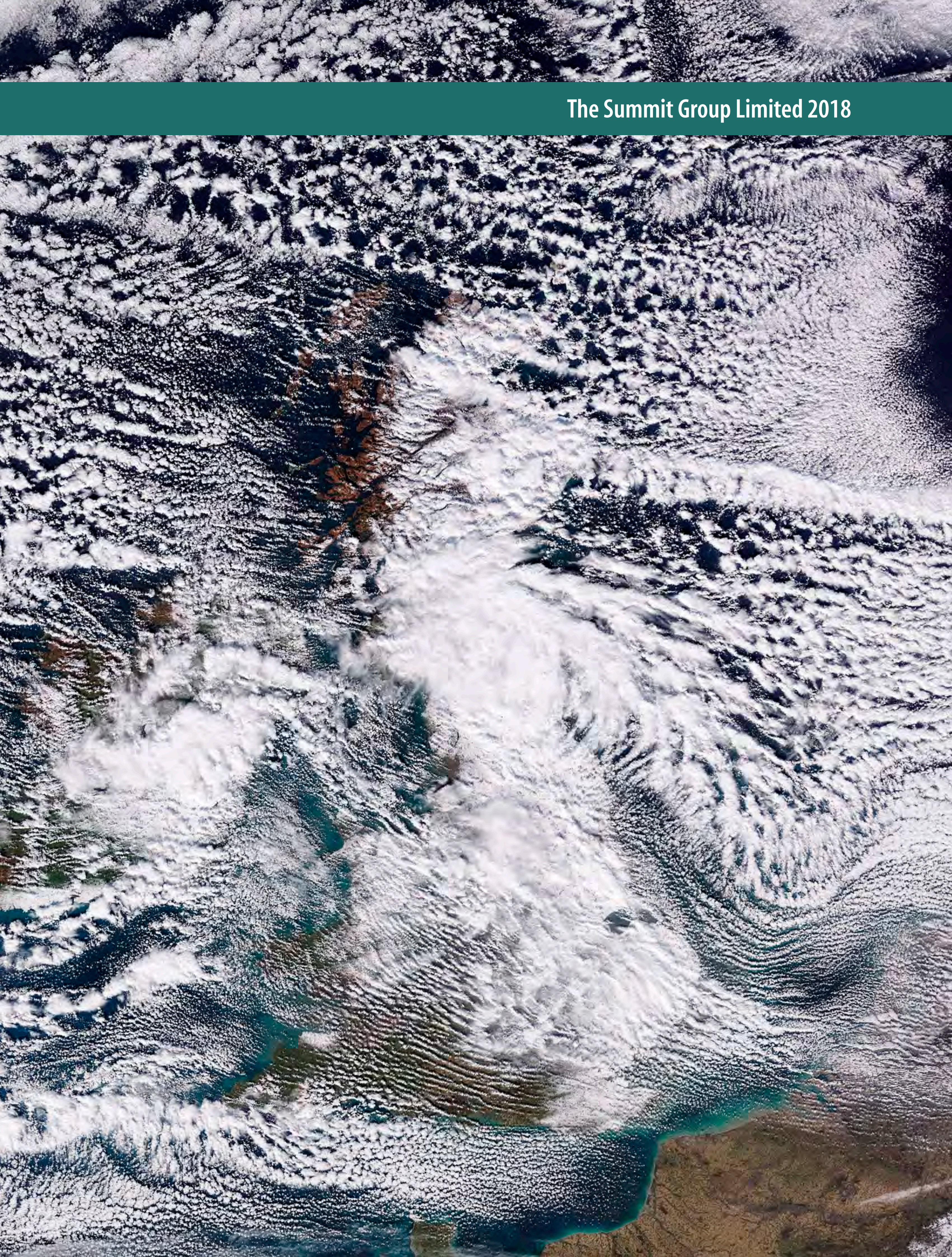
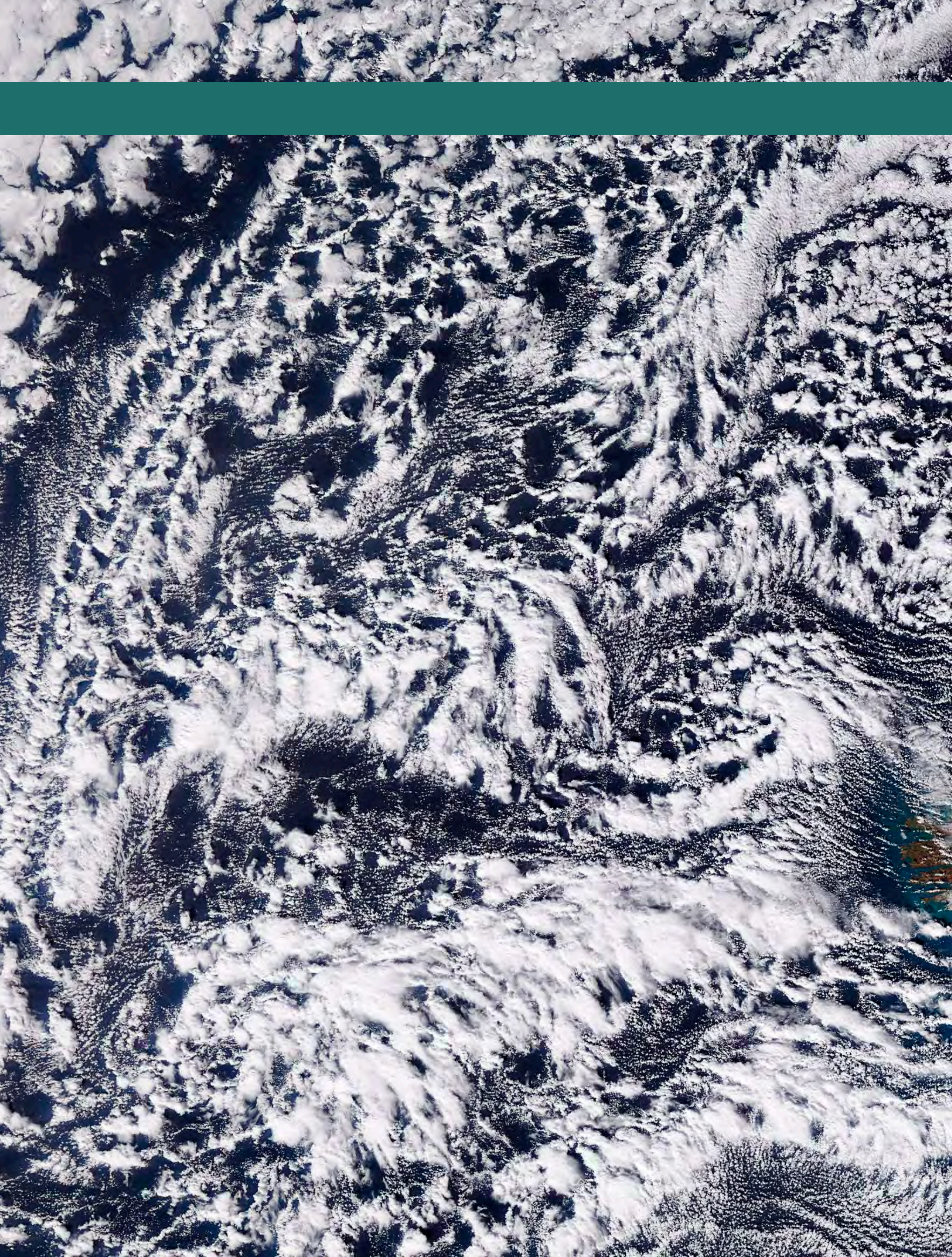


The Summit Group Limited 2018



Cover Image:
2018 Great Britain and Ireland cold wave,
satellite image

The Summit Group

What we do

The Summit Group is a venture capital business. We provide capital to start up and early stage companies, and actively support these businesses as they grow.

We only invest in businesses to which we believe we can add value. We achieve this by providing business infrastructure and support functions as well as our skill and experience and the contacts within our Group and our other investments. Our aim is to give the entrepreneurs we back the support and resources to enable us to succeed together.

Summit always invests less than £500,000. We always seek to have a shareholding in excess of 20% in the companies in which we invest.

Who we are

The Summit Group is a group of companies which operate principally in the financial and business services markets. Its activities include insurance, medical and life sciences, sales outsourcing and fund management, as well as making and managing early stage venture capital investments. Most of the Group's businesses were established as start-ups where Summit backed and supported management teams in which we had confidence. We have continued to support these businesses over many years. Although a number of the businesses we have backed in the past have gone on to become successful independent businesses our policy is generally only to seek to realise our investment in a business if that is what its management also want.

The Summit Group itself is wholly owned by people who work (or have worked) in the business. Since it is our own money we are investing we treat all our businesses with the attitude of someone who has made a significant personal investment. This makes us hands-on investors: once we have made an investment we work as partners with management to help their business succeed and create value for all of us. Our financial standing, our years of hands-on experience in starting businesses and dealing with the issues and problems that are encountered along the way – and we have encountered many of them – and our extensive contacts all enable us to make a real contribution to the development of businesses in which we invest, over and above the capital we provide.

History of The Summit Group

The Summit Group has been in business for over thirty years. During this time it has been both a smaller and larger enterprise and raised over £150 million of capital, at its peak growing its total assets to in excess of £500 million with annual revenues of over £200 million. For over twenty years it has had the same core senior management team who have been involved in most aspects of growing and managing both smaller and larger businesses and the issues they encounter across a number of market sectors. As well as being a venture capital investor, it has also had shareholders who themselves were venture capital companies so has experience of the issues that can arise from both parties' perspectives.

What we look for

The key to any business is people. We look for energetic, experienced and talented leaders who can build and run their own businesses. These businesses will typically be in or around our preferred sectors, which include:

- Business Services
- Finance & Insurance
- Software & Internet
- Medical & Life Science
- Outsourcing
- Marketing Services
- Environmental
- Energy
- Technology

We tend to favour service-type businesses which have business models we can understand, which are cash generative and preferably with revenues earned under long term arrangements. We generally only invest in businesses whose customers are also businesses and therefore, generally, do NOT invest in businesses whose customers are consumers such as retail, entertainment or leisure.

Our investment approach revolves around the people we back, because even the best business ideas will not succeed without energetic and visionary entrepreneurs to implement them.

