statement
for the Year Ended 31 August 2016**

	Notes	2016 £	2015 £
TURNOVER		44,150,563	38,871,448
Cost of sales		40,510,500	34,244,628
GROSS PROFIT		3,640,063	4,626,820
Administrative expenses		3,847,256	4,054,478
OPERATING (LOSS)/PROFIT	5	(207,193)	572,342
Interest payable and similar expenses	6	580,672	503,989
(LOSS)/PROFIT BEFORE TAXATION		(787,865)	68,353
Tax on (loss)/profit	7	(22,363)	46,190
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(765,502)	22,163
(Loss)/profit attributable to: Owners of the parent		(765,502)	22,163

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

**Consolidated Other Comprehensive Income
for the Year Ended 31 August 2016**

	Notes	2016 £	2015 £
(LOSS)/PROFIT FOR THE YEAR		(765,502)	22,163
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(765,502)</u>	<u>22,163</u>
Total comprehensive income attributable to: Owners of the parent		<u>(765,502)</u>	<u>22,163</u>

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

Consolidated Balance Sheet
31 August 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	9	3,116,686	3,646,137
Tangible assets	10	275,941	380,488
Investments	11	-	-
		<u>3,392,627</u>	<u>4,026,625</u>
CURRENT ASSETS			
Stocks	12	17,773,527	12,368,218
Debtors	13	8,392,985	7,105,488
		<u>26,166,512</u>	<u>19,473,706</u>
CREDITORS			
Amounts falling due within one year	14	21,129,757	14,258,614
		<u>21,129,757</u>	<u>14,258,614</u>
NET CURRENT ASSETS		<u>5,036,755</u>	<u>5,215,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,429,382</u>	<u>9,241,717</u>
CREDITORS			
Amounts falling due after more than one year	15	2,894,328	2,941,161
		<u>2,894,328</u>	<u>2,941,161</u>
NET ASSETS		<u><u>5,535,054</u></u>	<u><u>6,300,556</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	1,998,842	1,998,842
Share premium	19	20,184	20,184
Retained earnings	19	3,516,028	4,281,530
		<u>5,535,054</u>	<u>6,300,556</u>
SHAREHOLDERS' FUNDS		<u><u>5,535,054</u></u>	<u><u>6,300,556</u></u>

The financial statements were approved by the Board of Directors on 29/3/17 and were signed on its behalf by:


.....
I H Marshall - Director

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

Company Balance Sheet
31 August 2016

		2016	2015
	Notes	£	£
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	25,276,417	25,276,417
		<u>25,276,417</u>	<u>25,276,417</u>
CURRENT ASSETS			
Debtors	13	395,335	364,866
CREDITORS			
Amounts falling due within one year	14	34,810,965	33,217,940
NET CURRENT LIABILITIES		<u>(34,415,630)</u>	<u>(32,853,074)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,139,213)</u>	<u>(7,576,657)</u>
CREDITORS			
Amounts falling due after more than one year	15	2,834,290	2,791,066
NET LIABILITIES		<u>(11,973,503)</u>	<u>(10,367,723)</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,998,842	1,998,842
Share premium	19	20,184	20,184
Retained earnings	19	(13,992,529)	(12,386,749)
SHAREHOLDERS' FUNDS		<u>(11,973,503)</u>	<u>(10,367,723)</u>
Company's loss for the financial year		<u>(1,605,780)</u>	<u>(1,577,608)</u>

The financial statements were approved by the Board of Directors on 29/3/17 and were signed on its behalf by:


.....
I H Marshall - Director

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 August 2016**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 September 2014	1,998,842	4,259,367	20,184	6,278,393
Changes in equity				
Total comprehensive income	-	22,163	-	22,163
Balance at 31 August 2015	1,998,842	4,281,530	20,184	6,300,556
Changes in equity				
Total comprehensive income	-	(765,502)	-	(765,502)
Balance at 31 August 2016	1,998,842	3,516,028	20,184	5,535,054

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

**Company Statement of Changes in Equity
for the Year Ended 31 August 2016**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 September 2014	1,998,842	(10,809,141)	20,184	(8,790,115)
Changes in equity				
Total comprehensive income	-	(1,577,608)	-	(1,577,608)
Balance at 31 August 2015	1,998,842	(12,386,749)	20,184	(10,367,723)
Changes in equity				
Total comprehensive income	-	(1,605,780)	-	(1,605,780)
Balance at 31 August 2016	1,998,842	(13,992,529)	20,184	(11,973,503)

