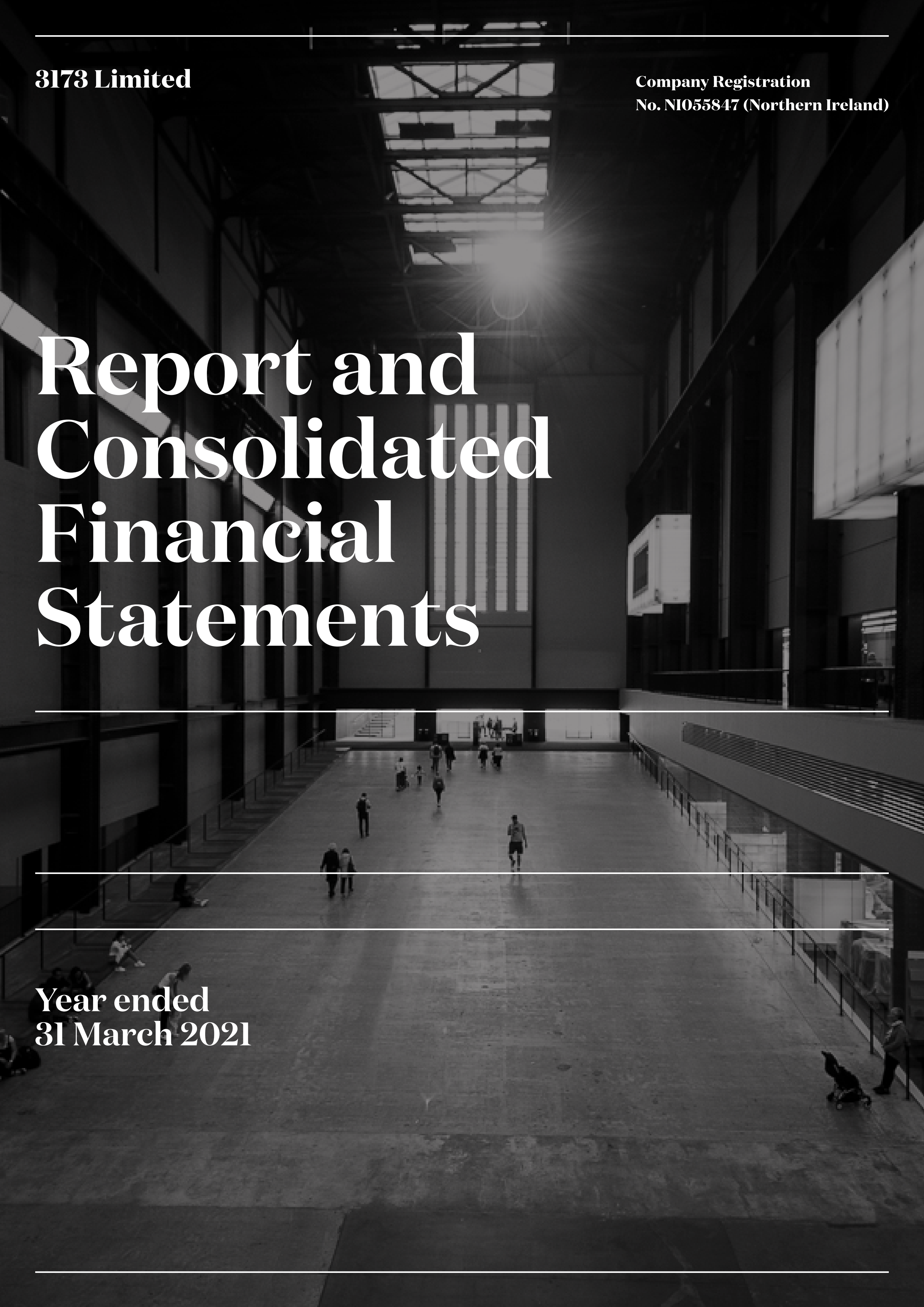

3173 Limited

Company Registration
No. NI055847 (Northern Ireland)

Report and Consolidated Financial Statements

Year ended
31 March 2021

Company Information

Directors	Mr A M Collins Mr D N Copeland Mr D J Davison Mr H D Nolan Mr M P Selby (appointed 2 April 2021) Mr B D Spence Ms K S Stafford
Secretary	Ms K S Stafford
Company Number	NI055847
Registered Office	Linen Loft Adelaide Street Belfast BT2 8FE
Auditor	RSM UK Audit LLP Chartered Accountants Number One Lanyon Quay Belfast BT1 3LG
Business address	Linen Loft Adelaide Street Belfast BT2 8FE 46 New Broad Street London EC2M 1JH
Bankers	Royal Bank of Scotland Glasgow City Branch 10 Gordon Street Glasgow G1 3PL Santander 3rd Floor Imperial House 4 - 10 Donegall Square East Belfast BT1 5HD
Solicitors	A & L Goodbody 6th Floor 42-46 Fountain Street Belfast BT1 5EF

Contents

Strategic Report for the year ended 31 March 2021

The directors of 3173 Limited are pleased to present their Strategic Report for the year ended 31 March 2021.

The activities of the group are delivered through a number of companies operated by 3173 Limited, namely:

- Dalriada Trustees Limited ("Dalriada");
- Mantle Hosting Limited ("MHL");
- Mantle Services Limited ("MSL"); and
- Spence & Partners Limited ("Spence")

Review of the business

Like many other businesses, 3173 had to adapt to the restrictions imposed as a result of the COVID-19 pandemic. Due to our robust Business Continuity Plan and investment in technology, we were able to rise to the challenges and complexities placed upon the business during these unforeseen times.

All colleagues have been working from home since 16 March 2020, apart from a very small number working in our Belfast office to deal with our critical business mail. Our transition to remote working was seamless and a testament to the infrastructure and processes we had in place and the cultural ethos of our people. Our systems and processes are working well. While we believe the current operating arrangements can remain in place for an indefinite period, we are now looking into a balanced return to working from our offices that suits our business and members of staff going forward.