Our task, therefore, is to identify the people who have the capability to build quality and sustainable businesses - and to provide them with the appropriate infrastructure and financial resources to allow them to succeed.

We have found that entrepreneurs who choose to work with us value having the support, infrastructure, contacts and experience of a substantial and established business such as The Summit Group. Our involvement gives them credibility and frees them to focus on the value-creating elements of their business.

How we operate

We only maintain control over what we consider to be a few key financial and commercial factors. Beyond these, our philosophy is that the people we back should have the freedom to succeed in developing their business in their own way, with our support as a significant shareholder and contributor to the board.

We believe that once we have agreed the terms of our investment we are all shareholders together and should work together to create value.

How we are structured

The Summit Group makes investments out of its own resources; through Summit Alpha and, for investments seeking between £500,000 and £2 million, through Seraphim Capital and Seraphim Space, the enterprise capital funds of which Summit is a managing partner.

What we are invested in

Sector	The Summit Group	Summit Alpha	Seraphim Capital	Seraphim Space
Business Services	Voicenotes BookingLive CityPort	iX Group Authenticate Information Systems		Spire Global Iceye Nightingale Intelligent Systems Altitude Angel
Communications	Aria Networks		Aria Networks	ArQit
Environmental	Powerstax	Powerstax		
Financial	SQN Capital Management Summit Insurance Services			
Marketing Services	Tennyson		MirriAd	
Medical & Pharmaceutical	MedTrade Products Medical Equipment Solutions Thornbury Radiosurgery Centre QSRC Aimberry Medical			
Technology	Pyreos		Pyreos	TransRobotics
Software & Internet			Intamac	

Portfolio review
Directly held investments

Investment	Year	Percentage ownership	Business
BookingLive Software	2016	20%	Booking software

Based in Bristol, BookingLive develops and sells software enabling online booking of events, courses and locations. It is developing a "freemium" version of its paid for product and this is expected to be made available during the latter part of 2018.

Clients include the NHS, Greene King, Capita, BMW and a number of local authorities.

Summit invested just over £300k (alongside an investment of £100k from a fund managed on behalf of Creative England) for a shareholding of 20%.

Investment	Year	Percentage ownership	Business
Cityport	2018	25%	Logistics

Cityport has developed an innovative method of protecting goods being transported by lorry from theft. Working in conjunction with Robert Bosch (which will provide the necessary software), it aims to have a working beta test site during September 2018 and to have its first working (and paid for) operational site in the period before the end of 2018.

Summit invested £250,000 for a 25% shareholding in March 2018.

Investment	Year	Percentage ownership	Business
MedTrade Products	**2000**	**28%**	**Medical product fulfilment**

MedTrade Products designs and produces specialised medical products, which utilise new materials and processes. It sources and procures the manufacture of product to meet orders placed by major medical and pharmaceutical retailers and distributors throughout the world. Summit has invested £630,000 in four tranches for a 28% shareholding in the company.

MedTrade's expertise lies in obtaining the necessary CE marking and FDA approvals for its products in timescales that fit its customers' needs for products to be on sale at particular times. In the year to 28 February 2018 MedTrade again produced record sales and profits from its trauma and woundcare businesses, of £32.2 million and £6.1 million respectively (year to 28 February 2017, sales of £24.3 million and profit before tax of £4.4 million). Overall profits before tax were reduced by nearly £1.1 million of research and development expenditure on clinical trials for Celox and in developing other new products. The current financial year has again begun very well with record levels of sales.

The clinical trials for MedTrade's haemostat product, Celox, for use in internal surgical procedures have been completed (in terms of use on patients) and the results are currently being collated, checked and analysed. It is hoped that these will be completed by the end of the current calendar year. The Celox product is now being used across the world by an ever-increasing number of military forces and first responder units, with great praise for its efficacy; and the move into surgical use is the next stage in the development of its sales strategy.

Portfolio review
Directly held investments

Investment	Year	Percentage ownership	Business
Summit Insurance Services	1991	90%	Insurance Services

Summit Insurance Services has created and distributes a number of insurance products of which the most significant is compucover; the UK's leading all risks insurance for IT equipment. Compucover insures educational establishments, small and large organisations in both the public and private sector and thousands of individuals. The company also provides warranty schemes both as insurance and service agreements and "Protec Gadget", aimed at the ever-growing electronic gadget market.

Summit Insurance Services also manages the insurance schemes for major computer manufacturers including Toshiba and Fujitsu, specialist schemes such as Family Fund and IT insurance for Disabled Students and the IT insurance on many salary sacrifice schemes.

It continues to build its third-party claims handling book using its claims and supply chain skills to underwriters of IT and other insurance programmes.

In the year ending 31 March 2017, gross premium written was £2.98 million.

Tennyson	1998	100%	Sales channel development

Tennyson is a sales-outsourcing company, working with major organisations to improve their sales and profits by providing services on a long-term contract basis. Tennyson specialises in the disciplines of new business and account management and has achieved some headline-making and ground-breaking wins on behalf of its clients.

Its team blends consultancy with hands on sales and marketing - which enables it to give results like no other sales agency. These services include the provision of field sales teams, phone sales teams, third party channel programmes and both web and phone-based order-processing centres. In addition to providing high quality personnel, Tennyson also adds value through its expert knowledge of business to business sales.

The existing Royal Mail New Business team achieved ten out of twelve of its milestones and is now accountable for generating new business revenues in excess of £20m. Tennyson's services continue to be provided to a number of departments across the business.

Voicenotes	2007	26.5%	Sales support services

Voicenotes provides a highly cost-effective and individual transcription service to corporates, typically operating in the financial services industry. Staff at those customers dictate meeting and other notes from their mobile phones, and these are then transcribed and e-mailed back to the relevant member of staff and any colleagues that need copies; and these can also provide a link to the customer's CRM system to keep their customer lists and contacts current. The process is also useful in showing regulatory compliance, something that is expected to be increasingly important under MIFID II.

Portfolio review

Investments through Summit Asset Management (76% owned)

Investment	Year	Percentage ownership	Business
SQN Capital Management LLC	2015	25%	Fund Management

As part of the transaction which transferred Summit Asset Management's trade and employees to SQN Capital Management LLC (SQN) in January 2015, it exercised its right to acquire 25% of SQN at par value. It also negotiated to receive continuing goodwill payments linked to the net asset value of the SQN Asset Finance Income Fund Ltd, a closed end investment fund managed by SQN Capital Management (UK) Ltd (a subsidiary of SQN) which is listed on the main market of the London Stock Exchange.

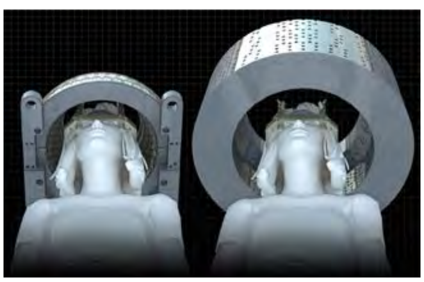
SQN is a US headquartered income (usually from leased or rented assets) fund manager, with over $850 million of funds under management or under advisory arrangements.

Medical Equipment Solutions	2004	78%	Financing and management of medical projects

Medical Equipment Solutions (MESL) operates (through two special purpose subsidiaries) two intracranial stereotactic radiosurgery ("SRS") centres. Further details of each of these are set out below. It continues to look for further sites where it might establish additional centres either in its own right or in partnership or joint venture with the hospital.

MESL believes that, as the benefits of SRS (it offers highly focused and accurate beams allowing for higher dosage and single treatments of specific sites with little or no side effects and a much better quality of life) become more widely known and the traditional radiotherapy operations transfer to stereotactic radiosurgery, there will be considerable scope for expansion of its operations.

Thornbury Radiosurgery Centre	2008	100%*	Gamma Knife radio surgery centre



The Thornbury Radiosurgery Centre (TRC) operates from premises within the BMI Thornbury Hospital in Sheffield, one mile from the NHS National Radiosurgery Centre. It has an Elekta Perfexion Gamma Knife for treating neoplasms in the brain. TRC treated its first patients in September 2008 and treats both private and NHS patients.

In June 2016, TRC entered into a sub-contract with the Sheffield Teaching Hospital NHS Foundation Trust (STH) to treat patients. In conjunction with TRC STH won the tender to be the Supra Centre for the North of England for the treatment of all tiers of NHS patients including the most complicated cases. Patient volumes increased in the second (full) year of the contract and it is hoped that – as the benefits of SRS become more widely known and appreciated – they will continue to grow during the balance of the contract period.

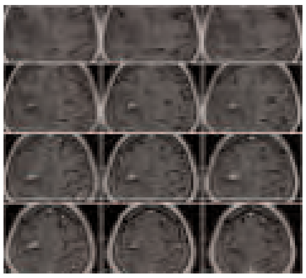
* % ownership by Medical Equipment Solutions

Picture: Leksell Gamma Knife® Perfexion™ Courtesy of Elekta

Portfolio review

Investments through Summit Asset Management (76% owned) continued

Investment	Year	Percentage ownership	Business
QSRC Limited	2012	100%*	Gamma Knife radio surgery centre



QSRC Limited works with University College London Hospitals NHS Foundation Trust (UCLH) to enhance the treatment methods for brain tumours in the UK. Located within The National Hospital for Neurology and Neurosurgery (NHNN, the UK's largest dedicated neurological and neurosurgical hospital), QSRC provides a high quality radiosurgery service for NHS and private patients. The service delivers gamma knife radiosurgery to treat brain tumours and other intracranial indications.

In June 2016, NHS England (NHSE) awarded 3 major contracts to UCLH, making the London Trust the Supra Centre for the South of England. On signing the contract with NHSE UCLH in turn signed a sub-contract with QSRC for 95% of all patient volume. The NHSE contracts won cover the south of England for local benign tumours but also more complex and rare tumours, vascular lesions (bleeds within the brain) and trapped nerves causing functional pain or headaches (such as trigeminal neuralgia).

In partnership with Great Ormond Street Hospital, UCLH was awarded the South of England Supra Centre status for paediatric work in radiosurgery, with all treatments to be delivered by QSRC. In 2016/17, working with UCLH, QSRC sought to establish new referral pathways for external Trusts to enhance the patient flow. This was a period of building foundations for growth which will enhance future financial performance.

