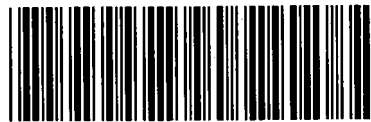


ANALYSYS MASON LIMITED

Annual Report and Financial Statements

For the year ended 28 February 2019

WEDNESDAY



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COMPANIES HOUSE

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Montanana (Chairman)
A C Moerman
F M Glennon
C A Stanford-Beale
S P Morris
T J Rudkin
J M Ruud
J A Obradors Samarra

COMPANY SECRETARY

T J Rudkin

REGISTERED OFFICE

North West Wing
Bush House
Aldwych
London
WC2B 4PJ

BANKERS

HSBC plc
60 Fenchurch Street
London
EC3M 4BA

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF
United Kingdom

STRATEGIC REPORT

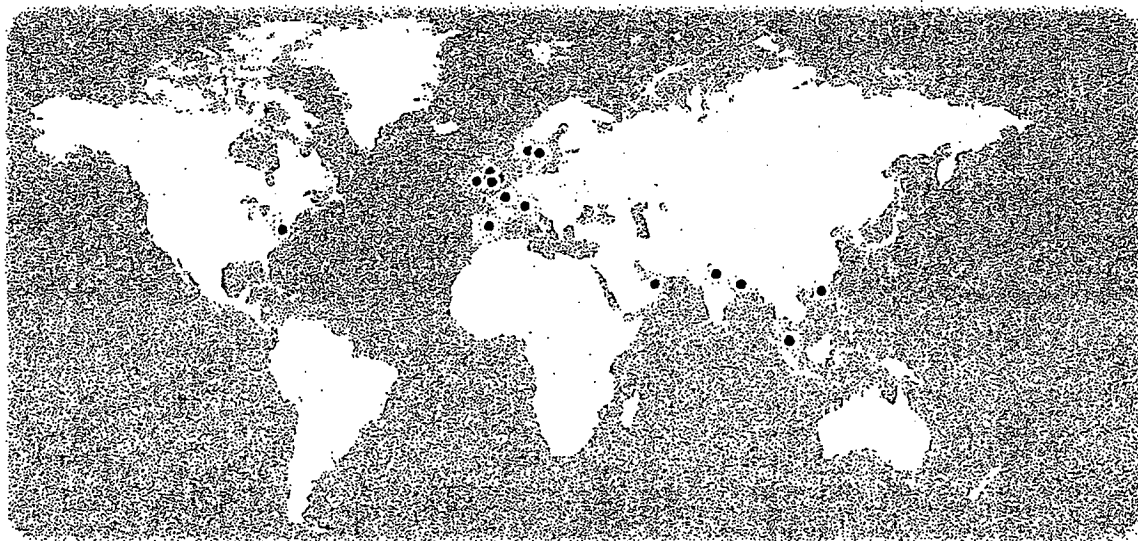
The directors in preparing this Strategic Report have complied with s414C of the Companies Act 2006.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Analysys Mason Limited and its subsidiary undertakings when viewed as a whole.

CHIEF EXECUTIVE'S STATEMENT

Analysys Mason is a global consultancy and research firm specialising in telecoms, media and technology for more than 30 years. Our consulting and research divisions continue to be at the forefront of developments in digital services and transformation and are advising clients on new business strategies to address disruptive technologies.

Our experts located in offices around the world provide local perspective on global issues. With around 245 staff in 15 offices worldwide, we are respected internationally for our exceptional quality of work, independence and flexibility in responding to client needs.



- New York
- Dublin
- Manchester
- London
- Milan
- Stockholm
- New Delhi
- Singapore
- Hong Kong
- Madrid
- Cambridge
- Paris
- Oslo
- Dubai
- Kolkata

Figure 1: Analysys Mason's global presence enables us to deliver sustainable business benefits to clients around the world

Analysys Mason provides value to its clients by solving some of their toughest problems. Headquartered in London, UK, with offices in Cambridge, Dubai, Dublin, Hong Kong, Madrid, Manchester, Milan, New Delhi, Oslo, Paris, Singapore, Stockholm, New York and Kolkata.

THE YEAR IN REVIEW

Analysys Mason reported an increase in revenues to £34.7million (2018: £31.8million) with non-UK revenues contributing 83% (2018: 80%). The gross margin decreased slightly to 36% (2018: 37%). The business has generated EBITDA before management fees of £2.3million¹ (2018: £2.1million²) at a margin of 6.5% (2018: 6.6%) and a profit before tax of £1.3 million (2018: £1.2 million). These are the main key performance indicators for the Group.

¹ Operating profit of £1,262,300 per the statement of comprehensive income + depreciation charge of £387,073 + amortisation charge of £421,625 + management fees of £179,327; therefore EBITDA before management fees = £2,250,325

² Operating profit of £1,094,910 per the statement of comprehensive income + depreciation charge of £370,033 + amortisation charge of £484,160 + management fees of £152,948; therefore EBITDA before management fees = £2,102,051

STRATEGIC REPORT

Analysys Mason continues to enjoy a good level of repeat business with diversified revenues, maintaining a strong position in its market.

ACQUISITION

On 17th July 2018 the acquisition of Access Markets International (AMI) Partners Inc. took place. Access Markets International (AMI) Partners Inc. is headquartered in New York and its main business relates to primary research, SMB ICT market segmentation and forecast models which have been built up over more than 20 years.

The acquisition of Access Markets International (AMI) Partners Inc. will allow Analysys Mason to extend its research to adjacent high growth markets.

MARKETS

Analysys Mason experienced strong demand for consulting services during 2019. In particular performance in Europe and the Middle East was significantly up year on year.

Proposition wise demand for Strategic Advice services and Transaction Support saw a good recovery from a temporary slow down in the second half of last year. However demand for Regulatory services was more subdued.

Analysys Mason's Research division continued to experience growth in Asia and emerging markets, and a continued stabilisation of demand in Europe and the US.

STRATEGY

Analysys Mason's approach is based on a unique combination of applied intelligence, independent opinions, a passion for problem-solving and consistently looking more closely and seeing further. This approach engenders strong long-term relationships with clients.

The key priority is to grow revenues whilst continuing to improve profitability without diluting the significant value propositions delivered by the business' exceptional talent. The overall strategy continues to be summarised as follows:

- Focus on core strengths, deepening expertise where already strong;
- Broaden the geographical footprint of core propositions;
- Extend core propositions carefully and incrementally to strengthen key client relationships;
- Increase the proportion of recurring revenue streams;
- Recruit, develop and retain talented staff;
- Foster real time operational visibility, cost vigilance and management agility;
- Balance individual performance management and accountability with a collaborative spirit;
- Increase the flexibility in staffing and staff remuneration models; and
- Uphold a high standard of business ethics.

PEOPLE

Analysys Mason's strongest asset is the expertise, experience, commitment and problem solving skills of its employees. Analysys Mason employs an impressive range of passionate, innovative and talented people from across the telecoms, media and IT industries.

FUTURE PROSPECTS

FY20 has shown a promising start with demand in line with expectations in all geographies. Although markets remain challenging and unpredictable in the short to medium term, management believes that the overall outlook is positive.

On 1 March 2019 Analysys Mason Limited acquired 100% of the share capital of Stelacon Holdings AB, a consulting company based in Stockholm and Malmo/Lund, Sweden. Stelacon Holdings AB, is a respected consulting company with more than 30 years of experience. Its expertise includes smart cities, regional development, digital services, policy & regulation and telecoms & digital communications.

The acquisition represented a significant further step in building a pan-Scandinavian presence, following the successful expansion in Norway in 2017.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company comprise delivery of strategy advice, operations support and market intelligence worldwide to leading commercial and public sector organisations in telecoms, IT and media.

The subsidiary undertakings that principally affect the profits or net assets of the Group in the year are listed in note 14 to the consolidated financial statements.

BUSINESS REVIEW

The directors believe the Group's future prospects to be satisfactory. The Chief Executive's statement also includes details of expected future developments in the business of the Group. Net assets of the Group are shown in the consolidated balance sheet on page 13 and have increased from £23,171,097 to £23,614,596 during the year. The movement is reconciled in the consolidated statement of changes in equity on page 11. The most significant movement was the retained profit for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risks and uncertainties to be retaining the best people, maintaining the Group's leadership in the markets it serves, credit risk, liquidity risk and market risk.

The Group operates a number of share-based payment plans to attract and retain the best people. These are detailed in note 22 to the consolidated financial statements. Financial risks and management's approach to managing these risks are detailed in note 32 to the consolidated financial statements.

The directors have made preparation for the Group following the UK referendum outcome in June 2016 for the UK to leave the EU. Even though a draft Withdrawal Agreement has been agreed between the UK government and the EU, it remains unclear what the outcome will be. In the absence of an agreement it is unclear what trading relationships the UK will have with the EU and other trading partners after 31 October 2019. Until the Brexit negotiation process is completed, it is difficult to anticipate the potential impact on our sales, profitability, cashflows and results of operations.

The directors continue to keep the potential implication of Brexit for the Group under review. Processes are in place across the business to identify, manage and mitigate risks across the Group. Due to the uncertainties surrounding Brexit it is difficult for the directors to mitigate all risks associated with Brexit however they feel as though the Group is in a good position to deal with any outcome.

EMPLOYEES

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Group intranet and electronic communications.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Details on employee numbers are included within note 6 to the consolidated financial statements.

HEALTH AND SAFETY

Analysys Mason takes seriously the health and safety of all its employees, clients, visitors, contractors and members of the public. The Company recognises and acknowledges that everyone has a vital role to play in the management and implementation of health and safety at work and that we therefore share responsibility for achieving and adhering to acceptable safety standards.

All major risk assessments have been completed on the organisation's activities and are monitored and reviewed on an annual basis, or sooner if the working environment or processes and procedures are affected by any changes. The Company has a Facilities/Health and Safety Manager who manages the health and safety activities; the Company also uses the services of external consultants who provide health and safety advice.

With regard to accident and incident rates, no dangerous occurrences have been reported, and only a small number of minor incidents were reported in the Accident Books. There have been no incidents reported under RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995).

STRATEGIC REPORT

ENVIRONMENT

Analysys Mason recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce damage that might be caused by the Company's activities. Key environmental aspects have been identified, and actions to address them are discussed at regular management reviews. Initiatives designed to minimise the Company's impact on the environment include recycling, reducing energy consumption and, where feasible, procuring materials from sustainable sources.

Analysys Mason has an Environmental Policy to which senior management are committed. Policies and procedures are published on the Company intranet, and are intended to comply with Environment Management Standard ISO14001.

The Company is aware of the need to control our energy consumption and carbon emissions in order to minimise climate change. Staff are encouraged to follow our low-carbon travel policy, and avoid travel by air wherever practicable. The Company also encourages staff to hold meetings by telephone or via the internet, and staff regularly use teleconferencing and online document sharing.

QUALITY

Within its Integrated Management System, the Company adheres to a formal Quality Management System (QMS). The QMS provides policies, procedures and guidelines that permit conformance with specific requirements and ensure that quality is planned, obtained and maintained; thus ensuring that the Company provides a service which fulfils client's needs and enhances their expectations. Within the UK and Ireland the QMS is certified to ISO9001:2015 by the British Standards Institution (BSI).