The directors were satisfied with the results of the group for the year. The group carries out an annual budgeting and monitoring process, and its overall results for the financial year are consistent with expectations. The group aims to continue to deliver its developing range of service propositions, along with continuing investment in IT infrastructure and software development.

Dalriada Trustees Limited

Demand for Dalriada's services remained strong. During 2020/2021 we have continued to invest to further expand the scale and capabilities of our team. This includes 15 new colleagues who joined us having been through a new virtual induction programme designed to ensure we could transition new joiners in to the business in a virtual environment.

We are delighted to report on a further year of growth and investment in the business. Turnover in 2020/21 increased by 34%, reflecting a combination of continued new business wins, the full year effect of 2019/20 new business wins and incremental revenue on our existing client trusteeship portfolio.

We are fully supportive of the Association of Professional Pension Trustees ('APPT') accreditation regime which was launched during the year with the support of The Pensions Regulator ('TPR') to reinforce high standards amongst professional trustees. We currently have 42 professional trustees fully accredited by the APPT and 1 further associate member of the APPT.

Demand for our services continues to remain strong with more companies seeking to bring professional trustees onto trustee boards. During 2020/21, Dalriada was appointed to work with 37 new occupational pension schemes (47 for 2019/20.) Our ongoing trustee portfolio is now in excess of 150 schemes.

Our trusteeship portfolio includes appointments as co-trustee, chair as well as sole trustee appointments. We continue to see increasing interest in professional trustee appointments on a sole trustee basis, rather than by the appointment of a trustee to join a larger trustee board. The Dalriada model is extremely well positioned to respond to the increasing demand in the sole trustee market. The combination of strong processes, a broad depth of experience and our team-based model supports a market leading sole trusteeship offering that exceeds the professional standards of the APPT with respect to sole trusteeship appointments.

During 2020/2021 we continued to recruit a diverse range of professional trustees from a variety of different backgrounds to further enhance the breadth, depth and diversity of our trustee team. The majority of our team who act as professional trustees are fully accredited under the APPT's accreditation regime.

Dalriada's services in the restructuring and scheme terminations market area tends to be somewhat cyclical depending on economic conditions. 2020/21 was a particularly busy year, with turnover up against prior year. This reflected both new restructuring and pre-insolvency led trustee appointments, as well as post employer insolvency trustee appointments, given Dalriada's role on the Pension Protection Fund's ("PPF's") Trustee and Support Services Panel

The first half of 2020/21 was incredibly busy with one team in particular working on a sizeable, complex and high profile scheme being managed through the PPF assessment process, which despite the many challenges, transferred to the PPF on the target date.

The unwinding of Government support initiatives put in place to protect businesses through the COVID-19 pandemic, and the medium to longer term impact on many businesses resulting from the crisis, could see an increase in demand for professional trustees with specialist restructuring skills.

During the year, Dalriada has made further additions to the team with specialist covenant and restructuring expertise to help further expand our trusteeship offering in this important area. Over this period this team has also used their skills and experience in working on a number of schemes where the employer has been through a non-distressed transactional and/or merger or acquisition.

Appointments in the area of Irregular Schemes have continued at a steady rate, similar to previous years. It is not possible to predict the rate of new appointments each year, but the completion of work relating to current appointments will take a number of years.

A proportion of this work is undertaken "at risk" and where this is the case, we adopt a prudent approach to recognising any associated work in progress (WIP). Our exposure to such WIP is carefully managed and monitored to ensure that it remains within levels acceptable to the Board.

Many (but not all) irregular scheme appointments are associated with scams or fraud. Often, assets have been exhausted as a result of improper activity. We are extremely aware of extent of the negative impact these acts of fraud have had on scheme members.

Dalriada has already submitted a small number of applications to the Fraud Compensation Fund (FCF). We are also the independent trustee managing the largest number of these types of schemes. The PPF chose one of our applications as the most appropriate test case for Part 8 legal proceedings aimed at having the Court clarify several of the points of uncertainty in the regulations. As in any Part 8 case, where there are opposing possible interpretations of the legislation, the PPF put one interpretation to the Court, and Dalriada put the opposing interpretation forward to allow the Court to consider the relative merits of the respective arguments.

The Court found that the irregular schemes were eligible to apply for compensation from the FCF. The Court also helpfully clarified the type of losses for which such schemes could be compensated, and that this extended to the costs incurred by a scheme in dealing with the fraud or scam.

The outcome of this case is potentially very positive for the members of irregular schemes; it confirms that there is now a clear path for Dalriada as trustee to seek compensation on their behalf.

Processing the claims for our existing portfolio of irregular schemes will be a significant workstream for Dalriada over the next three years. We are liaising with the PPF as to how that process will be managed and resourced, including the cases which currently have no liquid funds.

Mantle Hosting Limited and Mantle Services Limited

Mantle Hosting Limited and Mantle Services Limited provide software development and related IT services to the group and directly to external clients. During 2020/21 we saw improvements in our product and have taken this further into the market with significant new customers as we look to refine the proposition and ensure the best services for both trustees and pension scheme members.

Significantly, we have developed a mobile phone app which can be scaled to the end users' requirements and has the possibility to revolutionise the member engagement opportunities in the market.

Spence & Partners Limited

Demand for Spence's services to pension scheme trustees is strong. Recruitment of both motivated and diverse employees has helped to drive what we see as the best way for providing the best service to trustees, employers and sponsoring employees of pension schemes. This approach aligns with our group's organisational goal as outlined in our culture booklet "Above All Else".

During the year to 31 March 2021, Spence was newly appointed to work with 49 [2020:51] occupational pension schemes in addition to our substantial existing portfolio of appointments.

