

Financial Statements Oxford Policy Management Limited

For the Year Ended 30 September 2016

Registered number: 03122495



Company Information

Directors

P A V Naert
M J Aaronson
C S Adam
D L Bevan
K L Carr
S P C Hunt
I MacAuslan
A Da Silva (appointed 1 December 2015)
C Miller (appointed 1 December 2015)

Company secretary

K L Carr

Registered number

03122495

Registered office

Level 3
Clarendon House
Cornmarket Street
Oxford
OX1 3HJ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

Bankers

Lloyds Bank plc
Black Horse House
Wallbrook Court
Botley
Oxford
OX2 0QZ

National Westminster Bank plc
121 High Street
Oxford
OX1 4DD

Contents

| | Page |
|---|---------|
| Group strategic report | 1 - 6 |
| Directors' report | 7 - 8 |
| Independent auditor's report | 9 - 10 |
| Consolidated statement of comprehensive income | 11 |
| Consolidated statement of financial position | 12 |
| Company statement of financial position | 13 |
| Consolidated statement of changes in equity | 14 - 15 |
| Company statement of changes in equity | 16 - 17 |
| Consolidated Statement of cash flows | 18 |
| Notes to the financial statements | 19 - 37 |

Group Strategic Report

For the Year Ended 30 September 2016

Principal activities and business review

The company is principally engaged in the provision of analysis, advice, and support in the design and implementation of economic and social development policies in low and middle income countries.

The directors have monitored the progress of company strategy by reference to selected financial and non-financial performance indicators. The financial indicators are turnover, gross profit, other operating charges, and operating profit.

Financial performance for the year has been analysed as follows:

| | 2016 | 2015 | Variance | Variance |
|-------------------------|--------|--------|----------|----------|
| | £'000 | £'000 | £'000 | % |
| Turnover | 67,032 | 46,443 | 20,589 | 44 |
| Gross profit | 14,934 | 10,203 | 4,731 | 46 |
| Other operating charges | 12,365 | 8,221 | 4,144 | 50 |
| Operating profit | 2,569 | 1,981 | 588 | 30 |

Success in winning and delivering large projects continued to work its way through company performance and Turnover increased by 44% (2015: 35 %). The continued growth of the company has required further investment in staff, offices and administrative systems. Overheads rose and operating profit as a percentage of sales decreased to 3.8% (2015:4.3%)

Growth in 2015-16 has once again been funded by retained profits supported by the close management of working capital. Interest payable and expenses was £56k (2015: £22k).

During the year the company opened a new branch in Myanmar and is currently setting up an office in the USA. There are further plans to open other offices in Australia and Europe. The company moved to new office premises in the centre of Oxford in December 2015.

The Oxford Policy Fellowship continued to expand recruiting a further six fellows, taking the total to nine. Funding was received from sponsors to cover the costs of two fellows. The Oxford Policy Fellowship gives legal professionals the opportunity to work within a low-income country government as a civil servant reporting directly to local managers.

Group Strategic Report

For the Year Ended 30 September 2016

OPM continued to publish a large number of OPM Briefing Notes and academic journal articles during the year. The organisation values its intellectual contribution and knowledge-sharing. Publications during 2015/16 are shown in an Appendix 1 to this report.

The average number of consultants employed during 2015 was 168 (2015:136), an increase of 32 on the previous financial year; this was a budgeted increase. The preferred recruitment method is by recommendation, but all candidates undergo a formal selection process, with psychometric tests and panel interviews. It is usual for OPM's new recruits to have a background in academia and/or in the provision of policy research services to government.

During the year the OPM Employee Benefit Trust was established with the aim of ensuring staff have a strong collective stake and influence in the strategic direction of the company. The offer by the EBT to purchase shares was very successful and the Trust now owns 28.8% of the company shares. A value of £383,000 (2015: £300,000) has been provided for out of the 2016 profits to support the Trust. The company also has a modest profit share scheme open to all employees, enabling them to benefit as individuals in the success of the organisation as a whole.