* % ownership by Medical Equipment Solutions

Aimberry Medical	2006	1.6%*	MRI Scanning

Aimberry Medical's London centre uses the Fonar 0.6 T Upright MRI scanner, with its Leeds and Birmingham centres using a Paramed upright MRI. Both MRIs can scan patients in a weight-bearing position and as an "open" system, which reduces stress for claustrophobic and anxious patients.

* % ownership by Medical Equipment Solutions

Portfolio review

Investments through Summit Alpha

(Where the Summit Group and Summit Alpha both have a shareholding in the same investment, the percentage ownership figure is the one for the combined ownership.)

Investment	Year	Percentage ownership	Business
Authenticate Information Systems	2001/2013	34%	Food supply chain mapping platform

Authenticate Information Systems ("AIS") was spun out to its shareholders from Product Authentication Inspectorate ("PAI") as part of the sale of PAI in 2013.

This business provides a collaborative data platform which allows businesses in the food industry to track, analyse and understand their food supply network from end to end. Through the platform, AIS provides a network for suppliers in the food industry to share valuable transparency, audit, Key Performance Indicators and assurance data on a selective and secure basis, thus eliminating the costly and time-consuming task of proving supply chain information in an ad-hoc, repetitive and unmanaged way.

Its customers include Tesco, Waitrose, Asda, the Co-operative, Greencore, Compass Group, Finsbury Food, Pizza Hut, Subway and Winterbotham Darby. The platform holds profiles on 9,000 food businesses in 72 countries. Adoption of the platform continues to accelerate, particularly as the major UK supermarkets increase their engagement with it. The goal is for the platform to become the comprehensive risk platform for food businesses across the world.

iX Group	2001	16.8%	GMP and GCP audits

Through Rephine (acquired in March 2009), iX provides audits of pharmaceutical companies for both good manufacturing practice ("GMP") and good clinical practice ("GCP") at its suppliers, based both in Europe and the Far East. It has a library of over 170 audits, which it is continually increasing and which are available to purchase for companies looking to save the cost of an in-house audit. It also provides consultancy advice to the same customers. Sales from this part of the business were over £1.664 million in the year to 31 July 2018 (slightly up on the prior year) – up over tenfold in the last seven years – and this strong growth is budgeted to continue.

Powerstax	2000	2.4% 2.3% by Summit	Power conversion technology

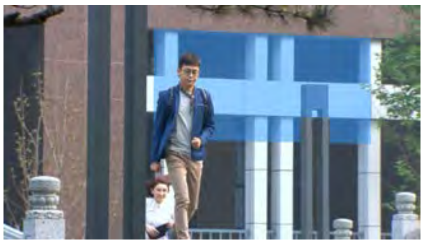
Powerstax specialises in the design, manufacture and marketing of high efficiency and high power density DC-DC converters, AC and DC Bulk Power units, and complete power solutions for the Communications, Industrial, Medical, Defence and Aerospace and Transportation markets. In 2012 it acquired a complementary business – DP Energy Services – which has started to add to overall sales volume and produce cost savings.

It is in the business of designing in a technological solution to deliver the optimum mix of performance, features and price. A blue-chip customer list is supported by sales made direct to the customers and through power focused international sales channels. With full design and low quantity production and test facilities in Wickford UK, higher quantities of product are produced in mainland China.

Portfolio review
Investments through Seraphim Capital

Summit is an investor in Seraphim Capital, a £30 million Enterprise Capital Fund (ECF) which invests in UK businesses seeking between £500,000 and £2 million. Summit is one of Seraphim's managing partners and Summit's managing director, Kit Hunter Gordon, chairs its board. Although Seraphim is closed to investing in new businesses it continues to invest in and support its existing portfolio.

Investment	Year	Percentage ownership	Business
MirriAd	2007	Under 1%	Post production product placement



MirriAd's technology digitally inserts brand objects into any kind of video content. This is similar in concept to tried and tested 'product placement' advertising but can be done post production electronically and in volume. Owners of films, TV, and online content can monetise their back catalogues and regionalise advertising, creating a significant new market opportunity.

Mirriad is maintaining its focus on the world's largest and fastest growing advertising markets which are also markets with high video consumption. In China it successfully delivered the Group's largest ever in-video advertising campaign at the end of 2017. Since IPO, Mirriad has had a positive start, signing contracts with Star India, Univision, NBCU, Globosat and the renewal of the Alibaba contract in China.

Mirriad was listed on AIM in December 2017 valuing the company at £63m.

Aria Networks	2008	28 % 2.5% by Summit	Artificial-intelligence software

Aria Networks is the developer of next-generation artificial intelligence software that is used to plan, build and optimise telecoms networks. Aria's proprietary technology is based on software that more closely models the adaptive nature of the human brain than any other technique currently available.

Aria has highly disruptive technology which brings a step change in capabilities in planning and optimising networks, enabling operators to move towards the vision of real time management of the network and significant reduction in capex and opex. With modern networks struggling to deliver services, Aria's technology allows operators to manage the networks more efficiently with less people whilst deploying an increased number of services.

Its software has particular application in the rapidly developing fields of Software Defined Networks ("SDN") and Network Functions Visualisation ("NFV"). The business has made significant progress in China, which is at the forefront of rolling out the 5G network for which Aria's software is indispensable, and Aria therefore has the potential to generate substantial revenues in this market.

Major customers and partners include BT and BOCO Inter-Telecom in China.

Portfolio review
Investments through Seraphim Capital continued

Investment	Year	Percentage ownership	Business
Intamac	**2009**	**18%**	**Internet of Things platform**

Intamac is at a pivotal position in the next stage of Internet development, "The Internet of Things". Intamac connects things to the Internet so that they can be monitored, controlled and accessed remotely.

Intamac has developed a web-based platform that enables a broad range of new products and interactive services for consumers to remotely monitor and control their home environment. The company has launched two low cost "plug and play" products – a security alarm system and an energy management system. Intamac's core technology is fully developed and validated with *c.*30,000 existing end customers.

The market opportunity for Intamac's services spans the security, telecare, environmental monitoring and home automation sectors. The business is well positioned to aid telecom companies and utility companies to combat increasing customer churn whilst increasing revenues. Based on recurring monthly subscriptions the business model is highly scalable.

Investment	Year	Percentage ownership	Business
Pyreos	**2010**	**7.3% 2.3% by Summit**	**Infra-red sensors**

Pyreos has developed and patented novel thin film technology with the potential to disrupt the $5 billion Infra-red (IR) detection market by making sensors that are smaller, cheaper and more sensitive. This enables a range of new applications to become viable which were previously unfeasible due to either size or cost constraints. Some of the major markets for these applications are motion sensors, gas sensors, spectroscopy and flame detection. Pyreos was spun out from Siemens following 15 year and €10m of R&D.

Pyreos's technology is protected by 12 patent families relating to a decade and €10m of R&D expenditure by Siemens. The technology is developed and validated via numerous customer evaluations and, through its fabless model where the fabrication of its chips is outsourced, the business has the potential to scale production rapidly to meet customer demand.

Portfolio review

Investments through Seraphim Space

Summit is an investor in Seraphim Space LP, a £67 million Enterprise Capital Fund (ECF) which is the world's first venture capital investor focused on businesses which operate in the Space ecosystem. The fund is focused on the fusion of terrestrial technology and space applications. It is backed by capital and expertise from leading space companies and also supported by the UK Space Agency and the European Space Agency. The fund invests in both downstream (software), and upstream (hardware) 'New Space' opportunities, along with technologies which rely on satellite data such as drones and the Internet of Things, or which have potential space applications such as artificial intelligence, robotics and nanomaterials. Summit is a managing partner and Summit's managing director, Kit Hunter Gordon, chairs the board.

Investment	Year	Percentage ownership	Business
Spire Global	2017	Convertible loan notes	Aircraft & marine tracking and weather data

Spire is one of the world's leading 'New Space' companies, operating the world's largest constellation of 'listening' nanosatellites that collect radio frequency (RF) data to deliver deep insights into the 75% of the world which comprise oceans and uninhabited areas where collecting data is notoriously difficult.

Leveraging its software-defined radio technology, Spire is unique among current nanosat constellations in being able to use the same payloads on its satellite constellation to collect wholly different datasets simultaneously, enabling it to fuse different datasets to deliver high value proprietary analytical insights, while at the same time seeking to monetise its constellation in multiple different markets and applications. Spire's initial applications include maritime, aviation and meteorology.

The $6bn satellite weather market represents the next major growth opportunity in the commercialisation of the space sector, standing at a tipping point analogous to that of both the launcher and earth observation (imagery) markets before it.

By virtue of having proprietary weather data offering much higher vertical resolution with greater observational frequency, Spire has unique access to what holds the potential to become the single biggest driver of accuracy in weather forecasts globally.

Iceye	2017	4 %	Radar Satellite

Iceye has developed the world's smallest miniaturised Synthetic Aperture Radar (SAR) satellite that costs less than 1/100th of a traditional SAR satellite. SAR can 'see' the earth, both at night and through clouds.

Iceye is looking to develop a constellation of low-cost SAR satellites with the ability to image anywhere in the world every 2-6 hours, providing it the capability to take a several images a day of any location. Allied to advancements in machine-learning led image analysis, this holds the potential to enable SAR-based change detection at a global scale for the first time.

Iceye is looking to use a low-cost constellation of nanosats to disrupt the government-dominated incumbents on the basis of price and high temporal resolution with a vertically integrated model. Iceye's founders have built a highly capable technical team supported by world class industry veteran advisors in both the technical and commercial aspects of SAR market.

As the first company globally to miniaturise Space-grade SAR successfully, Iceye has the opportunity to build a next generation SAR satellite company which is capable of surpassing the scale achieved by current industry incumbents.

Portfolio review
Investments through Seraphim Space continued

Investment	Year	Percentage ownership	Business
Nightingale	2017	10%	Site Security using drones

Nightingale has developed an autonomous aerial security drone to enhance physical security at large, sensitive facilities. The installed drone integrates with the customer's security system and, when a sensor is triggered, the drone autonomously deploys from its hangar and flies to the alert location, all the while streaming video to the security team's existing CCTV management system.