Services to the trustees of ongoing pension schemes is a competitive market for professional services firms in the pensions industry. Spence routinely competes directly with other industry professionals and has invested in marketing activities to raise its company profile and market its unique selling points.

Revenue in this area grew steadily in 2020/21 compared with 2019/20 due to new "full-services" business wins (where we provide combined actuarial, administration, governance and investment services to schemes) and through the continued growth in the delivery of services to existing and new clients. This included the implementation of the Lloyds judgement on the equalisation of Guaranteed Minimum Pensions.

Demand for our services to Trustees of Schemes in an Assessment Period for entry into the PPF tends to be somewhat cyclical depending on economic conditions. The current uncertain economic environment, and the challenges many businesses are facing as a result, is likely to increase the number of schemes entering a PPF Assessment Period.

Spence continues to have strong relationships with the PPF with a continuing concentration of work, albeit that this has reduced to a substantial degree in recent years as a result of our strategy to actively develop the group's business activities in other practice areas. In FY20, Spence was appointed to two new PPF Framework Agreements, for administration, actuarial and pension consultancy services. Our appointment to this Framework Agreement led to material additional revenue in relation to the Court of Justice of the European Union's judgement on Hampshire v PPF.

Overall revenue in this area showed substantial growth in 2020/21. As noted elsewhere in this report, we expect stronger growth over the short to medium term as the number of schemes entering an Assessment Period for entry into the PPF increases. However, this growth may be deferred or reduced if Government support to the economy reduces the number of corporate insolvencies.

Appointments to sponsoring employers have continued at a steady rate, similar to previous years. There was a reduction in revenue in the Charity/Not For Profit Sector as many organisations deferred pensions related projects due to the impact of COVID-19. We expect this area to deliver increased overall revenue in 2021/22 compared to 2020/21 as previously deferred projects take place.

Information technology

The group undertook a major upgrade to its information technology in the year to 31 March 2021. EndPoint managed laptops have been rolled out. This allowed the removal of Citrix from the business. Azure Virtual Desktops were introduced to ensure legacy applications are accessed securely.

Enterprise Resource Planning (ERP), Microsoft Dynamics (NAV) and Customer Relationship Management (CRM) (Microsoft Dynamics CRM) systems operate on virtual Windows Servers within Microsoft Azure, but will be migrated to services within the Microsoft Dynamics 365 family. This will ensure better operational resilience and integration between all of our systems.

Administration and risk management services for some schemes are undertaken using Mantle®, a software application developed within our group which is hosted on Google Compute and Amazon Web Services. In 2020 we started the development of a revolutionary defined benefits phone app. It launched in quarter 1 2021 and enables members to view their benefits and a live transfer value via their smartphone. It also allows members to self-serve and even retire using their phone.

We consider it likely that COVID-19 will result in a permanent shift in pension scheme governance towards virtual attendance at meetings for some or all attendees. We have invested significantly in technology to enable this new model of governance.

Quality/Information Security

The group's Information Security Management System has been certified under ISO27001:2013 for ten years and Cyber Essentials for five years. In December 2019, the Quality Management System for Spence and Dalriada was certified under ISO9001:2015.

The internal controls for Spence and Dalriada are subject to annual external audit under AAF01/06 and ISAE 3402 (administration services). The internal controls for Dalriada are subject to external audit under AAF02/07 (governance services). All audits in respect of the year ending 31 December 2020 were completed with no non-conformances. All reports are available on the Spence and Dalriada websites for review.

In addition to which, during 2020/21 the group successfully completed the robust audit process to be awarded accreditation from the Pensions Administration Standards Association ('PASA').

Diversity and inclusion

3173 is committed to diversity that is representative of the UK and we have established a Board Diversity and Inclusion Subcommittee to drive best practice across our business in this area.

We are not aiming for a destination point. We are on a journey, which will continue to evolve as our business, and our profession, changes. Our journey so far has included a series of activities such as:

- Using our fortnightly group wide Town Hall meetings to invite external speakers to raise awareness of what other organisations do around diversity and inclusion and to role model their stories e.g., the PPF D&I team joined our June 2020 townhall.
- Raising awareness of events and cultural issues at our monthly all-staff Team Talks.
- Publishing our own D&I calendar group wide, and 'spotlighting' key events each year e.g., Pride, Black History month, and International Women's Day to raise their

profile and create opportunities for our people to better understand the issues and different perspectives.

- Implementing the use of gender-neutral language across the business.
- Alerting colleagues to pensions industry activity relating to diverse trustee boards, ensuring they are familiar with TPR consultations, working groups and PLSA reports.
- Developing a recruitment, retention and promotion strategy that ensures a diverse and inclusive suite of candidates for all roles, and a strong pipeline of future directors and senior leaders across the whole spectrum. In particular, we strive to encourage more females, BAME and disabled candidates for all roles and senior leadership positions.

We have also appointed an external specialist to run workshops for us addressing issues of Awareness, Unconscious Bias and Inclusive Leadership, which we hope will help equip colleagues with the tools to make objective decisions and reach innovative solutions using best practice techniques in diversity and inclusion.

Principal risks and uncertainties

The COVID-19 pandemic presented substantial challenges for the group. However, despite significant uncertainty, the impact on the group's trading to date has been minimal as we have been able to operate very efficiently under the restrictions imposed on us. In some cases, such as the Professional Trustee services provided by Dalriada, we experienced greater demand, due to the need to contain costs and access more specialist governance services, for example when supporting company restructuring.

However, there are still significant risks related to the long-term effect of the pandemic on our business, especially the toll on our workforce, which has been exceeding expectations for a sustained period. The business continues to invest to protect the health and well-being of colleagues, to ensure we can perform efficiently and provide long-term stability to our business and our clients.