The company has also developed a strong network of Associates, who are senior technical specialists in their respective fields and are available for OPM to call upon as required. At the end of the financial year OPM had 74 associates (2015:57).

Principal risks and uncertainties

The company has identified various categories of risk in its risk register. During the year the company supplemented its risk management process with the appointment of a risk officer. This helps the Board manage risks through its Audit and Risk Committee. This Committee meets quarterly and seeks actively to identify, mitigate and manage the risks that the company faces.

The main factors and trends likely to affect the future development of the business are:

1. The emergence of new public sector spending patterns:

Although the UK Government has reiterated its commitment to overseas aid, the new government's latest budget suggests higher priorities than poverty reduction. DFID also continues to exert strong downward pressure on fee rates. DFAT in Australia continues to spend only a fraction of its previous levels of aid spending.

2. Increased competition from new market entrants:

Whilst donors remain relatively small in number, suppliers are numerous. This creates a very competitive market with further downward pressure on fees.

3. A shift in aid priorities of key aid agencies to areas away from the company's core competencies:

We are constantly monitoring the aid environment and will continue to offer services in a diversified range of policy areas in keeping with current priorities as well as continuing to contribute to debates on aid effectiveness.

Group Strategic Report

For the Year Ended 30 September 2016

4. Economically uncertain environments:

The Company derives part of its income from activities worldwide, and hence has to balance the relative profitability of operating in these countries with the uncertainty of tax policies and other uncertainties in some of them. It mitigates its risk through the use of professional advisers and from information derived from its contacts in these countries.

5. Retention and appointment of key staff:

As an organisation based on intellectual capital, the company is at risk to loss of key staff or failure to recruit individuals with the specialist knowledge required. The company therefore seeks to maintain HR policies and processes and to sustain a corporate culture and values that make it an attractive place to work.

6. Exchange rate fluctuations:

The Company trades primarily in Sterling, US Dollars, and Euros. The company therefore seeks to reduce exchange rate risk by matching currency receipts to currency expenses on projects wherever possible.

7. Working capital requirements for larger projects:

Contract arrangements necessarily result in working capital being tied up in amounts recoverable on contracts and debtors. This results in a cash flow risk to the company. There is an increasing trend towards milestone contracts. These in turn can result in significant pressure on company cash flow. The company reviews the cash flow implications of each project undertaken and takes appropriate action to optimise cash flow as far as possible.

8. Politically challenging environments:

The Company is committed to supporting development efforts among some of the world's poorest and most vulnerable people, many of whom live in countries where political stability is fragile. The company takes steps to safeguard its employees and contacts.

Future developments and matters of strategic significance

The company will continue to widen its international presence by opening further overseas branches in strategic locations, offering a local choice without compromising on the high standards to which we deliver. The growth will be managed so that infrastructure costs do not become a burden on the company as a whole.

Development of the company intranet will continue over the next twelve months to enhance the current project management system supplemented by a Business Process Improvement (BPI) plan.

The management of working capital remains a priority as the company grows. OPM is looking to continue to fund its growth from retained profits in the first instance supported by our current bank overdraft facilities.

Group Strategic Report

For the Year Ended 30 September 2016

Appendix 1

2015-16 Journal Articles and Briefing Notes

OCTOBER

'How to manage disaster risk on the ground', by Marcela Tarazona and Zoe Scott, BOND blog.

'Measuring learning: Why we need to work with what we've got', by Rachel Outhred, Economist Intelligence Unit.

'What works and what doesn't: Capacity development for better disaster risk management', by Zoe Scott, Roger Few and Marcela Tarazona, in World Disasters Report 2015, International Federation of Red Cross and Red Crescent Societies.

NOVEMBER

'India's state action plans on climate change: Towards meaningful action', by Elizabeth Gogoi, OPM Briefing Note, Oxford Policy Management.

'Social protection through work', by Rodolfo Beazley and Kirit Vaidya, OPM Working Paper, Oxford Policy Management.