It is mandatory that all personnel carry out their activities in accordance with the QMS. Controlled copies of the policies and the procedures are available to all the staff via the Analysys Mason Intranet. The Quality Assurance Manager audits all the offices, systems and activities within Analysys Mason in accordance with an integrated audit schedule. Our quality assurance processes contain the relevant systems for performance monitoring and management information.

INFORMATION SECURITY

The Company's business relies on knowledge and information in order to provide the kind of service our clients require, and it is most important that this information is protected. The Company manages its handling of client and personal data by implementing a formal Information Security Management System (ISMS), which is certified to ISO27001:2013 by the BSI for the Company's office in Manchester; the requirements of the ISMS apply to all the Company's locations. The ISMS uses procedures and controls that cover physical and electronic security and encompasses all forms of information security, such as electronic data, information transmitted across networks, printed or written on paper, stored on electronic or removable media, or spoken in conversation or over the telephone.

Within the ISMS the Company also has a business continuity plan (BCP), and to support this the Company's Crisis Management Team holds regular meetings to ensure that the Company is prepared for incidents at any of its locations, and that staff are made aware of actions to take and who to contact if an incident arises. An up-to-date version of the BCP is automatically loaded on to all staff laptops, so that they will always have a copy to hand should the need arise.

Approved by the Board of Directors
and signed on behalf of the Board by:



A.C. Moerman
Director
31 July 2019

DIRECTORS REPORT

The directors present their Annual Report on the affairs of the Group, together with the audited financial statements, for the year ended 28 February 2019.

SHARE CAPITAL

There were no new classes of share issued during the year.

SUBSEQUENT EVENTS

On 1 March 2019 Analysys Mason Limited acquired 100% of the share capital of Stelacon Holdings AB, a company based in Sweden.

Details of the acquisition can be found in Note 35.

BUSINESS OVERVIEW

An indication of likely future developments in the business of the Group are included in the Strategic Report.

The principal risks and uncertainties of the Group are presented in the Strategic Report. Financial risks and management's approach to managing these risks are detailed in note 32 to the consolidated financial statements.

GOING CONCERN

After making enquiries, and based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

DIVIDENDS

The directors recommend a final dividend of £nil (2018: £nil). An interim dividend of £346,336 was paid in October 2019 at 17p per share (2018: an interim dividend of £384,431 was paid at 19p per share).

DIRECTORS

Current directors, all of which served during the year, are set out on page 1.

CHARITABLE GIFTS

During the year the Group made charitable donations of £718 (2018: £1,251).

AUDITOR

Each of the persons who are directors at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board by:



A C Moerman, Director
31 July 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group for that period. In preparing the Company and Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYSYS MASON LIMITED

Report on the audit of the financial statements

Opinion

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 28 February 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Analysys Mason Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company balance sheets;
- the consolidated and parent company cash flow statements;
- the statement of accounting policies; and
- the related notes 1 to 50.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions 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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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's 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANALYSYS MASON LIMITED (continued)

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.

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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

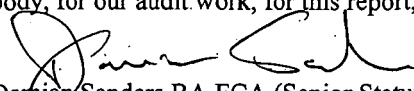
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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


Damian Sanders BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester,
United Kingdom

in August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2019

	Note	2019 £	2018 £
REVENUE	2,3	34,740,684	31,798,075
Cost of sales		(22,268,402)	(19,911,189)
GROSS PROFIT		12,472,282	11,886,886
Administrative expenses		(11,646,376)	(11,336,338)
Other income	2	436,394	544,362
OPERATING PROFIT	4	1,262,300	1,094,910
Investment revenue	7	56,674	60,400
Finance costs	8	(58,192)	(4,577)
PROFIT BEFORE TAX		1,260,782	1,150,733
Tax	9	(586,615)	(447,355)
PROFIT FOR THE YEAR	27	674,167	703,378
Attributable to:			
Equity holders of the parent		674,167	703,378

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

All activities arose from continuing operations.

There is no other comprehensive income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2019

	Share Capital (Note 24) £	Share Premium Account (Note 25) £	Own Shares (Note 26) £	Retained Earnings (Note 27) £	Total Equity £
Balance at 1 March 2017	25,528	18,491,375	(2,645,502)	5,244,563	21,115,964
Profit for the year	-	-	-	703,378	703,378
Total comprehensive income for the year	-	-	-	703,378	703,378
Own shares acquired in the year	-	-	(84,399)	-	(84,399)
Own shares disposed in the year	-	-	55,842	-	55,842
Own shares transacted at a discount	-	-	(651,828)	651,828	-
Credit to equity for equity-settled share-based payments	-	-	162,617	21,527	184,144
Dividends paid during the year	-	-	-	(384,431)	(384,431)
Share distributed on acquisition	-	-	1,586,058	-	1,586,058
Other currency translation differences	-	-	-	(5,459)	(5,459)
Balance at 28 February 2018	25,528	18,491,375	(1,577,212)	6,231,406	23,171,097
Profit for the year	-	-	-	674,167	674,167
Total comprehensive income for the year	-	-	-	674,167	674,167
Prior year adjustment in relation to change in accounting policy (IFRS15)	-	-	-	(128,648)	(128,648)
Own shares acquired in the year	-	-	(48,586)	-	(48,586)
Own shares disposed in the year	-	-	79,460	-	79,460
Own shares transacted at a discount	-	-	(58,746)	58,746	-
Credit to equity for equity-settled share-based payments	-	-	180,555	31,574	212,129
Dividends paid during the year	-	-	-	(346,336)	(346,336)
Other currency translation differences	-	-	-	1,313	1,313
Balance at 28 February 2019	25,528	18,491,375	(1,424,529)	6,522,222	23,614,596

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2019

	Share Capital (Note 24) £	Share Premium Account (Note 25) £	Own Shares (Note 26) £	Retained Earnings (Note 48) £	Total Equity £
Balance at 1 March 2017	25,528	18,491,375	(2,645,502)	4,791,127	20,662,528
Profit for the year	-	-	-	5,748,997	5,748,997
Total comprehensive income for the year	-	-	-	5,748,997	5,748,997
Own shares acquired in the year	-	-	(84,399)	-	(84,399)
Own shares disposed in the year	-	-	55,842	-	55,842
Own shares transacted at a discount	-	-	(651,828)	651,828	-
Credit to equity for equity-settled share-based payments	-	-	162,617	21,527	184,144
Dividends paid during the year	-	-	-	(384,431)	(384,431)
Share distributed on acquisition	-	-	1,586,058	-	1,586,058
Balance at 28 February 2018	25,528	18,491,375	(1,577,212)	10,829,048	27,768,739
Profit for the year	-	-	-	755,526	755,526
Total comprehensive income for the year	-	-	-	755,526	755,526
Prior year adjustment in relation to change in accounting policy (IFRS15)	-	-	-	(128,648)	(128,648)
Own shares acquired in the year	-	-	(48,586)	-	(48,586)
Own shares disposed in the year	-	-	79,460	-	79,460
Own shares transacted at a discount	-	-	(58,746)	58,746	-
Credit to equity for equity-settled share-based payments	-	-	180,555	31,574	212,129
Dividends paid during the year	-	-	-	(346,336)	(346,336)
Share distributed on acquisition	-	-	-	-	-
Balance at 28 February 2019	25,528	18,491,375	(1,424,529)	11,199,910	28,292,284

CONSOLIDATED BALANCE SHEET
As at 28 February 2019

	Note	2019 £	2018 £
NON-CURRENT ASSETS			
Goodwill	10	16,781,220	15,543,189
Investments		67,869	-
Property, plant and equipment	12	683,964	797,673
Intangible assets	13	1,104,628	1,033,168
Long-term loans to related parties	11	618,623	1,100,000
Deferred tax assets	23	680,550	597,514
		<u>19,936,854</u>	<u>19,071,544</u>
CURRENT ASSETS			
Contract assets	15	2,972,415	3,598,430
Trade and other receivables	16	10,351,426	8,869,998
Current tax asset		95,528	27,917
Cash and cash equivalents	16	4,037,421	4,023,430
		<u>17,456,790</u>	<u>16,519,775</u>
TOTAL ASSETS		<u>37,393,644</u>	<u>35,591,319</u>
CURRENT LIABILITIES			
Trade and other payables	17	(7,748,036)	(7,532,603)
Deferred consideration	18	(153,307)	(547,437)
Contract liabilities	20	(2,612,282)	(2,889,646)
Borrowings	21	(40,442)	(80,620)
Current tax liability		(524,064)	(339,358)
Loan from related party	21	(475,799)	-
		<u>(11,553,930)</u>	<u>(11,389,664)</u>
NET CURRENT ASSETS		<u>5,902,860</u>	<u>5,130,111</u>
NON-CURRENT LIABILITIES			
Borrowings	21	-	(40,457)
Liabilities for share-based payments	22	(891,318)	(773,759)
Deferred tax liabilities	23	(223,053)	(216,342)
Loan from related party	21	(1,110,747)	-
		<u>(2,225,118)</u>	<u>(1,030,558)</u>
TOTAL LIABILITIES		<u>(13,779,048)</u>	<u>(12,420,222)</u>
NET ASSETS		<u>23,614,596</u>	<u>23,171,097</u>
EQUITY			
Share capital	24	25,528	25,528
Share premium account	25	18,491,375	18,491,375
Own shares	26	(1,424,529)	(1,577,212)
Retained earnings	27	6,522,222	6,231,406
TOTAL EQUITY		<u>23,614,596</u>	<u>23,171,097</u>

The financial statements of Analysys Mason Limited, registered number 05177472, were approved by the Board of Directors on 31 July 2019.

Signed on behalf of the Board of Directors



A C Moerman, Director

The accompanying notes form an integral part of the consolidated balance sheet.

ANALYSYS MASON LIMITED

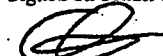
COMPANY BALANCE SHEET

As at 28 February 2019

	Note	2019 £	2018 £
NON-CURRENT ASSETS			
Goodwill	39	12,707,560	12,707,560
Property, plant and equipment	40	518,719	719,841
Intangible assets	41	104,869	92,551
Long-term loans to related parties	11	618,623	1,100,000
Investments in subsidiaries	42	14,108,491	9,967,624
Deferred tax assets	43	453,985	482,609
		<u>28,512,247</u>	<u>25,070,185</u>
CURRENT ASSETS			
Contract assets	44	1,659,040	2,909,617
Trade and other receivables	45	6,676,575	6,113,266
Loans to other Group entities	45	2,006,797	2,322,351
Cash and cash equivalents	45	784,403	2,451,351
		<u>11,126,815</u>	<u>13,796,585</u>
TOTAL ASSETS		<u>39,639,062</u>	<u>38,866,769</u>
CURRENT LIABILITIES			
Trade and other payables	46	(4,241,562)	(5,030,935)
Deferred consideration	18	(153,307)	(547,437)
Contract liabilities	47	(2,262,246)	(2,717,137)
Loans from other Group entities	46	(2,003,391)	(1,600,681)
Borrowings	21	(40,457)	(80,620)
Current tax liability		(167,951)	(307,004)
Loan from Group entity	21	(475,799)	-
		<u>(9,344,713)</u>	<u>(10,283,814)</u>
NET CURRENT ASSETS		<u>1,782,102</u>	<u>3,512,771</u>
NON-CURRENT LIABILITIES			
Borrowings	21	-	(40,457)
Liabilities for share-based payments	22	(891,318)	(773,759)
Loan from Group entity	21	(1,110,747)	-
		<u>(2,002,065)</u>	<u>(814,216)</u>
TOTAL LIABILITIES		<u>(11,346,778)</u>	<u>(11,098,030)</u>
NET ASSETS		<u>28,292,284</u>	<u>27,768,739</u>
EQUITY			
Share capital	24	25,528	25,528
Share premium account	25	18,491,375	18,491,375
Own shares	26	(1,424,529)	(1,577,212)
Retained earnings	48	10,444,384	5,080,051
Profit for the year	37	755,526	5,748,997
TOTAL EQUITY		<u>28,292,284</u>	<u>27,768,739</u>

These financial statements of Analysys Mason Limited, registered number 05177472, were approved by the Board of Directors on 31 July 2019.