The majority of 3173's revenue is related to the provision of services for defined benefit pension schemes; this market will continue to decline. The actual pace of decline will vary depending on the speed with which risk transfers to bulk annuity providers, or others, take place. The process of risk transfer, whilst constituting a long-term threat to the size of the market, also provides short-term opportunities.

We invest in marketing activities to raise the profile of our businesses and the benefits of our services. 3173 believes attracting and retaining excellent pension professionals is critical to delivering quality services to clients. During the year, Dalriada was named as Independent Trustee Firm of the Year by Pensions Age, testament to the quality of our staff.

The pensions professional services industry is a competitive market and Spence and Dalriada routinely compete directly with other industry professionals. Spence has invested in marketing activities to raise its company profile and market its unique selling points. Dalriada seeks to differentiate itself in this market through diversity in our team, breadth and depth of our technical expertise, our team-based approach and commitment to innovation and continual development of our trustee offering to deliver better services to pension savers.

Dalriada is exposed to regulatory risk. There are a large number of regulatory initiatives underway at the current time, which combined with a severe recession make it difficult to make accurate longer-term projections for Dalriada's business. On balance, it is the Board's view that Dalriada is most likely to see a substantial increase in demand for professional trustee services at least over the next three to five years.

In the Spence business, there continues to be pressure on fees and profit margins, as the market contracts and becomes over-supplied. Spence continues to seek efficiencies in its operations with a focus on the benefits of further automation of calculations and other processes to enhance its offerings to clients and improve the member experience across its portfolio of schemes. The development of a smartphone app for members (the app sits alongside our existing member portal and provides an alternative way for members to access their pension scheme information) linked to our combined actuarial and administration software, Mantle, will ensure that scheme members have direct access to information about their schemes and benefits, and tools that will allow them to explore and assess the options available to them directly online. We are also actively monitoring the profitability of services provided on a client by client basis and taking actions to improve profitability and efficiencies as required.

The governance burden on smaller schemes continues to increase with the Pensions Regulator (TPR) being clearer in its expectations of trustees and being swifter to act to engage with, and if necessary, sanction, trustees who do not meet those expectations. This will create additional demand for the governance services offered by Spence.

Elsewhere, the impact of the CMA review of fiduciary management and investment consulting has the potential to impact Spence's offering in this area. Spence continues to review its services and is adapting its approach to benefit from the opportunities offered by the review, whilst considering steps to mitigate its impact. Another significant issue for our investment management and investment consulting business is the emergence of Environmental, Social and Governance (ESG) requirements for pension schemes. This has increased costs of compliance for pension schemes, which has created additional revenue opportunities for Spence, but also increased operating costs. We will continue to review the provision of our services in this area as market trends emerge.

The group continues to have a strong relationship with the PPF. There is a continued concentration of work for Dalriada and Spence with the PPF, albeit that this has reduced to a degree in recent years as a result of the group's strategy to actively develop its business in other practice areas.

The Mantle software represents a single core dependency for nearly all business lines of 3173. A key risk for the group is that some technical fault, or cyber-crime incident with either Mantle or cloud and market data suppliers to Mantle, makes Mantle unavailable for an extended period.

The group has invested significantly in strategies to mitigate these risks, including incorporating a considerable redundancy in the underlying systems. Those redundancies are regularly tested through the group's commitment to external quality standards such as ISO 27001 and CSA STAR. The main risks on the group revenue side is related to differentiation.

The group believes that Mantle is currently a sufficiently different offering in its market, both in itself and in the services; this allows the group to continue to power strong growth. A loss of that differentiation could impair growth, if for example Mantle falls behind competitors in the technical services it can support. The group has developed an ongoing investment and development programme for Mantle, which identifies key priorities for further enhancing the Mantle offering, to ensure that it continues to offer market leading results for its clients.

The group recognises and accepts that sales of Mantle to firms which compete with group companies using Mantle, risks reducing differentiation between those group companies and those competitors.

To ensure that all our businesses meet and exceed the expectations of our clients, the group has developed a team-based approach. Our members of staff have a breadth and depth of experience which enables us to respond constructively to this changing regulatory environment.

Cyber-crime and accidental data disclosure remain major risks. The group has invested heavily in secure IT infrastructure, processes, training, and awareness to mitigate these risks. We maintain a risk register documenting the risks faced by the Group and the risk mitigation strategies in place. We have also established a Board Risk and Audit

Subcommittee, as well as growing our specialised Risk and Audit team across the business to ensure that appropriate consideration and oversight is given to this key area.

Development and performance

The 2020/2021 trading year was strong for the group. We have continued to develop new and innovative offerings into the UK pensions market, which has allowed us to significantly grow our presence within the professional trustee area.

Our revenue increased 25% [2020:10%] while our profit margin increased from 15% to 18%. The increased margin is due to cost reductions driven by COVID-19 restrictions; we have seen next to no spend on travel, entertainment, and benefited from a number of relief's on property costs. As business practices return to a "new normal" we expect our cost base to rise, and the strong likelihood is we will see a compression of our profit margin accordingly.

Our growth was driven by a large number of new business wins across all business areas. There were 87 [2020: 101] new appointments in the year. Dalriada continued to gain traction in the restructuring market with several high-profile appointments in this area. Our group businesses benefited from an increase in project work from the PPF, including projects on several large pension schemes.

The Board considers the development and performance of the group in 2020/2021 to have been satisfactory and believes it will provide a sound platform for continued growth and development in 2021/2022.