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

**Consolidated Cash Flow Statement
for the Year Ended 31 August 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	111,480	(1,577,925)
Net cash from operating activities		<u>111,480</u>	<u>(1,577,925)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(60,819)	(112,458)
Interest received		2,227	32,968
Interest paid		(573,459)	(519,469)
Interest paid on HP and finance leases		(9,440)	(3,147)
Net cash from investing activities		<u>(641,491)</u>	<u>(602,106)</u>
Cash flows from financing activities			
Increase in revolving credit facility		-	3,050,000
Loan repayments in year		-	(1,125,000)
Capital repayments in year		(90,057)	(30,019)
Net cash from financing activities		<u>(90,057)</u>	<u>1,894,981</u>
Decrease in cash and cash equivalents		<u>(620,068)</u>	<u>(285,050)</u>
Cash and cash equivalents at beginning of year	2	(29,354)	255,696
Cash and cash equivalents at end of year	2	<u><u>(649,422)</u></u>	<u><u>(29,354)</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 August 2016**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
(Loss)/profit before taxation	(787,865)	68,353
Depreciation charges	165,366	124,867
Amortisation of goodwill	529,451	529,450
Amortisation of finance costs	43,228	59,802
Finance costs	580,672	503,989
	<u>530,852</u>	<u>1,286,461</u>
Increase in stocks	(5,405,309)	(3,072,180)
Increase in trade and other debtors	(1,265,134)	(4,091,531)
Increase in trade and other creditors	<u>6,251,071</u>	<u>4,299,325</u>
Cash generated from operations	<u><u>111,480</u></u>	<u><u>(1,577,925)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2016

	31.8.16	1.9.15
	£	£
Bank overdrafts	<u>(649,422)</u>	<u>(29,354)</u>

Year ended 31 August 2015

	31.8.15	1.9.14
	£	£
Cash and cash equivalents	-	255,696
Bank overdrafts	<u>(29,354)</u>	<u>-</u>
	<u><u>(29,354)</u></u>	<u><u>255,696</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 August 2016**

1. STATUTORY INFORMATION

Mono Global Group Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The company transitioned from UK GAAP to FRS 102 as at 1 September 2014. An explanation of the transitional adjustments is shown in the reconciliation of equity and reconciliation of profit.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

Based on projections of Mono Global Group Limited and its subsidiaries ("the group"), the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements.

The directors have prepared forecasts for Mono Global Group Limited that reflect their outlook for the company and group but which also take into account potential sensitivities that may affect trading performance. Based on these company only projections and the various facilities currently and expected to remain available to the group, the directors have concluded that the facilities are both adequate and appropriate and that the group and company will be able to operate within the covenants attaching to these facilities. Therefore the directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Mono Global Group Limited and its subsidiary undertakings. The results of the subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Significant judgements and estimates

The preparation of Financial Statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

3. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises the invoiced value of goods sold and services provided to customers, net of VAT. Turnover is recognised as services are accepted by customers.

Turnover and profit before taxation are attributable to the principal activity of the company. In the opinion of the directors it would be seriously prejudicial to disclose the geographic market segments of turnover and profit on ordinary activities before taxation.

Goodwill

Goodwill, being amounts paid in connection with the acquisition of businesses in excess of the fair value of the assets and liabilities acquired, is capitalised and amortised evenly over its useful life. Where the goodwill arose prior to the FRS 102 transition date, the estimated useful life is considered up to a maximum of twenty years. Following transition to FRS 102 the estimated useful life of goodwill is subject to a maximum of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 50% on cost
Computer equipment	- at varying rates on cost

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and estimated selling price less anticipated costs to complete and sell, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

3. ACCOUNTING POLICIES - continued

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they have been recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal to the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The tax liabilities of certain group companies are reduced wholly or in part by losses surrendered by other group companies. The tax benefits arising from group relief are recognised in the financial statements of the recipient companies.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease. Hire purchase transactions are dealt with in the same way except that assets are depreciated over their useful lives.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Financial reporting standard 102 - transition exemptions

The company has taken advantage of the following transition exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 19 Business Combinations and Goodwill in relation to business combinations effected before the date of transition.