Signed on behalf of the Board of Directors



A C Moerman, Director

The accompanying notes form an integral part of this Company balance sheet.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 28 February 2019

	Note	2019 £	2018 £
Net cash from operating activities	28	<u>193,250</u>	<u>1,841,030</u>
Investing activities			
Interest received		56,674	60,400
Long-term related party loans	11	500,000	400,000
Proceeds on the disposal of property and equipment		-	691
Purchases of property and equipment	12	(241,264)	(150,625)
Purchase of intangible assets	13	(65,472)	(70,458)
Net cash on acquisition of subsidiary	34	(1,505,338)	(1,518,592)
Loans issued		(18,623)	-
Net cash used in investing activities		<u>(1,274,023)</u>	<u>(1,278,584)</u>
Financing activities			
Repayment of lease obligations		(80,635)	(80,230)
Loan from Group entity		2,639,553	-
Repayment of loan from Group entity		(1,148,691)	-
Dividends paid		(346,336)	(384,431)
Net cash flow on purchase of own shares	26	30,874	(14,876)
Net cash used in financing activities		<u>1,094,765</u>	<u>(479,537)</u>
Net increase in cash and cash equivalents		13,992	82,909
Cash and cash equivalents at beginning of the year		<u>4,023,430</u>	<u>3,940,521</u>
Cash and cash equivalents at end of year		<u><u>4,037,421</u></u>	<u><u>4,023,430</u></u>

The accompanying notes form an integral part of this consolidated cash flow statement.

ANALYSYS MASON LIMITED

COMPANY CASH FLOW STATEMENT
For the year ended 28 February 2019

	Note	2019 £	2018 £
Net cash from operating activities	49	<u>(295,607)</u>	<u>1,608,677</u>
Investing activities			
Interest received		60,579	60,400
Long-term related party loans	11	500,000	400,000
Proceeds on disposal of property and equipment		-	691
Purchases of property and equipment	40	(208,997)	(128,367)
Purchase of intangible assets	41	(65,504)	(70,458)
Cash paid on acquisition of subsidiary	34	(2,665,992)	(1,646,686)
Purchase of share capital in new subsidiaries		(67,569)	(16,230)
Loans issued		(18,623)	-
Net cash used in investing activities		<u>(2,466,106)</u>	<u>(1,400,650)</u>
Financing activities			
Repayment of lease obligations		(80,635)	(80,230)
Loan from Group entity		2,639,553	-
Repayment of loan from Group entity		(1,148,691)	-
Dividends paid		(346,336)	(384,431)
Net cash flow on purchase of own shares	26	30,874	(14,876)
Net cash used in financing activities		<u>1,094,765</u>	<u>(479,537)</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(1,666,948)</u>	<u>(271,510)</u>
Cash and cash equivalents at beginning of the year		<u>2,451,351</u>	<u>2,722,861</u>
Cash and cash equivalents at end of year		<u><u>784,403</u></u>	<u><u>2,451,351</u></u>

The accompanying notes form an integral part of this Company cash flow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2019

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Analysys Mason Limited is a private company limited by shares domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Chief Executive's statement on pages 2 to 3. These financial statements are presented in Pounds Sterling because that is the functional currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below in note 1.6.

The accounting policies detailed below apply to both the Group and Company financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union. These are those standards, subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board ('IASB') that have been endorsed by the European Union at the year end. They also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except where the individual accounting policies state otherwise. The principal accounting policies adopted are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

GOING CONCERN

The performance, financial position and the key risks impacting the Group are set out in the Strategic Report and the Chief Executive's statement. The financial risks are set out in note 32 to the financial statements. At 28 February 2019 the Group had available a £1.5m overdraft with HSBC Bank plc ("HSBC"), although the overdraft is unutilised as at 28 February 2019. The HSBC overdraft is repayable on demand and due for annual review on 31 July 2019. Management expect this facility to be renewed and this is supported by the strong relationship between the Company, the parent and HSBC. There are no covenants attached to the HSBC facility. Analysys Mason Limited and its subsidiaries (together "the subgroup") manage their financing and cash requirements on a pooled basis, allocating it between subsidiaries to meet short and medium term requirements. The Company and its trading subsidiaries act as guarantor to the HSBC facilities outlined above.

The directors have prepared forecasts of the subgroup's profitability and cash generation for the period to February 2022 ("the forecasts"), taking into account the sensitivity of business performance to possible changes in market conditions. These forecasts indicate that the subgroup's existing facilities should be sufficient during the period. The directors have considered reasonably possible changes in market conditions against these forecasts and believe that any adverse changes would not result in the facilities being breached.

After reviewing the forecasts and making such other enquiries as they considered necessary, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

ADOPTION OF NEW AND REVISED STANDARDS

The Group and Company adopted the following amendments to accounting standards. The adoption of these amendments did not have a material impact on the Group and Company annual financial statements.

Applicable standard	Key requirements or changes in accounting policy	Implementation progress and expected impact
<p>IFRS 15 Revenue from Contracts with Customers</p> <p>Effective date 1 January 2018</p>	<p>The new standard requires entities to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements.</p>	<p>Implementation progress</p> <p>During the year the Group has assessed the impact of IFRS 15 to determine whether the timing or amount of revenue would be impacted under IFRS 15. The five- steps taken were:</p> <ul style="list-style-type: none"> • Identify a contract • Identify performance obligations • Determining a transaction price • Allocating the transaction price to performance obligation • Satisfaction of performance obligations <p>The services that the Group provides to its customers have no alternative use which allows the Group to continue to recognise revenue "over-time". Where specific contracts do not meet the criteria for this, the Group has developed a method to ensure that these contracts are accounted for "in-time" once the contract is 100% fulfilled. This standard will not affect the value of revenue but will affect the timing.</p> <p>Expected Impact</p> <p>During the year the Group completed a detailed review of the requirements for IFRS 15, against its current accounting policies. Based on the work performed to date, no material recognition and measurement differences have been identified.</p> <p>The Group adopted using the modified retrospective approach to the new IFRS 15 standard.</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

<p>IFRS 9 Financial Instruments</p> <p>Effective date 1 January 2018</p>	<p>The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.</p>	<p>Implementation progress The primary change that would impact the Group relates to the provisioning for future credit losses on financial assets. Management have considered this by reviewing past default rates and considering any indications of future losses. The Group does not believe this will have a material impact in the future.</p> <p>Impact of initial application of IFRS 9</p> <p>In the current year, the Group has applied IFRS 9 Financial instruments and the related consequential amendments that are effective for an annual period that begins on or after 1 January 2018.</p> <p>There has been no impact on the Group results as a result of adopting IFRS 9.</p>
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- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Considerations effective 1 January 2018
- Amendments resulting from Annual Improvements 2014 – 2016 Cycle effective 1 January 2018
- Apart from the application of the revised amendments to existing standards relating to IFRS9 and IFRS 15, the remaining amendments has had no material impact on the disclosures or amounts recognised in the Group's consolidated financial statements. No new accounting standards or interpretations were adopted during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

Accounting standards not yet adopted by the Group

At the date of authorisation of these annual financial statements, the following new or revised standards, amendments to existing standards, and interpretations applicable to the Group and Company were in issue but not yet effective:

Applicable standard	Key requirements or changes in accounting policy	Implementation progress and expected impact
IFRS 16 Leases Effective date 1 January 2019	The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.	<p>Implementation progress During the year, the Group undertook a preliminary impact assessment of IFRS 16.</p> <p>Expected Impact The most significant impact on the Group applying IFRS 16, based on contractual arrangements in place at 28 February 2019, will be the recognition of lease liabilities of £7.2 million, along with right-of-use assets with a similar aggregate value. This liability corresponds to the minimum lease payments under operating leases adjusted for the effects of discounting. The present value of liabilities for existing operating leases of £7.2 million will be included in net debt on transition to IFRS 16 at 1 March 2019.</p>

The Group has elected to adopt this new standard when it becomes effective and this amendment will have an impact on the financial statements for the year ended 29 February 2020 for IFRS 16.

In addition to the above, the Group does not currently believe that the adoption to the following amendments will have a material impact on the consolidated results or financial position of the Group:

- Amendments to IFRS 9 Prepayment features with negative compensation effective 1 January 2019
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures effective 1 January 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations effective 1 January 2019, IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture effective 1 January 2019
- IFRIC 23 Uncertainty over Income Tax Treatments effective 1 January 2019
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS2)
- Transfers of Investment Property (Amendments to IAS40)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 February each year. Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in non-controlling interests having a deficit balance.

The operating results of Group entities are included from the effective date of acquisition to the effective date of disposal. All significant inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in the statement of comprehensive income is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

1.2. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the consideration transferred, the excess is recognised immediately in profit and loss. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contingent consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent adjustments to the consideration are recognised against the cost of the acquisition, with corresponding adjustments against goodwill, only to the extent that they arise from new information obtained within the measurement period (which is not more than 12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent adjustments that do not qualify as measurement period adjustments, classified as assets or liabilities, are measured at fair value and recognised in profit or loss.

A non-controlling interest in the acquiree is initially measured at the proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (refer above) or additional assets or liabilities are recognised to reflect new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations achieved in stages

Changes in the Group's ownership interests in subsidiaries that do not result in variations in the Group's control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Restructuring of entities or businesses under common control

A business combination of entities or businesses under common control is excluded from IFRS 3 Business Combinations as it involves the combination of businesses that are ultimately controlled by the same company as before. Any such business combination is accounted for at the net asset value and no goodwill is raised on these business combinations. Any difference between the net asset value and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019**1. ACCOUNTING POLICIES (continued)****1.3. Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs (1 March 2006) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1 March 2006 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

1.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognised either on the basis of work completed or on completion of the contract depending on the certainty over the level of the outcome of the contract.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.5. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Lease incentives are recognised evenly over the life of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

1.6. Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Where appropriate, in order to minimise its exposure to foreign exchange risks, the Group enters into forward exchange contracts. Any gains or losses arising are recognised in the statement of comprehensive income.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

1.7. Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

1.8. Retirement benefit costs

The Group operates defined contribution pension schemes for a number of its staff and directors. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Group operates a defined benefits pension scheme for some staff in the Group. Payments to the defined benefit scheme are charged as an expense as they fall due. Any liabilities due to the scheme are settled in the year in which they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**For the year ended 28 February 2019****1. ACCOUNTING POLICIES (continued)****1.9. Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, respectively. Where current tax or deferred tax arises from the initial accounting for business combination, the tax effect is included in the accounting for a business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.10. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the shorter of the lease term or their useful life
Capitalised leased assets	over the shorter of the lease term or their useful life
Fixtures and equipment	over two to five years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

1.11. Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment loss. An intangible asset is recognised when it meets the following criteria:

- (a) It is identifiable;
- (b) The entity has control over the asset;
- (c) It is probable that economic benefits will flow to the entity; and
- (d) The cost of the asset can be measured reliably.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Software	over three years
Customer relationship	over one to four years
Technology based	over seven years

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.12. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13. Financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019**1. ACCOUNTING POLICIES (continued)****1.13. Financial instruments (continued)****Financial assets**

Financial assets are classified into the following specified categories: "Trade and other receivables" and "Cash and Cash Equivalents". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

1.13. Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (trade and other payables), including borrowings, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

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

Amounts owing to vendors

Amounts owing to vendors represent purchase considerations owing in respect of acquisitions. These purchase considerations are to be settled with the vendors in cash or shares on fulfilment of agreed performance criteria. Amounts payable to vendors are included in the purchase consideration at acquisition and, to the extent that agreed performance criteria are not met, affect the profit or loss in the period in which that determination is made. Amounts owing to vendors at fair value through profit and loss are stated at fair value with any gains or losses on remeasurement recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments to mitigate its foreign currency and not for speculative or trading purposes. Derivatives are not designated as accounting hedges. All derivatives are recognised as assets or liabilities and measured at fair value in the Group's consolidated balance sheet. Derivatives are classified within other debtors and other creditors to the extent that they mature within 12 months of the balance sheet date. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income in the period in which they occur.