Key performance indicators

We consider our key performance indicators to be turnover and profit before taxation. The performance of the group as measured against those key performance indicators was as follows:

Year	2021	2020	2019
Turnover (£'000)	20,605	16,498	14,976
Profit Before Taxation (£'000)	3,634	2,473	2,551

By order of the Board

Brian D. Spence

Mr B D Spence
Director

Date: Jul 5, 2021

Directors' Report for the year ended 31 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the group are providing advice and administrative services to pension schemes, acting as Trustees in relation to pension policies, schemes and trusts and the development of software for use by advisers to Trustees of occupational pension schemes.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A M Collins

Mr D N Copeland

Mr D J Davison

Mr H D Nolan

Mr M P Selby (Appointed 2 April 2021)

Mr B D Spence

Ms K S Stafford

Results and dividends

The results for the year are set out on page 20.

Ordinary dividends were paid amounting to £1,967,965. The directors do not recommend payment of a further dividend.

Financial instruments

The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

In addition to liquid cash balances, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. These are managed in accordance with the working capital requirements of the group.

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. This is a minimal risk due to the majority of business taking place wholly within the UK market.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Research and development

We continue to develop Mantle and continue to encourage our staff to seek out self improvement in their fields. This lets us offer a varied and quality service to our wide range of clients.

COVID-19

We have been operating on a "working from home" basis since 16 March 2020 for all but a very small number of staff dealing with physical post in our Belfast office. We are pleased to report that COVID-19 has, to date, had very little impact on our business at an operational level or on the services we provide to clients. We continue to monitor and support our staff as they work from home, including providing additional equipment and providing additional flexibility in working hours.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put to a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board

Ms K S Stafford
Secretary

Date: Jul 5, 2021

Directors' Responsibilities Statement For The Year Ended 31 March 2021

The directors are responsible for preparing the Strategic Report and 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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Independent Auditor's Report to the Members of 3173 Limited

Opinion

We have audited the financial statements of 3173 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the directors, with respect to going concern, are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

– the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

IIrregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

– obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework[s] that the group and parent company operate[s] in and how the group and parent company are complying with the legal and regulatory framework;
– inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
– discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to money laundering, health & safety, data protection and cyber security. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments, testing revenue to consider if it is recorded in the correct period and there are no inappropriate entries.

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

Use of our report

This report is made solely to the 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.

Mr. Richard Gardiner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP,
Statutory Auditor, Chartered Accountants
Number One, Lanyon Quay
Belfast BT1 3LG

RSM UK Audit LLP. 5th July 2021.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 (£)	2020 (£)
Turnover	3	20,604,583	16,497,680
Administrative expenses		(17,227,015)	(14,039,263)
Other operating income		246,128	300
Operating profit	6	3,623,696	2,458,717
Interest receivable and similar income	8	9,916	14,042
Profit before taxation		3,633,612	2,472,759
Tax on profit	9	(610,823)	(468,505)
Profit for the financial year		**3,022,789**	**2,004,254**
Total comprehensive income for the year is attributable to:			
– Owners of the parent company		2,916,700	1,850,732
– Non-controlling interests		106,089	153,522
		3,022,789	**2,004,254**

Consolidated Statement of Financial Position

As at the year ended 31 March 2021

	Notes	2021 (£)	2021 (£)	2020 (£)	2020 (£)
Fixed assets					
Tangible assets	11		429,521		503,190
Current assets					
Stocks	16	1,859,148		1,930,770	
Debtors	17	2,577,160		3,155,096	
Cash at bank and in hand		6,487,454		3,312,479	
		10,923,762		8,398,345	
Creditors: amounts falling due within one year	18	(3,706,866)		(2,311,399)	
Net current assets			7,216,896		6,086,946
Total assets less current liabilities			7,646,417		6,590,136
Provisions for liabilities	19		(35,768)		(34,311))
Net assets			**7,610,649**		**6,555,825**
Capital and reserves					
Called up share capital	21		8,960		8,960
Capital redemption reserve	22		1,040		1,040
Profit and loss reserves	22		7,558,743		6,610,008
Equity attributable to owners of the parent company			7,568,743		6,620,008
Non-controlling interests			41,906		(64,183)
			7,610,649		**6,555,825**

The financial statements were approved by the board of directors and authorised for issue on Jul 5,2021... and are signed on its behalf by:

Brian D. Spence
....

Mr B D Spence
Director

Company Statement of Financial Position

As at the year ended 31 March 2021

	Notes	2021 (£)	2021 (£)	2020 (£)	2020 (£)
Fixed assets					
Tangible assets	11		429,521		503,190
Investments	12		260,103		260,103
			689,624		763,293
Current assets					
Debtors	17	956,720		2,364,566	
Cash at bank and in hand		5,084,288		2,745,562	
		6,041,008		5,110,128	
Creditors: amounts falling due within one year	18	(2,180,907)		(209,690)	
Net current assets			3,860,101		4,900,438
Total assets less current liabilities			4,549,725		5,663,731
Provisions for liabilities	19		(35,768)		(34,311)
Net assets			**4,513,957**		**5,629,420**
Capital and reserves					
Called up share capital	21		8,960		8,960
Capital redemption reserve	22		1,040		1,040
Profit and loss reserves	22		4,503,957		5,619,420
Total equity			**4,513,957**		**5,629,420**

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £852,502 (2020 - £580,748).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on

Jul 5, 2021
....

and are signed on its behalf by:

Brian D. Spence

Mr B D Spence
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Notes	Share capital (£)	Capital redemption reserve (£)	Profit and loss reserves (£)	Total controlling interest (£)	Non-controlling interest (£)	Total (£)
Balance at 1 April 2019		8,960	1,040	6,227,242	6,237,242	(217,705)	6,019,537
Year ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	1,850,732	1,850,732	153,522	2,004,254
Dividends	10	-	-	(1,467,966)	(1,467,966)	-	(1,467,966)
Balance at 31 March 2020		8,960	1,040	6,610,008	6,620,008	(64,183)	6,555,825
Year ended 31 March 2021:							
Profit and total comprehensive income for the year		-	-	2,916,700	2,916,700	106,089	3,022,789
Dividends	10	-	-	(1,967,965)	(1,967,965)	-	(1,967,965)
Balance at 31 March 2021		**8,960**	**1,040**	**7,558,743**	**7,568,743**	**41,906**	**7,610,649**