Nightingale is initially looking to enhance existing security teams through more persistent surveillance and greater deterrent. Nightingale introduces cost savings, while boosting security capability, and eventually plans to replace guard roles with its quasi-autonomous drones.

Investment	Year	Percentage ownership	Business
Altitude Angel	2017	18%	Air traffic control for drones

Altitude Angel has developed an extensible software platform that provides air traffic control services to drones. The company sells front-end applications delivering specific information to various customer groups including operators, regulators, insurers, drone manufacturers, etc in a form that is easy to consume and visualise. Current air traffic control systems cannot scale to meet the requirements of today's drone ecosystem or that of the anticipated future where millions of drones autonomously navigate airspace and intersect with manned air traffic. Altitude Angel has created such a system and their vision is to become the central data exchange for individual drone fleet management and air traffic control systems worldwide.

Altitude Angel has created a system that incorporates raw, realtime aeronautical information from national air traffic controllers and the EU air traffic data exchange, to create the worlds' most comprehensive map of real-time, dynamic airspace and ground hazard data in over 160 countries. The company has also made the decision to develop the open source data standard for drone information, which has subsequently been adopted by the industry, and positioned itself as one of only four companies advising the EU on drone legislation.

Investment	Year	Percentage ownership	Business
TransRobotics	2017	22%	Software-defined radar

TransRobotics has developed a software-defined digital radar that is several orders of magnitude smaller, lighter, and more powerful than competitors. Its solution has wide applicability in the areas of: drones, automotive, consumer electronics, and Augmented Reality/ Virtual Reality.

To operate effectively, autonomous robots, cars and drones all need to construct a three-dimensional view of their surroundings. TransRobotics uses commodity wifi hardware, often already a part of the device in question, to offer radar functionality with almost no incremental hardware requirements. The company's vision is for these digital radars to become a ubiquitous component of virtually all machines / electronic devices.

Portfolio review

Investments through Seraphim Space continued

ArQit	2018	5%	Data security/encryption

ArQit is developing a satellite-based cyber-security solution to mitigate the potential for quantum computers to render obsolete the encryption technology that underpins large swathes of the digital economy.

ArQit is using the laws of quantum mechanics to develop a form of encryption that is provably secure from quantum computer attack. The technology ArQit is looking to exploit – known as quantum key distribution (QKD) – entails encoding individual photons to represents bits of information that collectively form an encryption key. Under quantum mechanics laws any attempt to intercept such a key will physically change the state of the photon, thereby making it clear to the intended recipient that someone has attempted to eavesdrop.

Supported by a world class consortium of partners, ArQit is developing a satellite constellation to distribute quantum keys to protect high value communications from interception and decryption.

Financial statements

Strategic report
Results and business review

Principal activities

The Company is a venture capital business, operating within the confines of a group structure. It has a number of investments, with shareholdings ranging from wholly-owned downwards. In all instances the strategic issues relating to those companies are set out in their own audited report and accounts; but, in addition, the Company actively monitors their performance, most usually by appointing a non-executive director to the board of the company in which it has invested.

In some instances, it also participates in funds in which it has a management role, and to which it has a (limited) contractual obligation to make capital commitments. Aside from this, investments are made according to whether the directors believe they have cash resources to do so, bearing in mind the Group-wide obligation to meet salaries of those employees working for businesses where the Group maintains a shareholding of more than 75%.

Results and business review

As is evident from the review that follows, the Group has investments in a portfolio of businesses operating in a number of different sectors and exposed to different elements of the economy. With such a wide spread of business activities it is perhaps inevitable that, in any one year, there will be companies which have thrived and prospered and those whose fortunes have not been so good. That is both a strength – we are not exposed to any one sector and or to any particular facet of the economy – and a weakness – this report is unlikely to ever contain unmitigated good news. That said, all but one of our later stage businesses are producing profits and cash and, for the earlier stage businesses, most are well-funded.

In headline and purely financial terms, the Group produced a profit before tax of £1.35 million, in the process increasing shareholders' funds to £26.3 million; and although available cash (including shorter-term bank deposits) decreased to £7.0 million, this was as a result of a number of investments made in the year and in paying down creditors in one business in particular.

Looking at the individual businesses which the Company owns and the investments that the Group has made:

• After a number of years of having its performance described much later on in this report, it is perhaps fitting that the Company's investment in Medtrade Products Ltd ("Medtrade") is dealt with first. In the year to 28 February 2018, Medtrade produced record profits before tax of £6.1 million on turnover (which was again a new high) of £32.2 million. In the light of this, the Company's investment in Medtrade has been revalued upwards by £9.5 million, which accounts for a large part of the increase in net assets during the year.

• The entity in which Summit Asset Management Ltd ("SAM") holds a 25% interest, SQN Capital Management LLC ("SQN US"), and SQN UK found it difficult to invest all of the £180 million (in C shares) raised (in December 2016) for the listed fund which SQN UK manages. Lease transactions were there to be done but they were, for the greater part, not of a credit quality or with a rate of return that would have made them suitable for the fund.

• As a result, it was agreed that the fund would redeem £40 million of the C shares on 6 June 2018. All of this has had consequences for SQN UK (as the manager): (a) it has agreed that the management fee for the period from December 2016 to 6 June 2018 on the £40 million that is to be redeemed will be repaid to the fund over 12 months; (b) clearly, the ongoing management fee will be reduced; and (c) structuring and arrangement fees have reduced accordingly.

• In the light of the events described in the two paragraphs above (and the inherent uncertainties described), the board decided to make no change to its estimate of the expected consideration due from SQN UK in respect of that element of the goodwill of SAM that was sold to SQN UK in January 2015. Equally, the company's indirect holding in SQN US (which is described further in the notes to the accounts) was held at the same valuation: the £40 million redemption of the C shares by the UK listed fund being offset by funds raised in the United States.

• On 30 September 2017, SAM sold its 75% shareholding in Southeast Power Engineering Ltd ("SEPEL") to SQN US for nominal consideration. The funding for SEPEL's main operating subsidiary, Romney Hydropower Company Ltd ("Romney"), is provided by an entity which is advised

Strategic report
Results and business review continued

as to asset financing by SQN US and it made commercial sense for SQN US to have a greater degree of control over SEPEL and Romney in these circumstances.

• QSRC Ltd ("QSRC") made good progress during the year, building on the turn-around in its performance in the prior year. Turnover in the year increased from £2.32 million to £2.44 million and – as a result of a control of costs and a reduction in interest expense – profits before tax more than doubled to just under £300k. Just as importantly creditors were reduced from just over £4.1 million to £2.9 million.

• After the year-end QSRC refinanced some expensive contingent indebtedness (further details on which are set out in note 26 to the accounts). Its existing lease financier (De Lage Landen Leasing Ltd, or "DLL") agreed to advance the amount necessary to extinguish this liability, and to provide additional finance to enable QSRC to replace the radioactive sources in its gamma knife later in 2018. All these amounts were or will be rolled into QSRC's existing finance lease with DLL, which has been extended, and will now end in 2023. This restructuring gives greater certainty to QSRC's results going forward.

• As reported in last year's business review, The Thornbury Radiosurgery Centre Ltd ("TRC") became a wholly-owned subsidiary of Medical Equipment Solutions Ltd ("MESL") on 22 June 2017. It too traded profitably in the year: turnover was up from £1.54 million to £1.92 million, and profits up nearly 50% to £415k. It generated sufficient cash to enable it to provide MESL with the funds that it needs in order to meet the loan repayments under the facility taken on by MESL to acquire the 50% of TRC that it did not already own.

• It was said last year that the fortunes of SIS are inextricably linked to activity in the market (IT products) to which its insurance products relate. There were further reductions in the sales of IT equipment (perhaps in part due to a lack of new products and in part to consumer demand) from 2016/17 and premiums collected were down again (from £3.93 million to £2.98 million); commissions similarly fell from £800k to £600k and this resulted in the company and its sister company (Summit Financial Services Ltd, which makes its income from claims handling services) making a combined loss of £122k. Although the first few months of 2018/19 have been better, it is too soon to say whether this marks the start of the up-turn.

• Turnover within Tennyson Ltd ("Tennyson") was £1.34 million, a further decrease year on year (2016/17: £1.55 million) with profits before tax of £140k. The reduction in profits before tax from the £332k seen in 2016/17 was due to two factors mainly: Tennyson only achieved 8 out of 10 milestones in the current year (all 12 were achieved in the previous year) and a number of shorter term projects for its major customer finished during the year.

• The second element of deferred consideration due on the sale by Tennyson of its shareholding in Tennyson Insurance Ltd ("Tennyson Insurance") was due to be calculated by reference to the performance of Tennyson Insurance in the 3 years to 30 June 2018. In the light of events since the completion of the sale, it has been agreed in principle with the purchaser that this payment will be deferred and calculated by reference to the performance of Tennyson Insurance in the period to 31 December 2019.

• The Company made two new investments in the year, putting £250k at an early stage into Cityport Ltd (which has an innovative approach to protecting lorry cargo from theft) and made investments totalling £256k in Aria Networks Ltd (a company in the Seraphim Capital LP ("Seraphim") portfolio, which is a developer of artificial-intelligence software for planning and optimisation of next generation telecoms networks). The Company also made further investments in Pyreos Ltd in the year totalling £133k.

The Company continued to provide funds to Seraphim Space LP, which at the year-end had invested a total of £8.6 million in 6 companies all with space or space-related technologies. Seraphim had hoped to sell one of its investments in 2017/18 and return all (or nearly all) of the capital to investors as a result. That sale fell through at a late stage, but the Company is playing an active part in making sure that the Seraphim portfolio is funded through to what are hoped to be successful sales.

All the investments held in Summit Alpha prospered during the year, with increased profits and or successful funding rounds at increased valuations. Exits for some of the companies are thought to be likely in the next few years.

By order of the board

SJK Barratt 28 June 2018
Secretary

Director' report for The Summit Group Limited

The directors present the directors' report and the audited consolidated financial statements for the year ended 31 March 2018.