'Targeting social transfer programmes: Comparing design and implementation errors across alternative mechanisms', by Alex Hurrell, Rachel Sabates-Wheeler and Stephen Devereux, Journal of International Development, Volume 27, Issue 8.

DECEMBER

'Trade Liberalization', by Sanjaya Acharya, in Jens Hölscher and Horst Tomann (eds.) Palgrave Dictionary of Emerging Markets and Transition Economics, Palgrave.

'Social protection in lower-income countries: An assessment framework', by Rodolfo Beazley and Kirit Vaidya, in The International Policy Centre for Inclusive Growth 'One-Pager' series.

'Policy cycle models: Are we throwing the baby out with the bath water?', by Andrew Wyatt, in Gemma Carey et al. (eds.), Creating and Implementing Public Policy: Cross-sectoral debates, Routledge.

'Back to basics: Why human security needs to be the hot topic at COP21', by Marcela Tarazona, Economist Intelligence Unit.

JANUARY

'Young mums sidelined over child nutrition', by Sabine Garbarino, Frances Hansford, SciDev.

FEBRUARY

'Flexible adaptive politically-led reform in the Occupied Palestinian Territories', by Albert Pijuan and Dan Whitaker, OPM Briefing Note, Oxford Policy Management.

'How can lump-sum cash transfers be designed to improve their productive potential?' by Maham Farhat, Rodolfo Beazley, OPM Working Paper, Oxford Policy Management.

'A delicate balance: Economic development and job creation in fragile states', by Joanna Buckley, Katie McIntosh, GREAT Insights Magazine, Volume 5, Issue 61. February 2016.

'The impact of the BOTAF foundation's conditional cash transfer programme for pre-school children in Kazakhstan', by Clare O'Brien, The International Policy Centre for Inclusive Growth 'One-Pager' series.

MARCH

'The fundamentals of achieving gender equality', by Rachel Outhred and Sabine Garbarino, Economist Intelligence

Group Strategic Report

For the Year Ended 30 September 2016

Unit.

'Instituting environmental sustainability and climate resilience into the governance process: Exploring the potential of new urban development schemes in India', by Divya Sharma, Seema Singh. *International Area Studies Review*.
APRIL

'Healthcare for all: a zero-sum game?', by Alex Jones, Financial Times beyondbricks blog.

MAY

'Key lessons for developing Climate Change Financing Frameworks', by Allan Duncan, Stephanie Allan, Kit Nicholson, OPM Briefing Note, Oxford Policy Management.

'Institutionalised child care: a brake on development?', by Sope Otulana, Economist Intelligence Unit.

'Can Social Protection Affect Psychosocial Wellbeing and Why Does This Matter? Lessons from Cash

Transfers in Sub-Saharan Africa', by Andrew Kardan, Fred Merttens, Ian MacAuslan, Ramlatu Attah, Valentina Barca, Luca Pellerano, *The Journal of Development Studies*, Volume 52, 2016.

'Conversion of Land Use in Vietnam through a Political Economy Lens', by Adam Burke, Andrew Wells-Dang; Pham Quang Tu, *Journal of Social Sciences and Humanities*, Vol 2, No 2

JUNE

'The Free Health Care Initiative (FHCI) in Sierra Leone: real gains for mothers and young children', by Nouria Briki, OPM Briefing Note, Oxford Policy Management.

'Costing for UHC', by Adrian Gheorghe, OPM Briefing Note, Oxford Policy Management.

'Financing for Universal Health Coverage in low- and middle-income countries: a brief overview', by Adrian Gheorghe, OPM Briefing Note, Oxford Policy Management.

'Fiscal space for health', by Adrian Gheorghe, OPM Briefing Note, Oxford Policy Management.

JULY

'The role of the centre in driving government priorities: the experience of 'delivery units'', by Tom Harrison, OPM Working Paper, Oxford Policy Management.