Company Statement of Changes in Equity

For the year ended 31 March 2021

	Notes	Share capital (£)	Capital redemption reserve (£)	Profit and loss reserves (£)	Total (£)
Balance at 1 April 2019		8,960	1,040	6,506,638	6,516,638
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	580,748	580,748
Dividends	**10**	-	-	(1,467,966)	(1,467,966)
Balance at 31 March 2020		**8,960**	**1,040**	**5,619,420**	**5,629,420**
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	852,502	852,502
Dividends	**10**	-	-	(1,967,965)	(1,967,965)
Balance at 31 March 2021		**8,960**	**1,040**	**4,503,957**	**4,513,957**

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	(£)	2021 (£)	(£)	2020 (£)
Cash flows from operating activities					
Cash generated from operations	23		5,691,729		1,827,446
Income taxes paid			(855,477)		(496,645)
Net cash inflow from operating activities			4,836,252		1,330,801
Investing activities					
Purchase of business		(4,608)		-	
Purchase of tangible fixed assets		(112,165)		(77,255)	
Proceeds from other investments and loans		413,545		(458,545)	
Interest received		9,916		14,042	
Net cash used in investing activities			306,688		(521,758)
Financing activities					
Dividends paid to equity shareholders		(1,967,965)		(1,467,966)	
Net cash used in financing activities			(1,967,965)		(1,467,966)
Net (decrease)/increase in cash and cash equivalents			3,174,975		(658,923)
Cash and cash equivalents at beginning of year			3,312,479		3,971,402
Cash and cash equivalents at end of year			**6,487,454**		**3,312,479**

Notes to the Financial Statements

For the year ended 31 March 2021

1 Accounting policies

Company information

3173 Limited ("the company") is a private company limited by shares and is registered and incorporated in Northern Ireland. The registered office is Linen Loft, Adelaide Street, Belfast, BT2 8FE.

The group consists of 3173 Limited and all of its subsidiaries. The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Dunboe Investments Limited. The consolidated financial statements of Dunboe Investments Limited are available from its registered office, Linen Loft, Adelaide Street, Belfast, BT2 8FE.

Basis of consolidation

The consolidated financial statements incorporate those of 3173 Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1 Accounting policies (continued)

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Any non-controlling interest is recognised at the non-controlling interest's share of the net identifiable assets, liabilities and provisions for contingent liabilities recognised at the acquisition date.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. The directors have given particular consideration to the risk and uncertainty caused by COVID-19 and have prepared and considered forecast financial information in assessing the potential future impact on the group and company. To date there has been very little impact on the business at either an operational level or on the services provided to clients. On this basis the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognised by reference to the time cost and stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	10-20% straight line
Computer equipment	33.33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

3173 Limited capitalise assets individually costing more than £500.

1 Accounting policies (continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Stocks

Work in progress relates to unbilled income at the year end. Work in progress is valued at selling price. At each reporting date, an assessment is made for impairment. Where unbilled income is not recoverable a provision is made and recognised in profit or loss.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of work in progress over its estimated billing amount, less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

1 Accounting policies (continued)

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities, or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised as income systematically over the asset's expected useful life. If part of such grant is deferred, it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Debtors recoverability

The group makes an estimate on the recoverable value of trade debtors. When assessing the recoverability management consider the ageing profile of debtors.

Work in progress

Estimates are made in respect of the recoverable value of work in progress. When assessing the level of provisions required, factors including current trading experience, historical experience and the ageing profile of work in progress are considered.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 (£)	2020 (£)
Turnover analysed by class of business		
Revenue from the provision of professional services	20,604,583	16,497,680

	2021 (£)	2020 (£)
Other revenue		
Interest income	9,916	14,042
Grants received	45,941	300

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Total employees	188	166	-	-

Their aggregate remuneration comprised:

	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Wages and salaries	10,253,405	7,526,085	-	-
Social security costs	1,186,600	854,014	-	-
Pension costs	1,832,863	1,440,350	-	-
	13,272,868	**9,820,449**	-	-

5 Directors' remuneration

	2021 (£)	2020 (£)
Remuneration for qualifying services	975,332	663,280
Company pension contributions to defined contribution schemes	95,326	88,939
	1,070,658	**752,219**

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 (£)	2020 (£)
Remuneration for qualifying services	237,856	218,712
Company pension contributions to defined contribution schemes	4,655	4,521

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 6).

6 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2021 (£)	2020 (£)
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,246)	2,040
Government grants	(45,941)	(300)
Depreciation of owned tangible fixed assets	185,834	172,779
Operating lease charges	499,977	639,528

7 Auditor's remuneration

Fees payable to the company's auditor and its associates:

	2021 (£)	2020 (£)
For audit services		
Audit of the financial statements of the group and company	3,250	2,750
Audit of the financial statements of the company's subsidiaries	20,700	17,400
	23,950	**20,150**

8 Interest receivable and similar income

	2021 (£)	2020 (£)
Interest income		
Interest on bank deposits	9,916	14,042

9 Taxation

	2021 (£)	2020 (£)
Current tax		
UK corporation tax on profits for the current period	729,446	481,581
Adjustments in respect of prior periods	(87,287)	(1,745)
Total current tax	**642,159**	**479,836**
Deferred tax		
Origination and reversal of timing differences	(28,439)	(16,161)
Changes in tax rates	-	4,830
Adjustment in respect of prior periods	(2,897)	-
Total deferred tax	**(31,336)**	**(11,331)**
Total tax charge	**610,823**	**468,505**