4. EMPLOYEES AND DIRECTORS

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

	2016	2015
Professional	193	196
Administration	33	35
	<u>226</u>	<u>231</u>

	2016	2015
	£	£
Directors' remuneration	691,206	817,903
Directors' pension contributions to money purchase schemes	113,412	126,077
Compensation to director for loss of office	-	121,429
	<u>804,618</u>	<u>1,065,409</u>

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	166,577	167,169
Pension contributions to money purchase schemes	<u>27,000</u>	<u>27,000</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

5. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging:

	2016	2015
	£	£
Hire of plant and machinery	322,320	300,884
Depreciation - owned assets	97,823	107,981
Depreciation - assets on finance leases	67,543	16,886
Goodwill amortisation	529,451	529,450
Auditors' remuneration	29,724	32,500
Foreign exchange differences	1,389	39,322
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank interest	126,921	74,472
Bank loan interest	300,274	291,779
Finance charges (net)	153,477	137,738
	<u> </u>	<u> </u>
	<u>580,672</u>	<u>503,989</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2016	2015
	£	£
Current tax:		
Adjustment in respect of prior periods	-	236
	<u> </u>	<u> </u>
Deferred tax:		
Origination and reversal of timing differences	(26,735)	46,885
Adjustments in respect of prior periods	2,679	(931)
Effect of tax rate change on opening balance	1,693	-
	<u> </u>	<u> </u>
Total deferred tax	<u>(22,363)</u>	<u>45,954</u>
Tax on (loss)/profit	<u>(22,363)</u>	<u>46,190</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

7. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
(Loss)/profit before tax	<u>(787,865)</u>	<u>68,353</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.580%)	(157,573)	14,067
Effects of:		
Expenses not deductible for tax purposes	109,451	147,967
Capital allowances in excess of depreciation	-	(49,443)
Adjustments to tax charge in respect of previous periods	-	236
Other permanent differences	(29,507)	(114,748)
Short term timing differences	-	2,157
Deferred tax not recognised	43,132	45,954
Adjust closing deferred tax to average rate	9,455	-
Adjustment in respect of prior periods (deferred tax)	<u>2,679</u>	<u>-</u>
Total tax (credit)/charge	<u>(22,363)</u>	<u>46,190</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

9. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 September 2015 and 31 August 2016	<u>8,646,838</u>
AMORTISATION	
At 1 September 2015	5,000,701
Amortisation for year	<u>529,451</u>
At 31 August 2016	<u>5,530,152</u>
NET BOOK VALUE	
At 31 August 2016	<u><u>3,116,686</u></u>
At 31 August 2015	<u><u>3,646,137</u></u>

Goodwill on the acquisition of Mono Global Limited and its subsidiaries is being written off over its estimated useful life of 20 years.

Goodwill on the acquisition of Trucomm Limited is being written off over 10 years.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

10. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 September 2015	246,002	1,728,311	1,974,313
Additions	12,945	47,874	60,819
Disposals	(203,032)	(1,145,200)	(1,348,232)
At 31 August 2016	55,915	630,985	686,900
DEPRECIATION			
At 1 September 2015	234,688	1,359,137	1,593,825
Charge for year	15,562	149,804	165,366
Eliminated on disposal	(203,032)	(1,145,200)	(1,348,232)
At 31 August 2016	47,218	363,741	410,959
NET BOOK VALUE			
At 31 August 2016	8,697	267,244	275,941
At 31 August 2015	11,314	369,174	380,488

Included in the above are leased assets with a net book value of £185,743 (2015: £253,286). The depreciation charge for the period in respect of these assets was £67,543 (2015: £16,886).

11. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 September 2015 and 31 August 2016	25,276,417
NET BOOK VALUE	
At 31 August 2016	25,276,417
At 31 August 2015	25,276,417

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

11. FIXED ASSET INVESTMENTS - continued

The Company has investments in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Holding Ordinary shares
Mono Consultants Limited	Scotland	Project managers for telecommunications operators	100%
Mono Global Limited	Scotland	Non-trading	100%
Mono Scotland Limited**	Scotland	Non-trading	100%
Mono Consultants (Southern) Limited*	Scotland	Non-trading	100%
Mono Electrical Services Limited*	Scotland	Non-trading	100%
Tracklift Limited	Scotland	Non-trading	100%
Trucomm Limited	Scotland	Non-trading	100%

* The investments in Mono Consultants (Southern) Limited and Mono Electrical Services Limited are held through Mono Consultants Limited.