'Making development work in fragile states: why the details matter', by Albert Pijuan and Dan Whitaker, Economist Intelligence Unit.

'Public works programmes for protection and climate resilience: theory of change and evidence in low-income countries', by Rodolfo Beazley, Anna McCord, Ana Solórzano, in *The International Policy Centre for Inclusive Growth 'One-Pager' series*.

'A framework to evaluate payment systems for cash transfer programmes: examples from Kenya', by Alex Hurrell, Aly Visram, Ian MacAuslan, Valentina Barca, Zoltan Tiba, Jack Willis, in *The International Policy Centre for Inclusive Growth, research brief series*.

'Designing public works programmes for protection and growth', by Rodolfo Beazley, Anna Vitali, in *The International Policy Centre for Inclusive Growth 'One-Pager' series*.

'Reforming Value Added Tax System in Developing World: the Case of Nepal', Sanjaya Acharya, *Business and Management Studies*.

Group Strategic Report

For the Year Ended 30 September 2016

AUGUST

'Costing for Universal Health Coverage', by Adrian Gheorghe, OPM Working Paper, Oxford Policy Management.

'Financing for Universal Health Coverage in low- and middle-income countries: a brief overview', Adrian Gheorghe, OPM Working Paper, Oxford Policy Management.

'Fiscal space for health', Adrian Gheorghe, OPM Working Paper, Oxford Policy Management.

'The conditions for conditionality in cash transfers', Luca Pellerano and Valentina Barca, in The International Policy Centre for Inclusive Growth 'One-Pager' series.

'Cash transfers and psychosocial well-being: evidence from four African countries', by Ramlatu Attah,

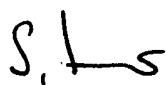
Valentina Barca, Andrew Kardan, Ian MacAuslan, Fred Merttens, Luca Pellerano, in The International Policy Centre for Inclusive Growth 'One-Pager' series.

SEPTEMBER

'Publicly financed and sensibly provided', by Alina Lipcan, Ian MacAuslan, OPM Working Paper, Oxford Policy Management.

'Fiscal space analysis for health: friend or foe?', by Adrian Gheorghe, Lancet Global Health Blog.

This report was approved by the board and signed on its behalf.



S P C Hunt

Director

Date: 28/2/17

Directors' Report

For the Year Ended 30 September 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Results and dividends

The profit for the year, after taxation, amounted to £1,680,682 (2015 - £1,408,353).

A dividend of £223,427 (2015 - £152,233) was paid during the year.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Directors

The directors who served during the year and subsequently were:

P A V Naert
M J Aaronson
C S Adam
D L Bevan
K L Carr
S P C Hunt
I MacAuslan
A Da Silva (appointed 1 December 2015)
C Miller (appointed 1 December 2015)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Directors' Report (continued)

For the Year Ended 30 September 2016

Disclosure of information to auditor

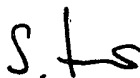
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

This report was approved by the board and signed on its behalf.



S P C Hunt
Director

Date: 28/2/17

Independent Auditor's Report to the Members of Oxford Policy Management Limited

We have audited the financial statements of Oxford Policy Management Limited for the year ended 30 September 2016, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 September 2016 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.



Independent Auditor's Report to the Members of Oxford Policy Management Limited (continued)

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Rebecca Eagle (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham

Date: *28 February 2017*

Consolidated Statement of Comprehensive Income

For the Year Ended 30 September 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------|-------------------|
| Turnover | 4 | 67,032,290 | 46,443,762 |
| Cost of sales | | (52,098,329) | (36,241,209) |
| Gross profit | | 14,933,961 | 10,202,553 |
| Administrative expenses | | (12,364,574) | (8,221,345) |
| Operating profit | 5 | 2,569,387 | 1,981,208 |
| Interest receivable and similar income | 9 | 90 | 63 |
| Interest payable and expenses | 10 | (56,420) | (21,747) |
| Profit before taxation | | 2,513,057 | 1,959,524 |
| Tax on profit | 11 | (832,375) | (551,171) |
| Profit for the year | | 1,680,682 | 1,408,353 |

There was no other comprehensive income for 2016 (2015: £NIL).