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 (£)	2020 (£)
Profit before taxation	**3,633,612**	**2,472,759**
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	690,386	469,824
Tax effect of expenses that are not deductible in determining taxable profit	66,500	186
Adjustments in respect of prior years	(87,287)	(1,745)
Effect of change in corporation tax rate	-	4,830
Other non-reversing timing differences	-	(4,590)
Deferred tax adjustments in respect of prior years	(2,897)	-
Dividend income	(65,939)	-
Fixed asset differences	10,060	-
Taxation charge	**610,823**	**468,505**

The deferred tax rate has changed from 17% to 19% following the budget announcement confirming that the corporation tax rate will remain at 19% for 2020/21

10 Dividends

	2021 (£)	2020 (£)
Final paid	1,967,965	1,467,966

11 Tangible fixed assets

Group and company

	Fixtures, fittings & equipment (£)	Computer equipment (£)	Motor vehicles (£)	Total (£)
Cost				
At 1 April 2020	692,026	767,487	26,821	1,486,334
Additions	-	112,165	-	112,165
At 31 March 2021	692,026	879,652	26,821	1,598,499
Depreciation and impairment				
At 1 April 2020	319,605	651,772	11,767	983,144
Depreciation charged in the year	88,734	90,397	6,703	185,834
At 31 March 2021	408,339	742,169	18,470	1,168,978
Carrying amount				
At 31 March 2021	283,687	137,483	8,351	429,521
At 31 March 2020	**372,421**	**115,715**	**15,054**	**503,190**

12 Fixed asset investments

	Notes	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Investments in subsidiaries	13	-	-	260,103	260,103

Movements in fixed asset investments

Company	Shares in group undertakings (£)
Cost or valuation At 1 April 2020	260,103
Additions	347,046
At 31 March 2021	**607,149**
Impairments At 1 April 2020	-
Impairment Losses	347,046
At 31 March 2021	347,046
Carrying Amount At 31 March 2021	260,103
At 31 March 2020	260,103

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Dalriada Pension Trustees Limited	ROI		Ordinary	100	-
Dalriada Trustee Company Limited	NI		Ordinary	100	-
Dalriada Trustees Limited	NI	See below	Ordinary	100	-
Spence & Partners Limited	NI		Ordinary	100	-
Mantle Hosting Limited	NI		Ordinary	75	-
Mantle Services Limited	NI		Ordinary	100	-
Favier Limited	Note 1		Ordinary	100	-

13 Subsidiaries (continued)

The investments in subsidiaries are all stated at cost.

Dalriada Pension Trustees Limited continued to remain dormant throughout the financial year. The company is therefore exempt from the requirement to prepare individual accounts under the Companies Act 2014.

Dalriada Trustee Company Limited continued to remain dormant throughout the financial year.

The principal activity of Dalriada Trustees Limited during the year continued to be that of acting as trustees in relation to pension policies, schemes and trusts. The company is a trust corporation, entitled to act as a custodian trustee in accordance with Rule 30 of the Public Trustee Rules 1912, the Trustee Act 1925 and the Public Trust Act 1906.

The principal activity of Spence & Partners Limited is that of providing consultancy advice and associated administrative services to pension schemes. Spence & Partners Limited is authorised and regulated by the Financial Conduct Authority.

The principal activities of Mantle Hosting Limited are to develop and maintain a defined benefit pensions administration and actuarial valuation software solution for the pensions industry.

The principal activities of Mantle Services Limited are that of providing data management solutions to the pensions industry, along with information security to the professional services sector as a whole.

Favier Limited was acquired by 3173 Limited during the year. The company is now dormant and to be wound-up post year end.

The registered office of all NI subsidiaries is Linen Loft, Adelaide Street, Belfast, BT2 8FE. The registered office of the ROI subsidiary (Dalriada Pension Trustees Limited) is The Black Church, Saint Mary's Place North, Dublin 7, D07 P4AX.

Note 1 - The registered office of Favier Limited is 46 New Broad Street, London, EC2M 1JH.

14 Significant undertakings

The group also has significant holdings in undertakings which are not subsidiaries and are not classified as joint ventures or associated undertakings:

3173 Limited indirectly holds 100% of the share capital in two Trustee companies and is the controlling party of a third Trustee company that is limited by guarantee without share capital. 3173 Limited holds the interests in a professional capacity, however, cannot obtain benefit from the activities of these companies. On this basis they are not subsidiaries for reporting purposes.

Caparo Pension Scheme Trustees Limited was dormant throughout the financial year. The registered office is 46 New Broad Street, London, EC2M 1JH.

Caribonum Pension Trustees Limited was dormant throughout the financial year. The registered office is One Fleet Place, London, EC4M 7WS.

KPP (No. 2) Trustees Limited was dormant throughout the financial year. The registered office is 21 Holborn Viaduct, London, EC1A 2DY.

15 Acquisition

On 2 March 2021 the group acquired 100 percent of the issued capital of Favier Limited for consideration of £347,146.

Net Assets Acquired	Book Value (£)	Adjustments (£)	Fair Value (£)
Trade and other receivables	6,608	-	6,608
Cash and cash equivalents	342,538	-	342,538
Trade and other payables	(2,000)	-	(2,000)
Total identifiable net assets	347,146	-	347,146
Goodwill			-
Total consideration			347,146
The consideration was satisfied by			£
Cash			347,146

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition

	(£)
Turnover	-
Profit after tax	-

16 Stocks

	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Work in progress	1,859,148	1,930,770	-	-

17 Debtors

Amounts falling due within one year:

	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Trade debtors	1,434,868	2,114,808	-	-
Corporation tax recoverable	122,050	20,874	122,050	-
Amounts owed by group undertakings	5,978	5,940	98,083	1,495,107
Other debtors	45,000	458,545	289,153	699,286
Prepayments and accrued income	931,881	550,339	447,434	170,173
	2,539,777	3,150,506	956,720	2,364,566
Deferred tax asset (note 19)	37,383	4,590	-	-
	2,577,160	**3,155,096**	**956,720**	**2,364,566**