Results and dividends

The results of the Group can be summarised as follows:

	2018 **£000**	2017 £000
Profit before tax (all continuing operations)	**1,354**	2,240
Profit attributable to ordinary shareholders after dividends	**948**	1,972

The Company paid its ordinary shareholder dividends totalling £nil in the year (2017: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

Mr CN Hunter Gordon
Mr SJK Barratt
Mr BL Sack

The interests of Mr Barratt, Mr Hunter Gordon and Mr Sack in the share capital of Brighthand Ltd are shown in the financial statements of that company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

SJK Barratt
Secretary

10 Cloisters House
Cloisters Business Centre
8 Battersea Park Road
London
SW8 4BG

28 June 2018

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• make judgments and estimates that are reasonable and prudent;

• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the independent auditor, KPMG LLP, to the members of The Summit Group Limited

Opinion

We have audited the financial statements of The Summit Group Ltd ("the company") for the year ended 31 March 2018 which comprise the consolidated profit and loss account, the consolidated other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity and the consolidated statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

• give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;

• have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

• we have not identified material misstatements in the strategic report and the directors' report;

• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Report of the independent auditor, KPMG LLP, to the members of The Summit Group Limited continued

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

• the parent company financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 19, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Overton (Senior Statutory Auditor)
for and behalf of KMPG LLP, Statutory Auditor
Chartered Accountants,
Arlington Business Park, Theale, Reading, RG7 4SD

29 June 2018

Consolidated profit and loss account

for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Turnover: Group and share of joint ventures	*1-2*	**6,536**	10,848
Less: share of joint ventures' turnover		**(197)**	(997)
Group turnover – continuing operations		**6,339**	9,851
Cost of sales		**(2,696)**	(5,558)
		3,643	4,293
Gross earnings under finance agreements		**2**	2
Gross profit		**3,645**	4,295
Operating costs	*4-7*	**(4,280)**	(4,140)
Group operating profit/(loss)		**(635)**	155
Share of operating profit/(loss) in joint ventures		**41**	209
Share of operating profit in associates		**2,061**	-
Profit on sale of part of trade		**-**	2,000
Profit on disposal of other investments		**-**	13
Profit on sale of associated companies		**-**	240
Operating profit – continuing operations	*3*	**1,467**	2,617
Income from other fixed asset investments		**298**	175
Net interest payable	*8*	**(411)**	(552)
Profit before taxation		**1,354**	2,240
Taxation:	*9*		
Group		**-**	18
Profit after taxation		**1,354**	2,258
Non-controlling interests		**(406)**	(286)
Profit for the financial year		**948**	1,972

All the above items relate to continuing operations.
The notes on pages 29 – 47 form part of these financial statements.

Consolidated other comprehensive income
for the year ended 31 March 2018

	2018 £000	2017 £000
Profit for the financial year	**948**	1,972
Other comprehensive income		
Revaluation of other investments	**9,206**	487
Total comprehensive income for the year	**10,154**	2,459

The notes on pages 29 – 47 form part of these financial statements.

Consolidated balance sheet
at 31 March 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Goodwill	*10*		**643**		-
Tangible fixed assets	*11*		**560**		3,100
Investments	*12*		**19,084**		9,418
			20,287		12,518
Current assets					
Stocks and work in progress	*13*	**-**		24	
Debtors	*14*	**2,518**		2,731	
Investments	*15*	**-**		111	
Liquid resources		**5,528**		1,028	
Cash at bank and in hand		**1,489**		6,817	
		9,535		10,711	
Creditors: amounts falling due within one year	*16*	**(2,046)**		(2,339)	
Total net current assets			**7,489**		8,372
Total assets less current liabilities			**27,776**		20,890
Debtors: amounts falling due after more than one year	*17*		**1,202**		2,069
Creditors: amounts falling due after more than one year	*18*		**(2,678)**		(7,077)
Provisions for liabilities and charges	*24*		**(33)**		(33)
Net assets			**26,267**		15,849
Capital and reserves					
Share capital	*19*		**7,343**		7,343
Capital redemption reserve	*20*		**1,049**		1,049
Revaluation reserve	*20*		**15,395**		6,189
Other reserve	*20*		**167**		167
Profit and loss account	*20*		**1,633**		685
			25,587		15,433
Non-controlling interests			**680**		416
Shareholders' funds			**26,267**		15,849

These consolidated financial statements were approved by the board of directors on 28 June 2018 and were signed on its behalf by:

SJK Barratt
Director
Company registration number: 02231277

The notes on pages 29 – 47 form part of these financial statements.

Company balance sheet
at 31 March 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible fixed assets	*11*		**2**		4
Investments	*12*		**16,412**		6,501
			16,414		6,505
Current assets					
Debtors	*14*	**3,959**		3,564	
Liquid resources		**5,528**		1,028	
Cash at bank and in hand		**812**		5,579	
		10,299		10,171	
Creditors: amounts falling due within one year	*16*	**(2,178)**		(2,004)	
Net current assets			**8,121**		8,167
Provisions for liabilities and charges	*24*		**(33)**		(33)
Net assets			**24,502**		14,639
Capital and reserves					
Share capital	*19*		**7,343**		7,343
Capital redemption reserve	*20*		**1,049**		1,049
Revaluation reserve	*20*		**13,346**		4,163
Other reserve	*20*		**167**		167
Profit and loss account	*20*		**2,597**		1,917
Shareholders' funds			**24,502**		14,639

These consolidated financial statements were approved by the board of directors on 28 June 2018 and were signed on its behalf by:

SJK Barratt
Director
Company registration number: 02231277

The notes on pages 29 – 47 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2017 and 2018

Group	Share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Other reserve £000	Non-controlling interests £000	Total equity £000
Balance at 1 April 2016	7,343	1,049	5,702	(1,287)	167	22	12,996
Profit for the financial year	-	-	-	1,972	-	286	2,258
Revaluation of other investments	-	-	575	-	-	-	575
Less revaluation attributable to non-controlling interests	-	-	(88)	-	-	88	-
Equity dividends	-	-	-	-	-	(147)	(147)
Issue of Shares	-	-	-	-	-	167	167
Balance at 31 March 2017	**7,343**	**1,049**	**6,189**	**685**	**167**	**416**	**15,849**

Group	Share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Other reserve £000	Non-controlling interests £000	Total equity £000
Balance at 1 April 2017	7,343	1,049	6,189	685	167	416	15,849
Profit for the financial year	-	-	-	948	-	406	1,354
Revaluation of other investments	-	-	9,206	-	-	-	9,206
Equity dividends	-	-	-	-	-	(142)	(142)
Balance at 31 March 2018	**7,343**	**1,049**	**15,395**	**1,633**	**167**	**680**	**26,267**

Company statement of changes in equity

for the year ended 31 March 2017 and 2018

Company	**Share capital**	**Capital redemption reserve**	**Revaluation reserve**	**Profit and loss account**	**Other reserve**	**Total equity**
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016	7,343	1,049	4,180	937	167	13,676
Profit for the financial year	-	-	-	980	-	980
Revaluation of other investments	-	-	(17)	-	-	(17)
Balance at 31 March 2017	**7,343**	**1,049**	**4,163**	**1,917**	**167**	**14,639**

Company	**Share capital**	**Capital redemption reserve**	**Revaluation reserve**	**Profit and loss account**	**Other reserve**	**Total equity**
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	7,343	1,049	4,163	1,917	167	14,639
Profit for the financial year	-	-	-	680	-	680
Revaluation of other investments	-	-	9,183	-	-	9,183
Balance at 31 March 2018	**7,343**	**1,049**	**13,346**	**2,597**	**167**	**24,502**

Consolidated statement of cash flows
for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the financial year		**1,354**	2,258
Adjustments for:			
Depreciation of tangible assets	*11*	**775**	990
Amortisation of goodwill	*10*	**153**	152
Interest receivable	*8*	**(35)**	(47)
Interest payable	*8*	**446**	599
Loss on sale of fixed assets		**-**	2
Profit on disposal of associates		**-**	(240)
Profit on sale of trade	*4*	**-**	(2,000)
Profit on disposal of subsidiaries	*4*	**(2,061)**	-
Profit on sale of other investments		**-**	(13)
Profit from joint venture companies		**(41)**	(209)
Income from fixed asset investments		**(298)**	(175)
Amounts written off investments	*12*	**171**	95
Taxation		**-**	(18)
Changes in:			
Stock		**-**	2,666
Other investments		**111**	2
Trade and other debtors		**1,085**	2,101
Trade and other creditors		**(672)**	75
Cash generated from operations		**988**	6,238
Interest paid		**(445)**	(772)
Interest received		**35**	47
Taxation paid		**-**	(6)
Net cash from operating activities		**578**	5,507
Cash flows from investing activities			
Purchase of tangible fixed assets		**(105)**	(154)
Proceeds from the sale of investments		**-**	13
Proceeds from the sale of tangible fixed assets		**-**	1
Dividends received from fixed asset investments		**298**	175
Purchase of other fixed asset investments	*12*	**(848)**	(672)
Acquisition of subsidiary company		**(1,002)**	-
Cash acquired on acquisition of subsidiary company		**402**	-
Cash on disposal of subsidiary company		**(1)**	-
Deferred consideration on purchase of shares in subsidiary		**(58)**	(104)
Net cash from investing activities		**(1,314)**	(741)
Cash flows from financing activities			
Dividends paid		**(142)**	(148)
Net (outflow)/inflow from other short-term creditors (debt due within one year)		**4,513**	(2,701)
Capital element of finance leases		**(661)**	(417)
Net (repayment)/drawing of loans (debt due after one year)		**(3,791)**	43
Share capital paid in by non-controlling interests		**-**	167
Net cash from financing activities		**(81)**	(3,056)
Net (decrease)/increase in cash and cash equivalents		**(817)**	1,710
Cash and cash equivalents at the beginning of the year		**7,830**	6,120
Cash and cash equivalents at the end of the year		**7,013**	7,830

The notes on pages 29 – 47 form part of these financial statements.

Notes to the financial statements
for the year ended 31 March 2018

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation
The Group and Company financial statements have been prepared in accordance with FRS 102, the *Financial Reporting Standard applicable in the UK and Republic of Ireland*. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost accounting rules as modified for the revaluation of certain assets.

The Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- no separate parent company cash flow statement with related notes is included; and
- disclosures in respect of financial instruments have not been presented; and
- key management personnel compensation has not been included a second time.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 31 March 2018. The financial statements include the results of all subsidiaries and joint venture companies throughout the year, or from the date of acquisition or to the date of disposal or deemed disposal as appropriate.