Fair value of financial instruments

The Company uses fair values to measure certain financial instruments. In addition, certain non-financial instruments are accounted for at fair value on a non-recurring basis.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

IFRS 7 Financial Instruments: Disclosures ("IFRS 7") describes three levels of inputs that may be used to measure fair value:

- Level 1- inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model or discounted cash flow methodologies with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 – inputs are unobservable inputs that are supported by little or no market activity. Valuation of Level 3 assets and liabilities requires significant management judgment to develop estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realise in a current market transaction.

Derivative financial instruments are recognised and measured at fair value in the Company's consolidated balance sheet. Carrying amounts of receivables, payables, accrued expenses and short-term debt approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

1. ACCOUNTING POLICIES (continued)

1.14. Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*.

The Group issues equity-settled and cash-settled share-based payments to certain employees as part of their total remuneration. Fair value is measured using either the Black Scholes model or the binomial pricing model, whichever is most appropriate to the award. The fair values are charged to the statement of comprehensive income on a straight-line basis over the vesting period with an increase in equity reserves for equity-settled share-based payments (included in retained earnings) and an increase in non-current liabilities for cash-settled share-based payments (shown separately in the consolidated and Company Balance Sheet). Management reviews the fair value estimate each year based on its estimate of shares that will eventually vest.

In applying IFRS 2 *Share-based Payment*, the directors have used employee churn rate for different options based on previous experience to arrive at the estimate of shares that will eventually vest. The valuation is based on a Black-Scholes model and is conducted by an independent advisor, based on certain assumptions, such as volatility and dividend yield. In the absence of historic share price information and historic dividends for the Company, these estimates are based on comparable companies.

1.15. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key areas of estimation included in the Group's annual financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Estimates made in determining the recoverable amount of acquired intangible assets included in the consolidated balance sheet (disclosed in Note 13). The Group continually assesses the carrying value of its intangible assets recognised as part of historical acquisitions. This requires an estimation of the value in use, based on estimated future cash flows and discount rates of the asset or cash-generating units to which these assets belong.

Estimates made in determining the recoverable amount of goodwill included in the consolidated balance sheet (disclosed in Note 10). Similar to acquired intangible assets, this requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. The Group's cash-generating units are consistent with those segments disclosed in Note 10 to the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

2. REVENUE

An analysis of the Group's revenue, all from continuing operations, is as follows:

	2019 £	2018 £
Included in revenue		
Telecoms, media and IT consultancy services	34,740,684	31,798,075
Included in other income		
Income from sublet properties	436,394	544,362

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group has only one principal activity, the provision of telecoms, media and IT consultancy services.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of services:

	2019 £	2018 £
United Kingdom	5,901,001	6,329,388
Other European countries	12,513,733	11,111,885
Rest of world	16,325,950	14,356,802
	34,740,684	31,798,075

4. OPERATING PROFIT

Operating profit has been arrived at after charging:

	2019 £	2018 £
Net foreign exchange losses	141,457	242,915
Depreciation of property and equipment	387,073	370,033
Amortisation of intangible assets	421,625	484,160
Staff costs (see note 6)	22,383,188	18,805,919
Net increase in impairment allowances	13,452	86,004
Operating lease payments	1,593,632	1,601,410
Management fees	179,327	152,948
Restructuring	71,818	74,067
Gains on disposal of property and equipment	-	(691)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	72,900	47,531
Fees payable to the Company's auditor and their associates for other services to the Group:		
- Audit of the Company's subsidiaries pursuant to legislation	9,500	9,500
<i>Total audit fees</i>	<u>82,400</u>	<u>57,031</u>
- Taxation compliance services	17,498	18,531
- Other taxation advisory services	-	-
<i>Total non-audit fees</i>	<u>17,498</u>	<u>18,531</u>

6. STAFF COSTS

	2019 No.	2018 No.
The average monthly number of employees (including directors) was:		
Office and management	226	209
This is split between direct employees and non-direct employees:		
Direct employees	180	162
Non-direct employees	46	47
	<u>180</u>	<u>162</u>
	<u>46</u>	<u>47</u>
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	19,174,544	15,814,683
Social security	2,115,771	2,056,619
Pension costs	1,092,873	934,617
	<u>22,383,188</u>	<u>18,805,919</u>

The amounts expensed in respect of the share-based payment scheme are separately disclosed in Note 22.
 The directors' remuneration has been disclosed separately in Note 33.

7. INVESTMENT REVENUE

	2019 £	2018 £
Interest receivable on bank deposits	11,095	2,917
Interest receivable on related party loans	45,579	57,483
	<u>56,674</u>	<u>60,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

8. FINANCE COSTS

All finance costs relate to financial instruments measured at amortised cost.

	2019 £	2018 £
Interest paid on bank overdrafts and other loans	3,772	3,810
Finance charges on finance lease obligations	377	767
Interest paid on group loan	54,043	-
	<u>58,192</u>	<u>4,577</u>

9. TAX

	2019 £	2018 £
Corporation tax		
Current year	770,539	842,157
Adjustments in respect of prior years	(17,596)	14,629
Deferred tax		
Current year	(226,204)	(420,179)
Adjustments in respect of prior years	59,876	10,748
Total tax charge	<u>586,615</u>	<u>447,355</u>

The charge for the year can be reconciled to the profit in the statement of comprehensive income as follows:

	2019 £	2019 %	2018 £	2018 %
Profit before tax	<u>1,260,782</u>		<u>1,150,733</u>	
Standard rate as a percentage of profits	239,549	19.0	219,790	19.1
Effects of:				
Non-deductible expenses	(49,737)	(4.0)	109,776	9.5
Utilisation of losses previously not recognised	(15,403)	(1.2)	(23,316)	(2.0)
Deferred tax not recognised	71,459	5.7		
Different tax rates of subsidiaries operating in other jurisdictions	276,855	21.9	351,332	30.5
Change in rate of income tax	21,612	1.7	6,340	0.6
Adjustments in respect of prior years	42,280	3.4	25,377	2.2
Deferred tax on share-based payments	-	-	(241,944)	(21.0)
Tax expense and effective tax rate for the year	<u>586,615</u>	<u>46.5</u>	<u>447,355</u>	<u>38.9</u>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

10. GOODWILL

	£
Cost	
At 1 March 2017	16,371,861
Additions	<u>2,557,511</u>
At 1 March 2018	18,929,372
Other Movements	5,328
Additions	<u>1,232,703</u>
At 28 February 2019	<u>20,167,403</u>
Accumulated impairment losses	
At 28 February 2018, and 28 February 2019	<u>3,386,183</u>
Carrying amount	
At 28 February 2018	15,543,189
At 28 February 2019	<u>16,781,220</u>

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and risks. The Group operates as a group of cash generating units as the entities have the same principal activity. The discount rate used was 14.25%, which was supported by advice from external consultants. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets for the next 3 years which are approved by management. Cash flows are extrapolated for a further 3 year period with estimated annual growth reducing gradually, to a rate of 2%, which is considered to not exceed the long-term market growth, in perpetuity used to calculate the terminal value.

11. LOANS TO RELATED PARTIES

	2019	2018
	£	£
Mason Advisory Limited	1,111,527	1,514,805
Directus AS	<u>18,623</u>	<u>-</u>
Total related party loans	<u>1,130,150</u>	<u>1,514,805</u>
Amounts due for settlement within 12 months (note 16)	<u>511,527</u>	<u>414,805</u>
Amounts due for settlement after 12 months	<u>618,623</u>	<u>1,100,000</u>

The settlement currency from Mason Advisory Limited for the loan is UK Pound Sterling and the settlement from Directus AS is Norwegian Krone.

On 16 May 2014 Analysys Mason Limited granted Mason Advisory Limited, a fellow subsidiary of Datatec Limited, a loan totalling £2,100,000 repayable over seven years. This bears interest at a rate of 3.5% over the Bank of England base rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

11. LOANS TO RELATED PARTIES (continued)

From 1 March 2016 Mason Advisory ceased to be a fellow subsidiary of Datatec Limited and is now classed as a related party.

On 18 February 2019 Analysys Mason Limited granted Directus AS a loan totalling NOK206,900 over three years. This bears interest at a rate of 0.5% over the Norwegian Interbank Offered Rate. Post year end the Group increased their investment in Directus AS, see note 35 for details.

12. PROPERTY, PLANT AND EQUIPMENT

	Capitalised leased assets £	Leasehold improvements £	Fixtures and equipment £	Total £
Cost				
At 1 March 2017	241,378	801,201	749,658	1,792,237
Additions	-	83,822	66,803	150,625
Disposals	-	(11,716)	(24,054)	(35,770)
Acquisition of subsidiary	-	-	92,852	92,852
Foreign currency translation	-	-	(779)	(779)
Transfer	-	26,396	4,219	30,615
At 28 February 2018	241,378	899,703	888,699	2,029,780
Additions	-	201,024	40,240	241,264
Disposals	-	(93,035)	(82,709)	(175,744)
Acquisition of subsidiary	-	33,955	273,072	307,027
At 28 February 2019	241,378	1,041,647	1,119,302	2,402,327
Depreciation				
At 1 March 2017	33,526	359,758	406,522	799,806
Charge for the year	80,459	141,901	147,673	370,033
Eliminated on disposals	-	(11,716)	(24,054)	(35,770)
Acquisition of subsidiary	-	-	47,928	47,928
Foreign currency translation	-	-	(593)	(593)
Transfer	-	26,396	24,307	50,703
At 28 February 2018	113,985	516,339	601,783	1,232,107
Charge for the year	80,459	161,227	145,387	387,073
Eliminated on disposals	-	(93,036)	(82,709)	(175,745)
Acquisition of subsidiary	-	29,727	245,200	274,927
At 28 February 2019	194,444	614,257	909,661	1,718,363
Carrying amount				
At 28 February 2019	46,933	427,390	209,641	683,964
At 28 February 2018	127,393	383,364	286,916	797,673

Capitalised leased assets relate to IT equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