18 Creditors

Amounts falling due within one year:

	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Trade creditors	414,586	474,841	180,648	116,981
Amounts due to group undertakings	-	-	1,978,289	100
Corporation tax payable	154,594	266,736	-	83,509
Other taxation and social security	1,094,385	994,038	-	-
Accruals and deferred income	2,043,301	575,784	21,970	9,100
	3,706,866	**2,311,399**	**2,180,907**	**209,690**

19 Deferred taxation

The major deferred tax liabilities recognised by the group and company are:

Group	Liabilities 2021 (£)	Liabilities 2020 (£)	Assets 2021 (£)	Assets 2020 (£)
Accelerated capital allowances	35,768	34,311	37,383	-
Other	-	-	-	4,590
	35,768	**34,311**	**37,383**	**4,590**

Company	Liabilities 2021 (£)	Liabilities 2020 (£)	Assets 2021 (£)	Assets 2020 (£)
Accelerated capital allowances	**35,768**	**34,311**	**-**	**-**

	Group 2021 (£)	Company 2021 (£)
Movements in the year:		
Liability at 1 April 2020	29,721	34,311
(Credit)/charge to profit or loss	(31,336)	1,457
Liability / (Asset) at 31 March 2021	**(1,615)**	**35,768**

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2021 (£)	2020 (£)
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	**1,832,863**	**1,440,350**

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

			Group and Company	
	2021 Number	2020 Number	2021 (£)	2020 (£)
Ordinary share capital **Issued and fully paid**				
Class 'A' Ordinary Shares of £1 each	5,085	5,085	5,085	5,085
Class 'B' Ordinary Shares of £1 each	3,875	3,875	3,875	3,875
	8,960	**8,960**	**8,960**	**8,960**

The A and B Ordinary shares have identical rights and obligations, except that the A Ordinary shares have voting rights and the B Ordinary shares have no voting rights.

22 Reserves

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

23 Cash generated from group operations

	2021 (£)	2020 (£)
Profit for the year after tax	3,022,789	2,004,254
Adjustments for:		
Taxation charged	610,823	468,505
Investment income	(9,916)	(14,042)
Depreciation and impairment of tangible fixed assets	185,834	172,779
Movements in working capital:		
Decrease/(increase) in stocks	71,622	(406,309)
Decrease in debtors	304,968	39,181
Increase/(decrease) in creditors	1,505,609	(436,922)
Cash generated from operations	**5,691,729**	**1,827,446**

24 Analysis of changes in net funds – group

	1 April 2020 (£)	Cash Flows (£)	31 March 2021 (£)
Cash at bank and in hand	3,312,479	3,174,975	6,487,454

25 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 (£)	2020 (£)	Company 2021 (£)	2020 (£)
Within one year	242,186	210,365	-	-
Between one and five years	278,018	520,204	-	-
	520,204	**730,569**	**-**	**-**

26 Contingent Liabilities

The group has received financial assistance from Invest Northern Ireland. There exists a contingent liability to repay all of the financial assistance received under this agreement if a default occurs under the terms and conditions. It is impracticable to estimate the financial effect, possibility of reimbursement or indicate the uncertainties that relate to the timing or amount of the potential liability.

27 Related party transactions

The company has taken advantage of the exemptions under section 33 1A of FRS 102 not to disclose transactions with wholly owned group companies.

Mantle Hosting Limited

3173 Limited owns 75% of the shareholding in Mantle Hosting Limited. During the year 3173 Limited charged management fees of £552,746 (2020: £178,117) to Mantle Hosting Limited. 3173 Limited transferred £150,000 (2020: £75,000) to Mantle Hosting Limited in the year. Expenses totaling £215,950 (2020: £140,121) were paid by 3173 Limited on behalf of Mantle Hosting Limited. Mantle Hosting Limited received £1,114,577 (2020: £954,672) from 3173 Limited in the year relating to income due from group companies. Income totaling £15,881 (2020: £3,017) was received by 3173 Limited on behalf of Mantle Hosting Limited in relation to VAT refunds. Net movements total £330,000 (2020: £564,451) leaving a balance of £6,483 due to Mantle Hosting Limited at the year end (2020: £323,517) due from Mantle Hosting Limited).

Mantle Services Limited

Mantle Services Limited is a wholly owned subsidiary of 3173 Limited. During the year Mantle Hosting Limited accrued fees for licenses provided to Mantle Services Limited. Mantle Services Limited prepaid an amount of £77,917 (2020: £77,917). Therefore leaving a balance of £77,917 (2020: £77,917) due from Mantle Hosting Limited at the year end.

Spence & Partners Limited

Spence & Partners Limited is a wholly owned subsidiary of 3173 Limited. During the year Mantle Hosting Limited received £1,029,577 (2020: £869,672) for licenses provided from Spence & Partners Limited. A balance of £Nil (2020: £Nil) is due to Mantle Hosting Limited at the year end.

28 Directors' transactions

Dividends totalling £802,667 (2020 - £598,734) were paid in the year in respect of shares held by the company's directors and their spouses.

29 Controlling party

The directors consider the ultimate parent undertaking to be Dunboe Investments Limited, a company incorporated in Northern Ireland. Dunboe Investments Limited is the immediate parent, and is the smallest and largest group for which consolidated accounts including 3173 Limited are prepared. The consolidated accounts of Dunboe Investments Limited are available from its registered office is Linen Loft, Adelaide Street, Belfast, BT2 7BA

3173

Linen Loft
27-37 Adelaide Street
Belfast BT2 8FE

3173 Report & Consolidated Financial Statements YE 31.03.21 without detailed P&L

Final Audit Report 2021-07-08

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"3173 Report & Consolidated Financial Statements YE 31.03.21 without detailed P&L" History

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