The directors have taken advantage of section 408 of the Companies Act 2006 and no profit and loss account has been presented for the Company.

Judgments and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors consider the valuation of certain of the Group's investments to be key judgements. Further details regarding these judgements can be found in note 12 of the accounts.

Goodwill
The cost of purchased goodwill is amortised to nil by equal annual instalments over the estimated useful life.

Goodwill on consolidation
Purchased goodwill arising on consolidation in respect of acquisitions before 1 January 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life ranging between 3 and 10 years. Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the acquisition are recovered, whether through depreciation or sale.

Goodwill on acquisitions
Purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Purchased goodwill arising on acquisition is amortised to nil by equal annual instalments over its estimated useful life, being over 3-6 years.

Tangible fixed assets
Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their estimated useful economic lives. Leased assets are depreciated over the shorter of the lease term and their estimated useful economic lives. The estimated useful economic lives are as follows:

Fixtures and fittings	3 - 5 years straight line
Plant and equipment	3 - 20 years straight line or over lease term

Leasehold premises and improvements on properties occupied by the Group are depreciated over the term of the lease.

Work in progress
Work in progress represents costs associated with various long term contracts and is stated at the lower of cost and amounts recoverable, less any related amounts received or receivable.

Fixed asset investments
Investments held for their longer term potential are carried at directors' valuation. Provision is made for permanent diminution in value as appropriate.

Shares in group companies
The Company's investments in subsidiary and joint venture companies are stated at cost less any provisions made for permanent diminution in value.

Joint ventures and associated companies
Joint ventures are those companies in which the Group has both an investment and representation to enable it to exercise significant influence and an involvement in the day to day running of the investee company.

In the consolidated balance sheet, investments in joint ventures are accounted for using the "equity" method. Any discount or premium arising on acquisition is capitalised as an intangible fixed asset and amortised over its estimated useful life. The Group's share of the results, gross assets and liabilities of joint ventures has been based on their latest audited accounts, where these have been made up to 31 March.

Associated companies are those companies where the Group has a substantial interest in the equity capital and whose directors include representatives of the Group such that the Group is able to exert significant influence over the management and operations of those companies. Investments in associated companies are accounted for using the equity method.

Investment in finance agreements
The Company and one of its subsidiaries act as lessors of printing, agricultural and other equipment. Where substantially all the risks and rewards of ownership pass to the lessee, these leases are accounted for as finance leases in accordance with FRS 102.

i) Recognition of profit on finance agreements
Finance lease income is recognised on an appropriate basis so as to give a constant periodic rate of return on the net cash investment in the lease.

ii) Investment in finance agreements
The investment in finance agreements is stated in the balance sheet at the total of the gross minimum lease payments receivable under such agreements, less finance income allocated to future periods.

iii) Residual interests in leased equipment
In the majority of cases under the lease arrangements described above, the relevant Group company retains an interest in the residual value of the leased equipment. No recognition is made in the financial statements of any profit attributable to the estimated future disposal proceeds of equipment which will be returned to the Group at the termination of the lease or from rentals resulting from secondary leases until these are realised.

Notes to the financial statements continued

1 Accounting policies (continued)

Operating leases
Income from operating leases is recognised on a straight line basis over the lease period. Assets held for use under operating leases are included in fixed assets at cost to the Group and are depreciated on a straight line basis over their estimated useful lives.

Finance leases
Assets held under finance leases are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after more than one year.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant interest rate on the then current capital balance outstanding.

Pension costs
Employees of the Group are eligible to participate in the stakeholder pension plan run by the Company. The charge represents the contributions payable to the stakeholder pension plan in respect of the accounting period.

Taxation
Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Turnover
Turnover represents amounts, excluding value added tax, receivable from the provision of goods and services. It comprises outright sales for the supply and installation of equipment, rental income and sale proceeds from properties, commissions receivable and advisory and other fees.

Foreign currencies
The accounts of overseas undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the re-translation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign entities, which are taken directly to reserves together with the exchange difference on the net investment in these entities.

Related party transactions
The Company has taken advantage of the exemption in FRS 102.33.1A and, other than as set out in note 25, has not disclosed related party transactions.

Employee benefit trusts
Contributions made to the employee benefit trusts are charged to the profit and loss account to the extent that the assets held by the trusts as a result of the contribution have been unconditionally gifted to beneficiaries or, if earlier, when a constructive obligation has arisen and created a liability for the Company.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits repayable on demand. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Liquid resources
Liquid resources are short term bank deposits of less than one year.

Notes to the financial statements continued

2 Analysis of Group turnover, profit(loss) on ordinary activities before taxation and net assets/(Liabilities)

	2018 Group turnover £000	2018 Profit/(loss) on ordinary activities before taxation £000	2018 Net assets/ (liabilities) £000	2017 Group turnover £000	2017 Profit on ordinary activities before taxation £000	2017 Net (liabilities)/ assets £000
By activity						
Equipment leasing and sales	180	1,849	5,150	5,407	2,228	3,830
Medical services	4,185	288	(2,591)	2,440	413	(2,348)
Advisory and other services	2,025	69	(619)	2,455	645	(119)
Property investment and trading	-	5	(1,201)	393	68	(1,207)
Head office	146	(446)	25,528	153	(562)	15,693
	6,536	1,765	26,267	10,848	2,792	15,849
Net interest payable		(411)			(552)	
Profit before taxation		1,354			2,240	

Geographical analysis

A geographical analysis of turnover is given below:

	2018 £000	2017 £000
UK	6,536	9,407
Europe	-	807
Overseas	-	634
	6,536	10,848

3 Analysis of continuing and discontinued operations

The entirety of the Group's activities arose from continuing operations.

Notes to the financial statements continued

4 Profit before taxation

	2018 **£000**	2017 £000
Profit before taxation is stated after charging/(crediting)		
Auditor's remuneration		
audit fee for the company's financial statements	**12**	12
audit fee for the group's (including the company's) financial statements	**60**	60
Depreciation of tangible fixed assets:		
owned	**158**	210
held under finance leases	**617**	780
Amortisation of goodwill	**153**	152
Rentals payable under operating leases:		
Property leases	**287**	189
Profit on the sale of part of a trade	**-**	(2,000)
Profit on disposal of subsidiaries	**(2,061)**	-

Profit on the sale of part of a trade is the estimate made by the directors of SAM of amounts due to it from SQN UK in respect of the consideration to be paid by SQN UK to SAM for the sale by SAM of the goodwill relating to certain elements of SAM's trade. Pursuant to the terms of a sale and purchase agreement dated 19th January 2015 and made between SAM, SQN UK and SQN US, SAM transferred certain employees, sold certain assets and the goodwill immediately pertaining to those employees and its shareholdings in a subsidiary and two joint ventures, the consideration for which included a deferred variable element based upon certain future performance criteria.

Profit on the disposal of subsidiaries in the year reflects the disposal in the year of SAM's 75% interest in the ordinary and preference shares of Southeast Power Engineering Ltd ("SEPEL") for nil consideration. The net liabilities of SEPEL (which include SEPEL's 100% owned subsidiary, Romney Hydropower Company Ltd) at the time of disposal were £2.06 million. The financial statements include £231,223 of losses to the date of disposal.

5 Remuneration of directors

Directors' emoluments during the year amounted to £427,214 (2017: £477,111) and arose as follows:

	2018 **£000**	2017 £000
Emoluments of executive directors:		
Remuneration	**357**	357
Bonuses (discretionary)	**70**	120
	427	477

No contributions were made on behalf of directors (2016: £nil) to the stakeholder pension plan of the Company.
The total emoluments of the highest paid director are analysed as follows:

	Highest paid director	
	2018 **£000**	2017 £000
Emoluments (including discretionary bonuses)	**229**	253

Notes to the financial statements continued

6 Staff numbers and costs

The average number of staff employed by the Group during the year was:

	2018 £000	2017 £000
Management staff	**6**	7
Office staff	**59**	50
	65	57

The aggregate payroll cost of these persons (including directors) was as follows:

	2018 £000	2017 £000
Salaries	**2,229**	2,220
Management discretionary bonuses	**70**	126
Social security costs	**338**	250
Other pension costs	**55**	50
	2,762	2,646

7 Pensions

The employees of the Group are eligible to participate in the stakeholder pension plan run by the Company. The charge represents the contributions payable to the stakeholder pension plan in respect of the accounting period.

The total pension cost for the Group for the year was £54,600 (2017: £50,300).

8 Interest

	2018 £000	2017 £000
Interest payable on finance leases	**(127)**	(131)
Bank interest on loans repayable within five years	**-**	(1)
Interest payable on other loans	**(314)**	(441)
Interest payable by joint ventures and associates	**(5)**	(26)
	(446)	(599)
Plus:		
Bank interest receivable	**29**	37
Other interest receivable	**6**	10
Net interest payable	**(411)**	(552)

Notes to the financial statements continued

9 Taxation

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax. The UK corporation tax rate of 19% (2017: 20%) is the standard rate for the Group. The factors affecting the current tax charge of the Group are as follows:

	2018 £000	2017 £000
Profit on ordinary activities before taxation	**1,354**	2,240
Expected tax charge	**257**	448
Non-taxable income	**(501)**	(96)
Expenses not deductible for tax purposes	**118**	40
Timing differences on fixed assets	**16**	34
Utilisation of tax losses brought forward	**(120)**	(477)
Losses not relieved	**230**	51
Adjustments to tax in respect of prior period	**-**	(18)
Total tax (credit)/charge recorded in the accounts	**-**	(18)

The Group has a deferred tax asset of £12,229,000 (2017: £12,561,000), which consists of unutilised tax losses of £12,068,000 (2017: £12,296,000) and timing differences on depreciation of £161,000 (2017: £265,000), which would be recoverable against future taxable profits of the Group. This asset has been provided for in full. The directors are unaware of any other factors which may affect the future tax charge of the Group.

The movement in the year represents the current year losses not relieved, utilisation of tax losses brought forward, and timing differences on fixed assets all shown above, permanent timing differences on depreciation of £(5,665) and adjustments for prior year losses of £(14,694), prior year capital losses of £2,493 and prior year timing differences on fixed assets of £(7,635), an adjustment of £(122,727) relating to fixed assets and £(360,863) relating to losses available with SEPEL and Romney, plus adjustments of £16,169 relating to fixed assets and £34,162 relating to losses held within TRC, which became a wholly-owned subsidiary on 22 June 2017.