13. INTANGIBLE ASSETS

	Software £	Customer relationships £	Technology based £	Total £
Cost				
At 1 March 2017	748,991	-	-	748,991
Additions	70,458	-	-	70,458
Acquisition of subsidiary	-	1,197,476	164,008	1,361,484
Disposals	(94,645)	-	-	(94,645)
Transfers	13,687	-	-	13,687
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2018	738,491	1,197,476	164,008	2,099,975
Additions	65,472	-	-	65,472
Acquisition of subsidiary	70,060	291,693	135,397	497,150
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2019	874,023	1,489,169	299,405	2,662,597
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 March 2017	683,694	-	-	683,694
Charge for the year	63,293	402,644	18,223	484,160
Eliminated on disposals	(94,645)	-	-	(94,645)
Transfers	(6,402)	-	-	(6,402)
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2018	645,940	402,644	18,223	1,066,807
Charge for the year	54,039	331,385	36,201	421,625
Acquisition of subsidiary	69,537	-	-	69,537
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2019	769,516	734,029	54,424	1,557,969
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 28 February 2019	104,506	755,141	244,980	1,104,628
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2018	92,551	794,832	145,785	1,033,168
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the Group acquired Access Markets International (AMI) Partners Inc. the intangible assets that were acquired have been recognised above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

14. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, principal activity, registered address and country of incorporation is shown below:

Name of company	Principal activity	Country of incorporation	Address of Registered Office
Analysys Mason Pte Limited	Consulting	Singapore	1
Analysys Mason Limited	Consulting	Ireland	2
Analysys Limited	Consulting	UK	3
OSS Observer LLC	Dormant	USA	4
Analysys Mason FZ LLC	Consulting	UAE	5
Analysys Mason (Mauritius) Limited	Consulting	Mauritius	6
Analysys Mason India Pvt Limited	Consulting	India	7
Analysys Mason Limited	Consulting	Hong Kong	8
Analysys Mason AB	Consulting	Sweden	9
Analysys Mason AS	Consulting	Norway	10
Analysys Mason Spain SLU	Consulting	Spain	11
Analysys Mason SRL	Consulting	Italy	12
Access Markets International (AMI) Partners Inc.	Research	USA	13
Access Markets International (AMI) Partners PTE Limited	Research	Singapore	14

Each of the above subsidiaries is 100% owned by Analysys Mason Limited.

All shareholdings at the year end related to ordinary shares in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

14. SUBSIDIARIES (continued)

Registered addresses of the subsidiaries:

- 1 77 Robinson Road, #13-00 Robinson 77, Singapore, 068896
- 2 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland
- 3 8 Exchange Quay, Salford, Manchester, M5 3EF, UK
- 4 1500 District Avenue, Burlington, MA 01803, USA
- 5 3414 Al Shatha Tower, Dubai Internet City, PO Box 502064, Dubai, UAE
- 6 4th Floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius
- 7 First Floor, Building No.10, Tower "C", DLF Cyber City Phase II, Gurgaon - 122002(Haryana) ,India
- 8 Room 1006, 10th Floor, Wharf T&T Centre, 7 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- 9 Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, 111 53, Sweden
- 10 Tjuvholmen Allé 19, 0252 Oslo, Norway
- 11 José Abascal 57 7^oD, 28003 Madrid, Spain
- 12 Corso Venezia n. 37, 20 121 Milano (MI), Italy
- 13 505 Eighth Avenue, Suite 1705, New York, NY10018, USA
- 14 143 Cecil Street, No 08 01 GB Building, Singapore, 069542

The following subsidiary was closed during the year:

Analysys Mason GmbH

Consulting Switzerland

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

15. CONTRACT ASSETS

	2019	2018
	£	£
Contract assets	<u>2,972,415</u>	<u>3,598,430</u>
Reconciliation of contract assets		
	2019	2018
	£	£
Contract asset at the beginning of the year	3,598,430	2,762,555
Change in time frame for a performance obligation to be satisfied	(3,598,430)	(2,762,555)
Amounts recognised during the year	<u>2,972,415</u>	<u>3,598,430</u>
	<u>2,972,415</u>	<u>3,598,430</u>

All contract assets relate to work that has been performed but not yet classified to a receivable. Once a contract reaches certain milestones Analysys Mason Limited will then invoice the customer and transfer the contract asset to trade receivables.

At the end of the year there were no contracts where the revenue could not be recognised due to the performance obligations being unsatisfied (or partially unsatisfied).

All contract assets are expected to be received within one year.

Prior year contract assets have been reclassified from other debtors and prepayments.

16. OTHER FINANCIAL ASSETS

Trade and other receivables

	2019	2018
	£	£
Amounts receivable for the sale of services	8,349,469	6,852,037
Allowance for doubtful debts	<u>(179,560)</u>	<u>(177,571)</u>
	8,169,909	6,674,466
Other debtors and prepayments	1,496,006	1,692,972
Amounts due from related party (note 33)	<u>685,511</u>	<u>502,560</u>
	<u>10,351,426</u>	<u>8,869,998</u>

Trade receivables

Total trade receivables (net of allowances) held by the Group as at 28 February 2019 amounted to £8,169,909 (2018: £6,674,466). As at 28 February 2019 no trade receivables were classified as held for sale (2018: £nil).

The average credit period taken on sales of services is 70 days (2018: 52 days). Trade receivables greater than 30 days are provided for based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

Prior year contract assets have been reclassified from other debtors and prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

16. OTHER FINANCIAL ASSETS (continued)

Included in the Group's trade receivable balance are debtors with a carrying amount of £3,654,682 (2018: £2,115,290), which are past due at the reporting date for which the Group has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. An analysis of those amounts is shown below. The directors consider that the carrying amount of trade receivables approximates to their fair value.

	2019 £	2018 £
30 - 60 days	1,120,053	1,040,155
60 - 90 days	420,542	592,958
90 - 120 days	662,220	182,805
120+ days	1,451,867	299,372
	<u>3,654,682</u>	<u>2,115,290</u>

	2019 £	2018 £
Movement in the allowances for doubtful debts:		
Balance at the beginning of the year	(177,571)	(91,567)
Increases in impairment allowances during the year	(116,814)	(86,004)
Decreases in impairment allowances during the year	103,362	-
Amount written off as uncollectable	17,141	4,615
Balance on acquisition of subsidiary	-	(4,615)
Foreign exchange differences	(5,678)	-
Balance at the end of the year	<u>(179,560)</u>	<u>(177,571)</u>

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

Included in the Group's trade receivable balance are debtors against which the Group has made a provision.

	2019 £	2018 £
Gross value of debtors that have been individually impaired	180,480	362,820
Impairment loss against these debtors	(179,560)	(177,571)
	<u>920</u>	<u>185,249</u>

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	2019 £	2018 £
Cash and cash equivalents	<u>4,037,421</u>	<u>4,023,430</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

17. OTHER FINANCIAL LIABILITIES

	2019 £	2018 £
Trade and other payables	7,748,036	7,532,603

Trade and other payables principally comprise amounts outstanding for trade purchases, social security on employment costs, value added taxes and ongoing costs.

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

Prior year contract liabilities have been reclassified from other creditors and accruals.

18. DEFERRED CONSIDERATION

	2019 £	2018 £
Amounts due to vendors	153,307	547,437

Deferred consideration in 2019 relates to the amount due to the previous shareholders of Access Markets International (AMI) Partners Inc. a company that was purchased on 17 July 2018 (see note 34).

During the year £547,437 was paid to the previous shareholders of Nexia Management Consulting AS due to the required conditions being met during the year.

19. OBLIGATIONS UNDER FINANCE LEASES

During the year the Group had one lease agreement in existence for its computer equipment. The lease term is for three years. The Group's obligation under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying obligation under the finance lease which continued during the year were fixed at the contract date at 0.49% (2018: 0.49%) per annum.

Finance lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2019 £	2018 £	2019 £	2018 £
Within one year	40,498	80,997	40,442	80,620
In the second to fifth years	-	40,498	-	40,457
	40,498	121,495	40,442	121,077
Less: future finance charges	(56)	(418)	-	-
Present value of minimum lease payments	40,442	121,077	40,442	121,077

	2019 £	2018 £
Included in the consolidated financial statements as:		
Current borrowings (note 21)	40,442	80,620
Non-current borrowings (note 21)	-	40,457
	40,442	121,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

20. CONTRACT LIABILITIES

	2019	2018
	£	£
Contract liabilities	2,612,282	2,889,646
Reconciliation of contract liabilities		
	2019	2018
	£	£
Contract liabilities at the beginning of the year	2,889,646	2,265,895
Change in time frame for a performance obligation to be satisfied.	(2,889,646)	(2,265,895)
Amounts recognised during the year	2,612,282	2,889,646
	<u>2,612,282</u>	<u>2,889,646</u>

All contract liabilities relate to payments on account and deferred revenue where there is still a performance obligation to satisfy so the revenue on the contract cannot be recognised.

All contract liabilities are expected to be recognised within one year.

Prior year contract liabilities have been reclassified from other creditors and accruals.

21. BORROWINGS

	2019	2018
	£	£
Secured borrowings at amortised cost		
Finance lease (see note 19)	40,442	121,077
Unsecured borrowings at amortised cost		
Loan from related party	1,586,546	-
Total borrowings	<u>1,626,958</u>	<u>121,077</u>
Amounts due for settlement within 12 months	<u>475,799</u>	<u>80,620</u>
Amounts due for settlement after 12 months	<u>1,110,747</u>	<u>40,457</u>

The settlement currencies for the borrowings are UK Pound Sterling and US Dollars.

Analysys Mason Limited has a £1.5 million overdraft facility (2018: £1.5 million), which is renegotiated annually and bears interest at a rate of 2.0% over the Bank of England base rate.

The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Analysys Mason Limited and Analysys Limited.

There is a composite guarantee between HSBC Bank plc, Analysys Mason Limited, Analysys Limited, Analysys Mason Limited (Ireland), Analysys Mason FZ LLC, Analysys Mason Pte Limited and Analysys Mason (Mauritius) Limited, as well as a guarantee given by Datatec plc to HSBC limited to £5 million which covers Analysys Mason Limited.

On 1 July 2018 Datatec plc granted Analysys Mason Limited a loan totalling \$3,500,000 repayable over three years. This bears interest at a rate of 2.0% over the USD LIBOR base rate.

At 28 February 2019 the value of the loan outstanding to Datatec plc was \$2,062,773.

The overdraft has not been utilised in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

22. SHARE-BASED PAYMENTS

Performance Shares scheme (cash and equity settled)

The Company has a Performance Shares scheme for certain employees of the Group. Performance Shares are exercisable at a price equal to the market price of the Company's shares on the vesting date. Performance Shares are forfeited if the employee leaves the Group before they vest.

The Company has different vesting conditions dependent upon the year of issue.

For Performance Shares issued in 2015: 33% of the Performance Shares, the unconditional portion, automatically vest on the expiry of 3 years from the date of grant and will be equity settled. The balance of 67% is conditional upon the performance of the Group and can be settled by way of cash, equity, or a mix of both to be elected by the performance holders.

For Performance Shares issued in 2016, 2017 and 2018: 25% of the Performance Shares, the unconditional portion, automatically vest on the expiry of 3 years from the date of grant and will be equity settled. The balance of 75% is conditional upon the performance of the Group and can be settled by way of cash, equity, or a mix of both to be elected by the performance holders.