** The investment in Mono Scotland Limited is held through Mono Global Limited.

12. STOCKS

	Group	
	2016 £	2015 £
Raw materials	106,398	120,824
Work-in-progress	17,667,129	12,247,394
	<u>17,773,527</u>	<u>12,368,218</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	7,760,033	6,540,828	-	-
Amounts owed by group undertakings	-	-	343,419	343,419
Other debtors	64,977	17,831	47,496	-
Deferred tax asset	41,965	19,602	-	-
Prepayments and accrued income	526,010	527,227	4,420	21,447
	<u>8,392,985</u>	<u>7,105,488</u>	<u>395,335</u>	<u>364,866</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Deferred tax asset

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred tax	41,965	19,602	-	-

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 16)	4,149,422	3,529,354	14,695,551	14,150,748
Finance leases (see note 17)	90,057	90,057	-	-
Trade creditors	7,475,367	7,904,068	-	-
Amounts owed to group undertakings	-	-	20,091,290	19,052,366
Social security and other taxes	253,291	324,017	-	-
VAT	280,874	339,020	14,918	-
Net costs associated with arranging loans	(43,224)	(43,228)	(43,224)	(43,228)
Accruals and deferred income	8,923,970	2,115,326	52,430	58,054
	<u>21,129,757</u>	<u>14,258,614</u>	<u>34,810,965</u>	<u>33,217,940</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Other loans (see note 16)	3,000,000	3,000,000	3,000,000	3,000,000
Finance leases (see note 17)	60,038	150,095	-	-
Net costs associated with arranging loans	(165,710)	(208,934)	(165,710)	(208,934)
	<u>2,894,328</u>	<u>2,941,161</u>	<u>2,834,290</u>	<u>2,791,066</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	649,422	29,354	11,195,551	10,650,748
Bank loans	3,500,000	3,500,000	3,500,000	3,500,000
	<u>4,149,422</u>	<u>3,529,354</u>	<u>14,695,551</u>	<u>14,150,748</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>2,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>3,000,000</u>

The group has granted a bond and a floating charge over its assets, in favour of HSBC Bank plc, to secure the loan and overdraft facilities.

There is currently a banking arrangement with HSBC Bank plc, for a £4.5m revolving credit facility for the period to 31 December 2017.

During the year ended 31 August 2014 a loan totalling £3,000,000 was received from Business Growth Fund Plc, a minority shareholder. Biannual repayments are due between 31 December 2018 and 30 June 2021 and interest is charged at an arm's length commercial rate.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Finance leases	
	2016	2015
	£	£
Net obligations repayable:		
Within one year	90,057	90,057
Between one and five years	<u>60,038</u>	<u>150,095</u>
	<u>150,095</u>	<u>240,152</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

17. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	341,877	390,091
Between one and five years	907,525	1,161,726
In more than five years	246,319	432,164
	<u>1,495,721</u>	<u>1,983,981</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
388,694	A Ordinary Shares	0.25	97,173	97,173
1,338,406	Ordinary Shares	0.25	334,602	334,602
1,569,067	Preference Shares	1	1,567,067	1,567,067
			<u>1,998,842</u>	<u>1,998,842</u>

Class A Ordinary shares rank in priority to ordinary shares in relation to entitlement to receive a cumulative preferential net cash dividend.

The preference shares are non redeemable and carry no rights to any fixed dividends.

19. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 September 2015	4,281,530	20,184	4,301,714
Deficit for the year	(765,502)		(765,502)
At 31 August 2016	<u>3,516,028</u>	<u>20,184</u>	<u>3,536,212</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

19. RESERVES - continued

Company	Retained earnings £	Share premium £	Totals £
At 1 September 2015	(12,386,749)	20,184	(12,366,565)
Deficit for the year	(1,605,780)		(1,605,780)
At 31 August 2016	<u>(13,992,529)</u>	<u>20,184</u>	<u>(13,972,345)</u>

20. PENSION COMMITMENTS

The group operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost for the year amounted to £490,165 (2015: £511,586). At 31 August 2016, the company owed £54,924 (2015: £61,872) in respect of pension contributions.

21. CONTINGENT LIABILITIES AND GUARANTEES

The company has contingent liabilities in respect of cross guarantees on the overdrafts and loans of its fellow group undertakings. As at 31 August 2016, the bank balances of these companies was £10,546,128 (2015: £10,621,394).