Notes to the financial statements continued

10 Goodwill

Group

	Negative goodwill £000	Positive goodwill £000	Total £000
Cost			
At beginning of year	(209)	612	403
Additions	-	796	796
Disposals	-	(32)	(32)
At end of year	(209)	1,376	1,167
Amortisation			
At beginning of year	(209)	612	403
Charge for year	-	153	153
Disposals	-	(32)	(32)
At end of year	(209)	733	524
Net book value			
At 31 March 2018	-	643	643
At 31 March 2017	-	-	-

In all cases the positive goodwill arising is being amortised to the profit and loss account over a three, five or six year period commencing on the date of the investment or immediately in the case of the positive goodwill arising in the year. The negative goodwill was amortised to the profit and loss account over six years.

The positive goodwill arising in the year relates to:

(a) The acquisition by MESL on 22 June 2017 of the remaining 50% of the issued ordinary shares in TRC. The positive goodwill arising in the year of £748k is being amortised to the profit and loss account over 71 months to 30 April 2023, commencing on the date the investment was made;

(b) further deferred payments of £58k relating to the acquisition by the Company of the minority shareholdings in Tennyson from two employees of Tennyson Insurance at the time of the sale of Tennyson Insurance. The period of the original amortisation has since passed so the additional goodwill in the year has been written off in full in the year; and

(c) a reduction of £10.9k in the deferred payments relating to the acquisition by the Company of the minority shareholdings in Summit Property Ltd.

The positive goodwill disposed of in the year relates to SEPEL, the shares in which were sold on 30 September 2017.

Additional information on these companies is given in note 12.

Notes to the financial statements continued

11 Tangible fixed assets

Group

	Land and buildings £000	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost				
At beginning of year	-	24	7,291	7,315
Additions	2	-	122	124
Acquisition of subsidiary company	15	-	4,759	4,774
Eliminated on disposal of subsidiary companies	-	-	(2,997)	(2,997)
Disposals	-	(2)	(9)	(11)
At end of year	17	22	9,166	9,205
Depreciation				
At beginning of year	-	21	4,194	4,215
Charge for year	1	-	774	775
Acquisition of subsidiary company	-	-	4,312	4,312
Eliminated on disposal of subsidiary companies	-	-	(646)	(646)
Disposals	-	(2)	(9)	(11)
At end of year	1	19	8,625	8,645
Net book value				
At 31 March 2018	**16**	**3**	**541**	**560**
At 31 March 2017	**-**	**3**	**3,097**	**3,100**

The net book value of assets held under finance leases included in plant and machinery above is £308,800 (2017: £492,100).

Notes to the financial statements continued

11 Tangible fixed assets (continued)

Company

	Fixtures and fixings £000	Plant and equipment £000	Total £000
Cost			
At beginning of year	27	42	69
Disposals	(2)	(1)	(3)
At end of year	25	41	66
Depreciation			
At beginning of year	25	40	65
Charge for year	-	2	2
Disposals	(2)	(1)	(3)
At end of year	23	41	64
Net book value			
At 31 March 2018	2	-	2
At 31 March 2017	2	2	4

12 Fixed asset investments

Group		**2018 £000**	2017 £000
Joint ventures	(a)	**-**	217
Other investments	(b)	**19,084**	9,201
		19,084	9,418

(a) Joint venture companies	**2018 £000**	2017 £000
Share of gross assets	**1**	458
Share of gross liabilities	**(1)**	(241)
	-	217

At the beginning of the year the investment in joint ventures represented Summit Property Ltd's holding of 50% of the ordinary shares in The Basingstoke Property Company Ltd and MESL's holding of 50% of the ordinary shares in TRC. On 22 June 2017, MESL acquired from its joint venture partner in TRC (BMI Healthcare Ltd) all of the 450 B ordinary shares in issue for a consideration of £980k plus capitalised stamp duty and legal fees of £22k; and TRC became a wholly-owned subsidiary of MESL from that date.

Notes to the financial statements continued

(b) Other investments	**2018 £000**
Valuation	
At beginning of year	9,563
Additions	848
Revaluation	9,206
At end of year	19,617
Provisions	
At beginning of year	362
Provisions in the year	171
At end of year	533
Net book value	
At 31 March 2018	**19,084**
At 31 March 2017	9,201

Investments

(a) The Company has an investment of £631,440 in a company (Medtrade Products Ltd) producing specialised wound care dressings. The holding consists of 366 "A" ordinary shares of 10 pence each and 8,130 "B" ordinary shares of 10 pence each, an aggregate shareholding of 27.87% (2017: 27.87%). The investment is held at directors' valuation and was valued at the year-end at £14,000,000 (2017: £4,801,500).

(b) The Company has a holding of 78 ordinary shares in Insetco PLC. The company's shares are listed on the Alternative Investment Market but it has no trade, and the investment is held at directors' valuation at the year-end of £nil (2017: £nil).

(c) The Company has a holding of 42,921 ordinary shares in Avanti Communications Group PLC. The company's shares are listed on the Alternative Investment Market. The investment is held at directors' valuation, based on the relevant quoted mid-market prices, and is valued at the year-end at £4,600 (2017: £5,200).

(d) The Company has an investment of £25,000 in a company (T-Plan Ltd) which produces test management and planning software. The holding consists of 18,085 "C" ordinary shares of 0.1 pence each, a shareholding of 2.96% (2017: 2.96%). The investment is held at directors' valuation and was valued at the year-end at £nil (2017: £nil).

(e) The Company has made contributions totalling £463,732 to Seraphim Capital LP, a fund set up to make venture capital investments. There were provisions against the investments of £74,778 in the year, and the investment is held at directors' valuation of £123,082 (2017: £197,860).

(f) The Company has an investment of £103,757 in Voicenotes Ltd, a company which transcribes detailed meeting notes for companies' sales forces. The holding consists of 1,651 ordinary shares of £1 each and represents a shareholding of 26.5% (2017: 26.5%). The investment is held at directors' valuation and was valued at the year-end at £103,757 (2017: £103,757).

(g) The Company has an investment of £97,085 in a portfolio of listed shares. The investment is held at directors' valuation, based on the relevant quoted mid-market prices, and is valued at the year-end at £119,200 (2017: £135,700).

(h) The Company has an investment of £40,000 in Powerstax Plc, a company which makes advanced DC to DC power conversion units. The holding consists of 400,000 ordinary shares of £0.10 each and represents a shareholding of 2.33% (2017: 2.33%). The investment is held at directors' valuation and was valued at the year-end at £40,000 (2017: £40,000).

Notes to the financial statements continued

12 Fixed asset investments (continued)

(i) The Company has an investment of £433,000 in Pyreos Ltd, following further contributions in the year of £133,000. The company manufactures high tech infra-red sensors. The holding consists of 2,399,451 ordinary shares of £0.10 each and 102,838,339 A ordinary shares of 0.01 pence and represents a shareholding of 6.54% (2017: 6.16%) of the fully-diluted share capital. The investment is held at directors' valuation and was valued at the year-end at £433,000 (2017: £300,000).

(j) The Company has an investment of £300,023 in Booking Live Software Ltd, a company which provides its customers with software to enable on-line booking and payment for those companies' services and facilities. The holding consists of 27,273 ordinary shares of £0.01 each and represents a shareholding of 20% (2017: 20%). The investment is held at directors' valuation and was valued at the year-end at £300,023 (2017: £300,023).

(k) The Company has made contributions totalling £131,627 to Seraphim Space LP, a fund set up to make venture capital investments, following contributions during the year of £109,410. The investment is held at directors' valuation and was valued at the year-end at £132,346 (2017: £20,372).

(l) The Company made an investment of £250,000 in the year in Cityport Ltd. Cityport Ltd is a business trialling products to provide secure parking for lorries at service stations and other locations. The holding consists of 250 ordinary shares of £1 each and represents a shareholding of 25%. The investment is held at directors' valuation and was valued at the year-end at £250,000 (2017: £nil).

(m) The Company made investments in the year in Aria Networks Ltd totalling £256,074. Aria Networks Ltd is a developer of artificial-intelligence software for planning and optimisation of next generation telecoms networks. The holding consists of 926,677 ordinary shares of £1 each held directly and a further 126,626 held on its behalf by Seraphim Capital (General Partner) LP and represents a total shareholding of 2.98%. The investment is held at directors' valuation and was valued at the year-end at £256,074 (2017: £nil).

(n) The Company holds, via:

(i) MESL, an investment in Aimberry Medical Ltd, a company operating a specialist scanning service. The directors of MESL hold the investment at directors' valuation of £19,654 (2017: £117,921). The holding consists of 39,307 ordinary shares and reflects a shareholding of 1.6% (2017: 4.7%).

(ii) Dalebury (No. 31) Ltd, a holding of 415 ordinary shares of £1 each and 31,749,410 1p preference shares in Summit Alpha Ltd. This company makes investments in early stage businesses. The holding of preference shares in Summit Alpha currently represents 46.88% (2017: 46.88%) of the issued preference share capital. The number of preference shares owned reflects (a) redemptions following realisations of underlying investments made by Summit Alpha Ltd and (b) additional subscriptions and transfers of preference shares to the company by the other shareholders in Summit Alpha Ltd in lieu of management fees due to The Summit Group Ltd, from those other shareholders. Additional investments were made in the year totalling £99,133. The underlying investments were re-valued at the year-end in accordance with the guidelines issued by the British Venture Capital Association at a value of £1,639,502 (2017: £1,516,668). A revaluation of £23,701 (2017: £100,031) has been made in the year for the difference between the cost of the investments and the re-valued amount.

(iii) Summit Asset Holding LLC ("SAH"), a wholly-owned subsidiary of SAM, 25 class B units in SQN US. Those units are held at directors' valuation of £1,662,500 (2017: £1,662,500).