Details of Performance Shares outstanding during the year are as follows:

	2019	2018
	Number of share options	Number of share options
Outstanding at beginning of year	210,718	213,170
Granted during the year	85,573	84,268
Exercised during the year	(64,131)	(20,575)
Expired during the year	-	(66,145)
	<hr/>	<hr/>
Outstanding at the end of the year	232,160	210,718
	<hr/>	<hr/>
Exercisable at the end of the year	-	-
	<hr/>	<hr/>

The weighted average share price at the date of exercise for share options exercised during the year was £14.64. The options outstanding at 28 February 2019 had a weighted average exercise price of £0 (2018: £0), and a weighted average remaining contractual life of 1.0 years. In 2019, options were granted on 1 March 2018. The aggregate of the estimated fair values of the options granted on those dates is £1,367,457.

A simplified Black-Scholes model has been used to value the performance shares. The simplified Black-Scholes model is a function of the value per share at 28 February 2019, the assumed dividend yield, and the fact that the shares may vest 3 years from grant date. The inputs into the simplified Black-Scholes model are as follows:

	2019	2018
Weighted average share price	£15.98	£14.64
Weighted average exercise price	£0	£0
Expected life	1.00	1.20
Expected dividend yield	0.0%	0.0%

The Group recognised total expenses of £1,186,927 (2018: £838,674) for the cash and equity settled Performance Shares scheme. In 2019, the Group has recorded liabilities of £891,318 (2018: £773,759) in "Liabilities for Share Based Payments" with the balance of £531,204 (2018: £499,630), being the equity portion, included in retained earnings (see note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

22. SHARE-BASED PAYMENTS (continued)

Growth Share Plan (cash settled)

In 2010, the Group initiated a Growth Share Plan for senior management employees. Based on the 2014 results, the growth conditions were met, allowing the put options attached to the D ordinary shares to be exercised in 2015 and over the following four years. The final tranche of D shares were exercised in 2018, and no D ordinary shares remain outstanding.

The Group recognised an overall credit of £Nil (2018: credit £8,155) for the Growth Share Plan. In 2019, the Group has recorded liabilities of £nil (2018: £nil) in "Liabilities for Share Based Payments".

Summary

	Expenses £	2019 Liability		Expenses £	2018 Liability	
		Equity £	Cash £		Equity £	Cash £
Performance Shares	1,186,927	531,204	891,318	838,674	499,630	773,759
Growth Share Plan	-	-	-	(8,155)	-	-
	<u>1,186,927</u>	<u>531,204</u>	<u>891,318</u>	<u>830,519</u>	<u>499,630</u>	<u>773,759</u>

23. DEFERRED TAX

	Accelerated tax depreciation £	Provisions £	Losses £	Intangible Assets £	Total £
At 1 March 2017	194,314	75,840	12,976	-	283,130
Recognition of intangible assets (Charge)/ credit to income	(29,214)	241,668	101,930	(313,141)	(313,141)
	<u>165,100</u>	<u>317,508</u>	<u>114,906</u>	<u>(216,342)</u>	<u>381,172</u>
At 28 February 2018	165,100	317,508	114,906	(216,342)	381,172
Recognition of intangible assets (Charge)/ credit to income	(22,046)	(6,596)	111,978	(89,689)	(89,689)
	<u>143,054</u>	<u>310,912</u>	<u>226,884</u>	<u>(223,053)</u>	<u>457,797</u>
At 28 February 2019	143,054	310,912	226,884	(223,053)	457,797

Certain deferred tax assets and liabilities have been offset. The following analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £	2018 £
Deferred tax assets	680,550	597,514
Deferred tax liabilities	(223,053)	(216,342)
	<u>457,497</u>	<u>381,172</u>

At the balance sheet date, the Group has unused and unrecognised tax losses of £1,131,887 (2018: £625,655) available for offset against future profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

24. SHARE CAPITAL

Authorised

10,000,000 (2018: 10,000,000) ordinary shares of 1p each
 200,000 (2018: 200,000) class D ordinary shares of 1p each
 376,250 (2018: 376,250) deferred shares of 1p each

Issued and fully-paid

2,176,588 (2018: 2,176,588) ordinary shares of 1p each
 376,250 (2018: 376,250) deferred shares of 1p each

	2019	2018
	£	£
	21,766	21,766
	3,762	3,762
	<u>25,528</u>	<u>25,528</u>

The Company has two classes of ordinary shares which carry no rights to fixed income.

During the prior year, 46,250 D ordinary shares converted to ordinary shares following the purchase of these by the Employee Benefit Trust as a result of the D ordinary share owners exercising their put option to sell.

During the prior year 10,000 D ordinary shares were converted to deferred shares following the purchase of these shares by the Employee Benefit Trust.

Shareholders present in person or by proxy have one vote for every ordinary share and one vote for every ten class D ordinary shares held. Votes may be exercised by a show of hands or a poll.

In the event of liquidation any assets of the Company remaining after the payment of its liabilities shall first be due to the D shareholders. Deferred shares are entitled to a payment of £1 in aggregate.

25. SHARE PREMIUM ACCOUNT

At 1 March 2017, 28 February 2018 and 28 February 2019

£
18,491,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

26. OWN SHARES

	£
At 1 March 2017	2,645,502
Acquired in the year	84,399
Disposed in the year through cash settlement	(55,842)
Shares vested in the year	(162,617)
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	651,828
Shares distributed on acquisition of subsidiary	(1,586,058)
	<u>1,577,212</u>
At 28 February 2018	1,577,212
Acquired in the year	48,586
Disposed in the year through cash settlement	(79,460)
Shares vested in the year	(180,555)
Revaluation of shares transacted by the Employee Benefit Trust at a discount, taken straight to equity reserves	58,746
	<u>1,424,529</u>
At 28 February 2019	<u>1,424,529</u>

The Analysys Mason Limited Employee Benefit Trust ("Trust") was established on 17 November 2006. In accordance with the terms of the Trust Deed, the Trust was established as part of a remuneration arrangement in order to facilitate the recruitment, retention and motivation of employees of Analysys Mason Limited and its subsidiaries.

The Trust is funded by a loan of £1,424,529 from Analysys Mason Limited. At the financial year end, the Trust held 139,321 ordinary shares of 1p each and 65,000 deferred shares of 1p each in Analysys Mason Limited.

The own shares reserve represents the cost of shares in Analysys Mason Limited purchased from employees leaving the Company and held by the Trust.

27. RETAINED EARNINGS

	£
At 1 March 2017	5,244,563
Net profit for the year	703,378
Debit to equity for equity-settled share based payments	21,527
Shares in Employee Benefit Trust transacted at a discount	651,828
Dividends paid during the year	(384,431)
Other currency translation differences	(5,459)
	<u>6,231,406</u>
At 28 February 2018	6,231,406
Net profit for the year	674,167
Prior year adjustment due to change in accounting policy	(128,648)
Credit to equity for equity-settled share based payments	31,574
Shares in Employee Benefit Trust transacted at a discount	58,746
Dividends paid during the year	(346,336)
Other currency translation differences	1,313
	<u>6,522,222</u>
At 28 February 2019	<u>6,522,222</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

28. NOTES TO THE CASH FLOW STATEMENT

	2019 £	2018 £
Profit for the year	674,167	703,378
Adjustment for:		
Investment revenue	(56,674)	(60,400)
Finance costs	58,192	4,577
Income tax expense	586,615	447,355
Depreciation of property and equipment	387,073	370,033
Amortisation of intangible assets	421,625	484,160
Share-based payments expense	1,186,927	830,519
Unrealised foreign exchange losses/(gains)	45,893	(58,120)
Gain on disposal of property and equipment	-	(691)
Amounts paid to vendors	(559,024)	-
Operating cash flows before movements in working capital	2,744,794	2,720,811
Decrease/ (increase) in contract assets	626,015	(835,874)
Increase in receivables	(1,631,554)	(2,437,500)
(Decrease)/ increase in payables	(1,102,673)	2,813,158
Cash from operations	636,582	2,260,595
Income tax paid	(385,140)	(414,988)
Interest paid	(58,192)	(4,577)
Net cash from operating activities	193,250	1,841,030

Cash and cash equivalents comprise cash and short term bank deposits. No bank accounts are overdrawn at the year end.

Analysis of changes in net debt:

	1 March 2018 £	Cash flow £	FX movement £	Other non cash movement £	28 February 2019 £
Cash and bank balances	4,023,430	13,991	-	-	4,037,421
Finance leases	(121,077)	(80,620)	-	-	(40,457)
Intercompany loan	-	(1,490,861)	(27,753)	(67,932)	(1,586,546)
Net Debt	3,902,353	(1,557,505)	(27,753)	(67,932)	2,410,433

29. CONTINGENT LIABILITIES

The Group issues bid and performance guarantees in compliance with contracts held with its UK and overseas clients. The amount of outstanding guarantees at the financial year end was £613,251 (2018: £480,229).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee	2019 £	2018 £
Minimum lease payments under operating leases recognised as an expense in the year	<u>1,593,632</u>	<u>1,601,410</u>

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	1,556,464	1,570,595
In the second to fifth years	5,048,135	4,045,016
After five years	<u>1,843,224</u>	<u>1,963,320</u>
	<u>8,447,823</u>	<u>7,578,931</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases in respect of properties are negotiated for a typical term of 5-10 years.

The Group subleases unoccupied leased property. During the year it received £436,394 (2018: £544,362) from subleased property.

At the balance sheet date, the Group had outstanding commitments for future minimum sublease payments receivable under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	350,666	418,600
In the second to fifth years	350,666	1,257,348
After five years	-	891,399
	<u>701,332</u>	<u>2,567,347</u>

31. RETIREMENT BENEFITS

The Group operates defined contribution pension schemes for staff and directors. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

During the year the Group contributed £1,084,644 (2018: £847,273) to defined contribution pension schemes and had outstanding contributions of £115,472 as at 28 February 2019 (2018: £107,243).

Due to the acquisition that took place in the prior year the Group also had a defined benefit scheme during the year. This pension only applied to certain members of staff in the Group. The assets of the scheme are held separately from the Group.

The total cost charged to the statement of comprehensive income in respect of the defined benefit scheme is £127,834 (2018: £100,713). As at 28 February 2019 all contributions had been paid over to the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

32. FINANCIAL INSTRUMENTS

32.1 Financial risk management objectives

The Group's senior management is responsible for monitoring and managing the financial risks relating to the operations of the Group. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. Compliance with policies and exposure limits is reviewed by Datatec Limited's (the senior parent company) internal auditors on a continual basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to Datatec Limited's audit, risk and compliance committee. The Group's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivative instruments.