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 August 2016**

22. RELATED PARTY DISCLOSURES - continued

During the year, Mono Consultants Limited purchased services from Dynamic Concepts Limited, in which Graeme Hill, a company director, is also a director. The total services purchased during the period totalled £278,230 (2015: £87,750). At 31 August 2016 the amount owed to Dynamic Concepts Limited was £113,932 (2015: £32,466). The total services sold to Dynamic Concepts Limited during the period totalled £9,749 (2015: £nil) and the amount owed by Dynamic Concepts Limited at 31 August 2016 was £1,409 (2015: £nil).

During the year, Mono Consultants Limited purchased services from Gillian Marshall, a close family member of Ian Marshall, a company director. The total services purchased during the period totalled £19,397 (2015: £55,825). At 31 August 2016 the amount owed to Gillian Marshall, was £920 (2015: £6,260).

During the year, Mono Global Group Limited was charged interest on a loan provided by Business Growth Fund Plc, a minority shareholder. The total interest charged during the period totalled £300,274 (2015: £249,041). At 31 August 2016 the outstanding loan amount owed to Business Growth Fund Plc was £3,000,000 (2015: £3,000,000) as disclosed in note 16.

23. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no individual ultimate controlling party.

Mono Global Group Limited (Registered number: SC296339)

Reconciliation of Equity

1 September 2014

(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		4,175,587	-	4,175,587
Tangible assets		122,726	-	122,726
		<u>4,298,313</u>	<u>-</u>	<u>4,298,313</u>
CURRENT ASSETS				
Stocks		9,296,038	-	9,296,038
Debtors		3,060,147	-	3,060,147
Cash in hand		255,696	-	255,696
		<u>12,611,881</u>	<u>-</u>	<u>12,611,881</u>
CREDITORS				
Amounts falling due within one year		(7,880,647)	-	(7,880,647)
NET CURRENT ASSETS		<u>4,731,234</u>	<u>-</u>	<u>4,731,234</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,029,547	-	9,029,547
CREDITORS				
Amounts falling due after more than one year		(2,751,154)	-	(2,751,154)
NET ASSETS		<u>6,278,393</u>	<u>-</u>	<u>6,278,393</u>
CAPITAL AND RESERVES				
Called up share capital		1,998,842	-	1,998,842
Share premium		20,184	-	20,184
Retained earnings		4,259,367	-	4,259,367
SHAREHOLDERS' FUNDS		<u>6,278,393</u>	<u>-</u>	<u>6,278,393</u>
		<u>6,278,393</u>	<u>-</u>	<u>6,278,393</u>

The notes form part of these financial statements

Reconciliation of Equity - continued
31 August 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		3,646,137	-	3,646,137
Tangible assets		380,488	-	380,488
		<u>4,026,625</u>	<u>-</u>	<u>4,026,625</u>
CURRENT ASSETS				
Stocks		12,368,218	-	12,368,218
Debtors		7,105,488	-	7,105,488
		<u>19,473,706</u>	<u>-</u>	<u>19,473,706</u>
CREDITORS				
Amounts falling due within one year		(14,258,614)	-	(14,258,614)
NET CURRENT ASSETS		<u>5,215,092</u>	<u>-</u>	<u>5,215,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,241,717	-	9,241,717
CREDITORS				
Amounts falling due after more than one year		(2,941,161)	-	(2,941,161)
NET ASSETS		<u>6,300,556</u>	<u>-</u>	<u>6,300,556</u>
CAPITAL AND RESERVES				
Called up share capital		1,998,842	-	1,998,842
Share premium		20,184	-	20,184
Retained earnings		4,281,530	-	4,281,530
SHAREHOLDERS' FUNDS		<u>6,300,556</u>	<u>-</u>	<u>6,300,556</u>
		<u>6,300,556</u>	<u>-</u>	<u>6,300,556</u>

The notes form part of these financial statements

Mono Global Group Limited (Registered number: SC296339)

**Reconciliation of Profit
for the Year Ended 31 August 2015**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	38,871,448	-	38,871,448
Cost of sales	(34,244,628)	-	(34,244,628)
GROSS PROFIT	4,626,820	-	4,626,820
Administrative expenses	(4,054,478)	-	(4,054,478)
OPERATING PROFIT	572,342	-	572,342
Interest payable and similar expenses	(503,989)	-	(503,989)
PROFIT BEFORE TAXATION	68,353	-	68,353
Tax on profit	(46,190)	-	(46,190)
PROFIT FOR THE FINANCIAL YEAR	22,163	-	22,163
Profit attributable to: Owners of the parent			22,163

The notes form part of these financial statements