Notes to the financial statements continued

12 Fixed asset investments (continued)

Company

Investment in subsidiaries and associated companies	2018 £000	2017 £000
Investments (see Group note)	**15,762**	5,904
Shares in subsidiaries at cost less provisions	**650**	597
	16,412	6,501
The movements during the year were:		
Balance at beginning of financial year	**6,501**	6,758
Other investments made	**748**	635
Disposals	**-**	(330)
Provisions released/(against) in relation to investments in subsidiaries	**5**	(631)
Provisions against other investments	**(73)**	(18)
Revaluation of other investments	**9,183**	(17)
Investments in subsidiaries	**48**	104
Balance at end of financial year	**16,412**	6,501

The following is a full list of related undertakings, which are wholly owned by the company, either directly or indirectly, unless otherwise indicated:

Activity	Name of subsidiary	Percentage holding of ordinary shares
Asset finance companies	Summit Asset Management Ltd#	(76.2%)
	Summit Asset Holding LLC *	
	Summit Property Group Ltd	
Financial advisory and insurance services	Summit Insurance Services Ltd *	(90%)
	Summit Financial Services Ltd *	(90%)
	Summit Corporate Finance Ltd	
	Dalebury (No.31) Ltd	
Medical advisory and services	Medical Equipment Solutions Ltd *#	(78%)
	QSRC Ltd *#	
	The Thornbury Radiosurgery Centre Ltd *#	(78%)
Property investment, trading and development	Summit Property Ltd	
	The Basingstoke Property Company Ltd *	(50%)
	Summit Property Investments Ltd *	
Outsourced sales and related services	Tennyson Ltd	
Dormant companies	Optionfuture Ltd	
	Waste to Energy Ltd *#	
	Oxford Radiosurgery Centre Ltd *#	
	Summit Financial Group Ltd	
	Summit Security Trustee Ltd *#	

All the above companies are registered in England and Wales, other than Summit Asset Holding LLC which is registered in Delaware, USA.
* - shares held via a subsidiary

The address of the registered office for all of the above companies is 10 Cloisters House, Cloisters Business Centre, 8 Battersea Park Road, London, SW8 4BG except for those marked #, whose registered office address is Melita House, 124 Bridge Road, Chertsey, KT16 8LA, and with the exception of Summit Asset Holding LLC which is registered in Delaware, USA and does not have a UK registered office address.

Notes to the financial statements continued

13 Stocks

Group	2018 £000	2017 £000
Work in progress	-	24

14 Debtors : amounts falling due within one year

	Company		Group	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Trade debtors	**16**	13	**527**	526
Amounts owed by group companies	**3,836**	3,444	**554**	249
Amounts owed by joint ventures and associated companies	**-**	-	**2**	-
Prepayments and accrued income	**68**	43	**345**	332
Other debtors	**39**	64	**1,090**	1,624
	3,959	3,564	**2,518**	2,731

Included within other debtors (falling due within one year and after one year) is an amount of £2,232,404 (2017: £3,268,356) being the estimate made by the directors of SAM of amounts due to it from SQN UK in respect of the consideration to be paid by SQN UK to SAM for the sale by SAM of the goodwill relating to certain elements of SAM's trade. The terms of the sale are contained in a sale and purchase agreement dated 19th January 2015 and made between SAM, SQN UK and SQN US; and the consideration to be paid for that goodwill is linked to the amount by which fees received by SQN UK and SQN US from certain fund management activities in each quarter over a 14 year period from the date of sale exceed a hurdle amount. The directors have made an estimate of the amounts to be received and discounted them to present value at an appropriate discount rate.

15 Investments

Group	2018 £000	2017 £000
Interests in the residual value of equipment subject to operating leases	-	111

Notes to the financial statements continued

16 Creditors: amounts falling due within one year

	Company		Group	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Bank overdrafts	**-**	-	**4**	15
Other loans	**-**	-	**241**	45
Trade creditors	**9**	2	**145**	117
Amounts owed to group companies	**2,056**	1,771	**-**	-
Taxation and social security	**73**	63	**73**	63
Accruals and deferred income	**37**	151	**605**	931
Other creditors	**3**	17	**114**	624
Obligations under finance leases	**-**	-	**864**	544
	2,178	2,004	**2,046**	2,339

Included within accruals for the Group is an amount of £7,140 (2017: £9,042) relating to accrued interest on finance leases.

At the year-end other loans (falling due within one year and after one year) represent a loan from SQN Secured Income Fund PLC (a fund managed by SQN Asset Management Ltd) made to MESL under a loan facility dated 16 June 2017, under which MESL borrowed a total of £1,380k, which is repayable over 5 years from the date of drawdown in equal monthly instalments and bears interest at 10% per annum. The purpose of the loan was to complete the acquisition of the 50% shareholding in TRC held by BMI Healthcare Ltd and to repay the Hayes Participation Corp. BVI loan (see below).

Included within other loans in 2017 was:

(a) a senior secured loan of £4,380,914 made to Romney by Ability Insurance Company under a facility agreement dated 25 February 2014 (as amended by an agreement dated 23 December 2015). The loan bore interest at 9% per annum. The loan was repayable by quarterly instalments in the period to 23 February 2033. The loan was secured by a debenture over the entirety of Romney's assets. The loan was stated net of capitalised legal costs of £50,840, which were being amortised over 207 months from March 2014 to 23 February 2033. Romney was sold on 30 September 2017; and

(b) a loan of £469,314 from a shareholder (Hayes Participation Corp. BVI) made to MESL on 26 April 2012, for the purposes of enabling MESL to subscribe share capital in its subsidiary, QSRC. The loan bore interest at 10% per annum (which, unless paid, was compounded annually on 31 December in each year) until 26 April 2017; and 17.5% per annum thereafter. The loan (and accrued interest thereon) was repaid in full on 26 June 2017.

Notes to the financial statements continued

17 Debtors: amounts falling due after more than one year

Group	2018 £000	2017 £000
Other debtors	**1,202**	2,069

18 Creditors: amounts falling due after more than one year

Group	2018 £000	2017 £000
Obligations under finance leases	**1,706**	2,314
Other loans	**972**	4,763
	2,678	7,077

19 Share capital

	2018 £000	2017 £000
Authorised 339,850,000 ordinary shares of 10p each	**33,985**	33,985
Allotted, called up and fully paid 73,430,000 ordinary shares of 10p each	**7,343**	7,343

Minority interests

Minority interests in certain of the Company's subsidiaries are held by senior management of those subsidiaries. Restrictions and obligations are placed on the transfer of these shares and, in certain circumstances, the holders have the right to require the Company to buy and the Company has the right to acquire these shares at an independent valuation.

Notes to the financial statements continued

20 Reserves

The movement on the Company's and the Group's reserves for the year were as follows:

Capital redemption reserve	**Company** £000	**Group** £000
At 31 March 2017 and 2018	1,049	1,049

Revaluation reserve	**Company** £000	**Group** £000
At 31 March 2017	4,163	6,189
Revaluation of other investments	9,183	9,206
At 31 March 2018	13,346	15,395

Other reserve	**Company** £000	**Group** £000
At 31 March 2017 and 2018	167	167

Profit and loss account	**Company** £000	**Group** £000
At 31 March 2017	1,917	685
Profit for the financial year	680	948
At 31 March 2018	2,597	1,633

Total reserves	**Company** £000	**Group** £000
At 31 March 2018	17,159	18,244
At 31 March 2017	7,296	8,090

The Group's share of post-acquisition accumulated gains of joint venture companies is £(50) (2017: £216,700).

Notes to the financial statements continued

21 Commitments in respect of operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2018 £000	Land and buildings 2017 £000
Leases expiring in:		
Not later than one year	**323**	182
Later than one year and not more than five years	**1,156**	760
Later than five years	**1,323**	813
	2,802	1,755

At 31 March 2018 the capital commitments authorised by the directors amounted to £nil (2017: £nil).

22 Commitments in respect of finance leases

Group
The future lease payments under finance leases are as follows:

	Plant and machinery 2018 £000	Plant and machinery 2017 £000
Within one year	**967**	646
After more than one year and less than five years	**1,804**	2,470
Less: finance charges allocated to future periods	**(201)**	(258)
	2,570	2,858

23 Contingent liabilities

The Company has given an undertaking to certain of its subsidiaries that it will provide financial and other support, for at least the next twelve months, to enable those companies to continue to trade.

24 Provisions for liabilities and charges

	Company 2018 £000	Company 2017 £000	Group 2018 £000	Group 2017 £000
Other provisions	**33**	33	**33**	33

Other provisions
The provisions in place at 31 March 2017 and 2018 for both the Company and the Group are provisions against cash balances held with Kaupthing, Singer & Friedlander Ltd.

Notes to the financial statements continued

25 Related party transactions

Seraphim Capital LP

The Company is a limited partner in, and has made capital contributions to, Seraphim Capital LP, as have the family interests of Mr C N Hunter Gordon. Mr Hunter Gordon is a director of the Company, and a shareholder in the Company's parent company, Brighthand Ltd. During the year, the Company received £43,084 (2017: £43,084) in respect of profit share due to it from Seraphim Capital (General Partner) LLP and £nil (2017:£2,700) in respect of the supply of the services of Mr Hunter Gordon to a subsidiary of Seraphim Capital (General Partner) LLP which were in turn recharged to the shareholders in a company in which Seraphim Capital LP was an investor, pro rata to their respective shareholdings.

Seraphim Space LP

The Company is a limited partner in, and has made capital contributions to, Seraphim Space LP. During the year, the Company received £78,488 (2017: £31,564) in respect of non-refundable advances made to it from Seraphim Space (Manager) LLP, the manager of the general partner of Seraphim Space LP.

26 Events after the end of the reporting period

Under the terms of an agreement dated 12 May 2012, QSRC sold to SAM (as agent for a fund whose assets it manages) certain rights of QSRC under a lease agreement dated 10 May 2012 and made between QSRC and DLL, in exchange for QSRC accepting certain obligations. On 23 April 2018, DLL paid to SAM the sum of £851,081 as consideration for SAM assigning to DLL the rights it acquired under the agreement dated 12 May 2012 and the extinguishment of QSRC's obligations to SAM. The amount so expended by DLL is to be repaid to DLL by QSRC under a re-scheduling and extension of its lease agreement with DLL.

27 Ultimate and immediate parent company

The ultimate and immediate parent company is Brighthand Ltd, which is registered in England and Wales. Accounts for this company are available at Companies House. The address of the registered office for the parent company is 10 Cloisters House, Cloisters Business Centre, 8 Battersea Park Road, London, SW8 4BG.

Directory of offices

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Advisors

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Other offices

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