32.2 Capital risk management

The Group and Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

32.3 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

32.4 Categories of financial instruments

	2019	2018
	£	£
Financial assets		
Loans and receivables (including cash and cash equivalents)	13,880,854	16,160,960
Financial liabilities		
Liabilities at amortised cost	2,579,946	2,598,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

32. FINANCIAL INSTRUMENTS (continued)

32.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

The Group and the Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group and the Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements (see note 16), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

	UK £	Europe £	North America £	South America £	Asia Pacific £	Africa/ Middle East £	Total £
2019							
Gross trade accounts receivable	985,656	2,932,578	371,128	112,467	1,259,820	2,687,821	8,349,470
Less: allowance for bad debts	(4,599)	-	-	-	-	(174,961)	(179,560)
Other receivables	616,892	48,131	18,900	-	272,869	2,926	959,718
Forward exchange contracts	95,183	-	-	-	-	-	95,183
Cash and cash equivalents	386,539	2,045,903	623,957	-	836,926	144,096	4,037,421
Maximum on balance sheet exposure	<u>2,079,671</u>	<u>5,026,612</u>	<u>1,013,985</u>	<u>112,467</u>	<u>2,369,615</u>	<u>2,659,882</u>	<u>13,262,232</u>
2018							
Gross trade accounts receivable	994,838	3,346,640	252,737	86,270	1,027,755	1,143,797	6,852,037
Less: allowance for bad debts	(15,353)	-	-	-	-	(162,218)	(177,571)
Other receivables	933,363	51,316	-	-	80,029	9,808	1,074,516
Forward exchange contracts	102,741	-	-	-	-	-	102,741
Cash and cash equivalents	1,697,192	1,256,349	88,005	-	800,312	181,572	4,023,430
Maximum on balance sheet exposure	<u>3,712,781</u>	<u>4,654,305</u>	<u>340,742</u>	<u>86,270</u>	<u>1,908,096</u>	<u>1,172,959</u>	<u>11,875,153</u>

The maximum off balance sheet exposure is £nil (2018: £nil).

The Group and the Company does not consider there to be any significant credit risk, which has not been adequately provided for at the balance sheet date. Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

32. FINANCIAL INSTRUMENTS (continued)

32.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group and the Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdraft to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand, are secured against the assets of the Company to which the facility is made available.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	0 – 1 year £	1 – 2 years £	2 – 5 years £	> 5 years £	Total £
2019					
Trade payables	(1,280,788)	-	-	-	(1,280,788)
Forward exchange contracts	(9,546)	-	-	-	(9,546)
Other	(1,299,158)	-	-	-	(1,299,158)
	<u>(2,589,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,589,492)</u>
2018					
Trade payables	(834,715)	-	-	-	(834,715)
Forward exchange contracts	(31,365)	-	-	-	(31,365)
Other	(1,973,203)	(118,289)	-	-	(2,091,492)
	<u>(2,839,283)</u>	<u>(118,289)</u>	<u>-</u>	<u>-</u>	<u>(2,957,572)</u>

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk.

32.7 Market risk management

The Group and Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 32.8) and interest rates (see note 32.9). The Group uses forward foreign exchange contracts to hedge the exchange rate risk arising on transactions denominated in foreign currency.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

32.8 Foreign exchange risk management

The Group and the Company operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price. The Group does not trade with forward exchange contracts for speculative purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

32. FINANCIAL INSTRUMENTS (continued)

32.8 Foreign exchange risk management (continued)

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency are not the Pound Sterling.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2019	2018	2019	2018
	£	£	£	£
Other currencies	(1,721,516)	(1,597,443)	11,315,238	9,992,877

Forward foreign exchange contracts

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to approximately six months within 100% of the anticipated exposure generated. All forward contracts are held by the Company. The Group and the Company do not apply any hedge accounting. During the year the Group made gains on foreign exchange contracts of £14,268 which have been recognised in administrative expenses within the consolidated statement of comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the year end:

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value	
	2019	2018	2019	2018	2019	2018	2019	2018
					£	£	£	£
Sell USD								
Less than 3 months	1.2939	1.3606	2,133,000	3,625,000	1,648,564	2,664,362	13,552	69,010
Sell EUR								
Less than 3 months	1.1261	1.1333	3,620,000	2,430,000	3,214,565	2,144,239	72,085	5,416
Sell ZMW								
Less than 3 months	-	14.700	-	1,306,446	-	92,198	-	(3,050)
							<u>85,637</u>	<u>71,376</u>

The fair value amounts are included within other debtors and prepayments or other payables on the balance sheet as appropriate. These forward foreign exchange contracts are classified as level 1 financial instruments.

32.9 Interest rate risk management

The Group is exposed to interest rate risk on any drawn balances of the general overdraft facility amounting to £1,500,000 (2018: £1,500,000), bearing interest at the UK base rate plus 2.0%. Interest rate risk is not currently considered significant, however management review interest rate risk on a regular basis and would take action if this became the case.

The overdraft was not utilised during the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

33. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below.

Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Trading transactions

	Sales of services		Purchase of services		Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£	£	£
Datatec Limited	5,000	5,000	-	100,704	-	-	-	52,178
Datatec International Holdings Limited	28,412	28,620	-	52,244	80,884	47,580	-	20,174
Datatec Financial Services Limited	41,345	143,310	-	-	-	143,410	-	-
Datatec plc	309,321	221,733	179,327	-	-	221,733	1,634,800	-
Logicalis Limited	-	105,592	-	-	-	-	-	-
Logicalis-Mexico S. DE R.L. DE C.V.	-	-	-	2,184	-	-	-	8,985
Westcon Mexico S.A. de C.V.	-	-	-	2,853	-	-	-	-
Westcon Group Incorporated	-	-	-	-	-	-	-	-
Mason Advisory Limited	78,834	90,883	-	40,148	1,204,627	1,602,560	-	-
Directus AS	-	-	-	-	18,623	-	-	-

On 1 July 2018 Datatec plc granted Analysys Mason Limited a loan totalling \$3,500,000 repayable over three years. This bears interest at a rate of 2.0% over the USD LIBOR base rate.

At 28 February 2019 the amounts due within one year on the loan was £475,799 and the amounts due after one year was £1,110,747.

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

Sale of consulting services to Datatec International Holdings Limited of £nil (2018: £5,500) and Logicalis Limited of £nil (2018: £105,592).

Loan interest charged to Mason Advisory Limited of £45,579 (2018: £57,483).

Purchases of consulting and research services from Mason Advisory Limited of £nil (2018: £40,148).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

33. RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel

The remuneration of the directors, who are deemed to be the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 2019 £	Year ended 2018 £
Short-term employee benefits	1,589,065	825,710
Post-employment benefits	157,906	62,606
Share-based payments	351,684	63,206
	<u>2,098,655</u>	<u>951,522</u>

The highest paid director received total emoluments of £513,138 (2018: £329,066), of which £11,050 were post-employment benefits (2018: £8,036). The highest paid director received part of their emoluments by way of 6,987 (2018: 2,234 shares) ordinary shares in the year upon the exercise of performance shares.

The number of directors included within the company pension scheme during the year was six.

During the year directors of the Company entered into sale and purchase transactions of Analysys Mason Limited's shares, a summary of which is disclosed below.

	Type	Sale transaction			Purchase transaction		
		Date	Number of shares	Price per share £	Date	Number of shares	Price per share £
A C Moerman	Ordinary	-	-	-	9 Aug 2018	539	12.44
F M Glennon	Ordinary	-	-	-	9 Aug 2018	603	12.44
T J Rudkin	Ordinary	-	-	-	9 Aug 2018	300	12.44

Dividends totalling £12,848 (2018: £7,278) in respect of ordinary shares held by the Company's directors were paid in the year.

During the year there were no other material transactions or balances between the Group and its key management personnel or members of their close family.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

34. ACQUISITION OF SUBSIDIARY

On 17 July 2018 Analysys Mason Limited acquired 100% of the share capital of Access Markets International (AMI) Partners Inc. a research company based in United States of America which also operates in India and Singapore. The primary reason for the acquisition is to enable Analysys Mason Limited to expand its research department into high growth markets and different geographies. Consideration of up to \$3.5million is payable by Analysys Mason Limited.

Consideration transferred

	\$	£
Cash	3,300,000	2,512,685
Deferred consideration	200,000	152,285
	<u>3,500,000</u>	<u>2,664,970</u>

Identifiable assets acquired, and liabilities assumed

	\$	£
Property plant and equipment	42,053	32,100
Acquired intangibles assets	560,197	427,612
Trade receivables	284,374	217,070
Other receivables	132,699	101,292
Cash	1,319,686	1,007,348
Deferred tax liabilities	(117,498)	(89,689)
Trade payables	(45,014)	(34,360)
Other payables	(333,126)	(254,282)
Tax assets	32,982	25,176
Total identifiable net assets acquired	<u>1,876,353</u>	<u>1,432,267</u>
Goodwill	<u>1,623,647</u>	<u>1,232,703</u>
	<u>3,500,000</u>	<u>2,664,970</u>
Cash	3,300,000	2,512,685
Deferred consideration	200,000	152,285
	<u>3,500,000</u>	<u>2,664,970</u>

The Group agreed to pay the selling shareholders \$0.2m 19 months after the date of acquisition providing certain conditions are met. However if any claims are made during the period these will be deducted from the deferred consideration.

Analysys Mason Limited incurred acquisition related costs of £0.04m on legal fees. These costs have been included within "Administrative expenses" in the consolidated statement of comprehensive income.

The acquired subsidiary contributed £0.7m revenue and losses of £0.3m to the Group's operating profit from the acquisition date to the balance sheet date.

Had the acquisition taken place on the first day of the accounting year the Group revenue would have been £35.3m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 28 February 2019

35. SUBSEQUENT EVENTS

On 1 March 2019 Analysys Mason Limited acquired 100% of the share capital of Stelacon Holding AB, a consulting company based in Sweden. The primary reason for the acquisition is to further expand the global reach of Analysys Mason Limited.

Consideration of up to SEK25 million is payable to the previous shareholders.

On 4 April 2019 Analysys Mason Limited made an increased investment in Directus AS.

Consideration of NOK15 million was paid.

36. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party of the Group is Datatec Limited, a company incorporated in South Africa. Datatec Limited is the largest group in which the results of the Company are consolidated. Analysys Mason Limited is the smallest group in which the results of the Company are consolidated. Consolidated financial statements can be obtained from the registered address North West Wing, Bush House, Aldwych, London, WC2B 4PJ. Financial statements for Datatec Limited are publicly available for PO Box 76226, Wendywood, Johannesburg 2144, South Africa.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

37. PROFIT FOR THE YEAR

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own statement of comprehensive income for the year. Analysys Mason Limited reported a profit for the year ended 28 February 2019 of £755,526 (2018: £5,748,997) which included dividends received from subsidiaries of £nil (2018: £4,617,984).

38. STAFF COSTS

	2019 No.	2018 No.
The average monthly number of employees (including directors) was:		
Office and management	125	142
This is split between direct employees and non-direct employees:		
Direct employees	90	103
Non-direct employees	35	39
	<u> </u>	<u> </u>
	£	£
Their aggregate remuneration comprised:		
Wages and salaries	9,212,438	10,558,617
Social security	1,056,487	1,384,617
Pension costs	630,028	659,987
	<u> </u>	<u> </u>
	<u>10,898,953</u>	<u>12,603,221</u>

39. GOODWILL

Carrying amount	£
At 1 March 2017, 28 February 2018 and 28 February 2019	<u>12,707,560</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

40. PROPERTY, PLANT AND EQUIPMENT

	Capitalised leased assets £	Leasehold improvements £	Fixtures & equipment £	Total £
Cost				
At 1 March 2017	241,378	768,879	682,005	1,692,262
Additions	-	83,822	57,711	141,533
Disposals	(13,166)	(11,716)	(24,054)	(48,936)
Transfers	-	26,396	2,715	29,111
At 28 February 2018	228,212	867,381	718,377	1,813,970
Additions	-	201,024	7,973	208,997
Disposals	-	(205,314)	(124,661)	(329,975)
At 28 February 2019	228,212	863,091	601,689	1,692,992
Depreciation				
At 1 March 2017	31,698	333,855	385,820	751,373
Charge for the year	76,070	135,482	117,776	329,328
Eliminated on disposals	-	(11,716)	(24,054)	(35,770)
Transfers	-	26,396	22,802	49,198
At 28 February 2018	107,768	484,017	502,344	1,094,129
Charge for the year	76,071	131,543	86,034	293,648
Eliminated on disposals	-	(117,938)	(95,566)	(213,504)
At 28 February 2019	183,839	497,622	492,813	1,174,274
Carrying amount				
At 28 February 2019	44,373	365,469	108,877	518,719
At 28 February 2018	120,444	383,364	216,033	719,841

Capitalised leased assets relate to IT equipment.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

41. INTANGIBLE ASSETS

	Software £
Cost	
At 1 March 2017	748,991
Additions	70,458
Disposals	(94,645)
Transfers	13,687
	<hr/>
At 28 February 2018	738,491
Additions	65,504
Disposals	-
	<hr/>
At 28 February 2019	<u>803,995</u>
Amortisation	
At 1 March 2017	683,694
Charge for the year	63,293
Eliminated on disposals	(94,645)
Transfers	(6,402)
	<hr/>
At 28 February 2018	645,940
Charge for the year	53,186
Eliminated on disposals	-
	<hr/>
At 28 February 2019	<u>699,126</u>
Carrying amount	
At 28 February 2018	<u>104,869</u>
At 28 February 2019	<u>92,551</u>

42. INVESTMENTS

	£
Cost and net book value	
At 1 March 2017 and 28 February 2018	9,967,624
Additions	4,155,361
Disposal	(14,495)
	<hr/>
At 28 February 2019	<u>14,108,490</u>

The investments in subsidiaries are all stated at cost. Details of the Company's subsidiaries are given in note 14 of the consolidated financial statements.

Included within the additions are the following material transactions:

Acquisition of Access Markets International (AMI) Partners Inc. £2.7m (note 34)

Acquisition of £0.9m of shares in two newly incorporated companies Analysys Mason Spain SLU and Analysys Mason SRL (see note 14) as part of the transaction the Company transferred the book value of net assets relating to its Spanish and Italian branches. Increase in investment in Analysys Mason Pte Limited by £0.5m

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

43. DEFERRED TAX

	Accelerated tax depreciation £	Provision £	Losses £	Total £
At 1 March 2017	194,314	75,840	6,487	276,641
(Charge)/ credit to income	(29,214)	241,669	(6,487)	205,968
At 28 February 2018	165,100	317,509	-	482,609
(Charge)/ credit to income	(22,046)	(6,578)	-	(28,624)
At 28 February 2019	143,054	310,931	-	453,985

At the balance sheet date, the Company has unused tax losses of £565,043 (2018: £530,089) available for offset against future profits for which a deferred tax asset of £nil has been recognised (2018: £nil).

44. CONTRACT ASSETS

	2019 £	2018 £
Contract assets	1,659,040	2,909,617
Reconciliation of contract assets		
	2019 £	2018 £
Contract asset at the beginning of the year	2,909,617	2,054,676
Change in time frame for a right to become	(2,909,617)	(2,054,676)
Amounts recognised during the year	1,659,040	2,909,617
	1,659,040	2,909,617

All contract assets relate to work that has been performed but not yet classified to a receivable. Once a contract reaches certain milestones Analysys Mason Limited will then invoice the customer and transfer the contract asset to trade receivables.

At the end of the year there were no contracts where the revenue could not be recognised due to the performance obligations that were unsatisfied (or partially unsatisfied).

All contract assets are expected to be received within one year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

45. FINANCIAL ASSETS

Trade and other receivables

	2019	2018
	£	£
Amounts receivable for the sale of services	5,352,823	4,806,123
Allowance for doubtful debts	<u>(179,560)</u>	<u>(97,063)</u>
	5,173,263	4,709,060
Other debtors and prepayments	<u>1,503,312</u>	<u>1,404,206</u>
	<u><u>6,676,575</u></u>	<u><u>6,113,266</u></u>

Trade receivables

Total trade receivables (net of allowances) held by the Company as at 28 February 2019 amounted to £5,173,263 (2018: £4,709,060). As at 28 February 2019 no trade receivables were classified as held for sale (2018: £nil).

The average credit period taken on sales of services is 73 days (2018: 53). Trade receivables greater than 30 days are provided for based on estimated irrecoverable amounts from the sale of services, determined by reference to past default experience.

Included in the Company's trade receivable balance are debtors with a carrying amount of £1,818,429 (2018: £2,097,133), which are past due at the reporting date for which the Company has not provided against as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. An analysis of those amounts is shown below. The directors consider that the carrying amount of trade receivables approximates to their fair value.

	2019	2018
	£	£
30 - 60 days	546,562	1,120,095
60 - 90 days	136,930	680,646
90 - 120 days	114,118	7,965
120+ days	<u>1,020,819</u>	<u>288,427</u>
	<u><u>1,818,429</u></u>	<u><u>2,097,133</u></u>

Movement in the allowances for doubtful debts

	2019	2018
	£	£
Balance at the beginning of the year	(97,063)	(91,567)
Increases in impairment allowances during the year	(82,497)	(15,354)
Decreases in impairment allowances during the year	-	9,858
	<u>(179,560)</u>	<u>(97,063)</u>
Balance at the end of the year	<u><u>(179,560)</u></u>	<u><u>(97,063)</u></u>

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

45. FINANCIAL ASSETS (continued)

Included in the Company's trade receivable balance are debtors against which the Company has made a provision.

	2019 £	2018 £
Gross value of debtors that have been individually impaired	180,480	201,802
Impairment loss against these debtors	<u>(179,560)</u>	<u>(97,603)</u>
	<u>920</u>	<u>104,199</u>

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

	2019 £	2018 £
Cash and cash equivalents	<u>784,403</u>	<u>2,451,351</u>

Loans to other Group entities

At the balance sheet date amounts receivable from fellow Group companies were £2,006,797 (2018: £2,322,351). The carrying amount of these assets approximates their fair value. There are no past due or impaired receivables balances (2018: £nil).

46. OTHER FINANCIAL LIABILITIES

Trade and other payables

	2019 £	2018 £
Trade and other payables	<u>4,241,563</u>	<u>5,030,935</u>

Trade creditors and payables principally comprise amounts outstanding for trade purchases, social security on employment, value added taxes, and ongoing costs. The average credit period taken for trade purchases is 39 days (2018: 35 days). The Company ensures that all payables are paid within the credit time frame.

The carrying amount of trade payables approximates to their fair value.

Loans from other Group entities

At the balance sheet date amounts payable to fellow Group companies were £2,003,391 (2018: £1,600,681) on which no interest is charged. The carrying amount of these liabilities approximates their fair value.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

47. CONTRACT LIABILITIES

	2019	2018
	£	£
Contract liabilities	2,262,246	2,717,137
	<u>2,262,246</u>	<u>2,717,137</u>
Reconciliation of contract liabilities		
	2019	2018
	£	£
Contract liabilities at the beginning of the year	2,717,137	2,177,538
Change in time frame for a right to become	(2,717,137)	(2,177,538)
Amounts recognised during the year	2,262,246	2,717,137
	<u>2,262,246</u>	<u>2,717,137</u>

All contract assets relate to payments on account and deferred revenue where there is still a performance obligation to satisfy so the revenue on the contract cannot be recognised.

All contract liabilities are expected to be recognised within one year.

48. RETAINED EARNINGS

	£
At 1 March 2017	4,791,127
Debit to equity for equity-settled share-based payments	21,527
Shares in employee Benefit Trust transacted at discount	651,828
Dividends paid during the year	(384,431)
	<u>5,080,051</u>
Retained Earnings At 28 February 2018 (excluding net loss for the year)	5,080,051
Net profit for the year	5,748,997
	<u>10,829,048</u>
At 28 February 2018	10,829,048
Prior year adjustment due to change in accounting policy	(128,648)
Debit to equity for equity-settled share-based payments	31,574
Shares in employee Benefit Trust transacted at discount	58,746
Dividends paid during the year	(346,336)
	<u>10,444,384</u>
Retained Earnings At 28 February 2019 (excluding net profit for the year)	10,444,384
Net profit for the year	755,526
	<u>11,199,910</u>
At 28 February 2019	11,199,910

NOTES TO THE COMPANY FINANCIAL STATEMENTS
For the year ended 28 February 2019

49. NOTES TO THE CASH FLOW STATEMENT

	2019 £	2018 £
Profit for the year	755,526	5,748,997
Adjustment for:		
Investment revenue	(60,579)	(60,400)
Finance costs	46,448	3,127
Income tax expense	502,921	499,491
Depreciation of property and equipment	293,648	329,328
Amortisation of intangible assets	53,185	63,293
Share-based payment expense	862,059	769,734
Unrealised foreign exchange losses/ (gains)	45,893	(58,120)
(Gain)/ Loss on disposal of property and equipment	-	(691)
Amounts paid to vendors	(559,024)	-
Operating cash flows before movements in working capital	<u>1,940,077</u>	<u>7,294,759</u>
Decrease/ (increase) in contract assets	1,250,577	(854,941)
Increase in receivables	(1,713,126)	(2,699,559)
Decrease in payables	<u>(1,470,934)</u>	<u>(1,766,221)</u>
Cash from operations	6,594	1,974,038
Income tax paid	(255,753)	(362,234)
Interest paid	<u>(46,448)</u>	<u>(3,127)</u>
Net cash from operating activities	<u><u>(295,607)</u></u>	<u><u>1,608,677</u></u>

No bank accounts are overdrawn at the year end.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 28 February 2019

50. RELATED PARTY TRANSACTIONS

Transactions with fellow group undertakings of the ultimate parent, Datatec Limited, are disclosed below. Sale/purchase of goods and services to/from related parties were made at a competitive rate discounted to reflect the relationships between the parties. No transactions occurred that might affect decisions made by users of the financial statements.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Trading transactions

	Sales of services		Purchase of services		Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£	£	£
Datatec Limited	5,000	5,000	-	100,704	-	-	-	52,178
Datatec International Holdings Limited	-	5,500	-	52,244	-	-	-	20,174
Datatec Financial Services Limited	41,345	143,310	-	-	-	143,310	-	-
Datatec plc	309,321	221,733	179,327	-	-	221,733	1,634,800	-
Logicalis Limited	-	105,592	-	-	-	-	-	-
Logicalis-Mexico S.DE R.L. DE C.V.	-	-	-	2,184	-	-	-	8,985
Westcon Mexico S.A. de C.V.	-	-	-	2,853	-	-	-	-
Westcon Group Incorporated	-	-	-	-	-	-	-	-
Mason Advisory Limited	78,834	90,883	-	40,148	1,204,627	1,602,560	-	-
Directus AS	-	-	-	-	18,623	-	-	-

On 1 July 2018 Datatec plc granted Analysys Mason Limited a loan totalling \$3,500,000 repayable over three years. This bears interest at a rate of 2.0% over the USD LIBOR base rate.

At 28 February 2019 the amounts due within one year on the loan was £475,799 and the amounts due after one year was £1,110,747.

All sales and purchases relate to admin services supplied and received other than those explicitly detailed below:

Sale of consulting services to Datatec International Holdings Limited of £nil (2019: £5,500) and Logicalis Limited £nil (2019: £105,592).

Loan interest charged to Mason Advisory Limited of £45,579 (2019: £57,483).

Purchases of consulting and research services from Mason Advisory Limited of £nil (2019: £40,148).