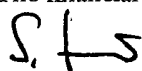
The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 September 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------|-------------------|-------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 14 | | 39,961 | | 124,972 |
| Tangible assets | 15 | | 2,167,686 | | 1,362,422 |
| | | | <u>2,207,647</u> | | <u>1,487,394</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 17 | 23,306,843 | | 14,476,374 | |
| Cash at bank and in hand | 18 | 3,708,697 | | 5,401,747 | |
| | | | <u>27,015,540</u> | <u>19,878,121</u> | |
| Creditors: amounts falling due within one year | 19 | (22,563,680) | | (14,745,132) | |
| Net current assets | | | <u>4,451,860</u> | | <u>5,132,989</u> |
| Net assets | | | <u>6,659,507</u> | | <u>6,620,383</u> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 448,279 | | 448,279 |
| Share premium account | 23 | | 13,618 | | 13,618 |
| Shares held in treasury | 23 | | (1,418,131) | | - |
| Other reserves | 23 | | 76,735 | | 76,735 |
| Profit and loss account | 23 | | 7,539,006 | | 6,081,751 |
| Equity attributable to owners of the parent Company | | | <u>6,659,507</u> | | <u>6,620,383</u> |

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



S P C Hunt
Director

Date: 28/2/17

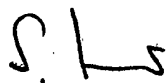
The notes on pages 19 to 37 form part of these financial statements.

Company Statement of Financial Position

As at 30 September 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|-------------------|-------------------------|-------------------|-------------------------|
| Fixed assets | | | | | |
| Intangible assets | 14 | | 39,961 | | 124,972 |
| Tangible assets | 15 | | 2,058,638 | | 1,324,121 |
| Investments | 16 | | 33,125 | | 33,125 |
| | | | <u>2,131,724</u> | | <u>1,482,218</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 17 | 23,605,616 | | 14,691,148 | |
| Cash at bank and in hand | 18 | 3,602,592 | | 5,401,747 | |
| | | <u>27,208,208</u> | | <u>20,092,895</u> | |
| Creditors: amounts falling due within one year | 19 | (22,702,122) | | (14,745,132) | |
| Net current assets | | | <u>4,506,086</u> | | <u>5,347,763</u> |
| Total assets less current liabilities | | | <u>6,637,810</u> | | <u>6,829,981</u> |
| Net assets | | | <u><u>6,637,810</u></u> | | <u><u>6,829,981</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 22 | | 448,279 | | 448,279 |
| Share premium account | 23 | | 13,618 | | 13,618 |
| Shares held in treasury | 23 | | (1,418,131) | | - |
| Other reserves | 23 | | 76,735 | | 76,735 |
| Profit and loss account | 23 | | 7,517,309 | | 6,291,349 |
| | | | <u>6,637,810</u> | | <u>6,829,981</u> |

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



S P C Hunt
Director

Date: 28/2/17

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2016

| | Called up share capital | Share premium account | Shares held in treasury | Other reserves | Profit and loss account | Total equity |
|---|----------------------------|-----------------------------|----------------------------|-------------------|----------------------------|--------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 October 2015 | 448,279 | 13,618 | - | 76,735 | 6,081,751 | 6,620,383 |
| Comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 1,680,682 | 1,680,682 |
| Total comprehensive income for the year | - | - | - | - | 1,680,682 | 1,680,682 |
| Dividends | - | - | - | - | (223,427) | (223,427) |
| Purchase of own shares | - | - | (1,418,131) | - | - | (1,418,131) |
| Total transactions with owners | - | - | (1,418,131) | - | (223,427) | (1,641,558) |
| At 30 September 2016 | 448,279 | 13,618 | (1,418,131) | 76,735 | 7,539,006 | 6,659,507 |

Oxford Policy Management Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2015

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|---|----------------------------|-----------------------------|-------------------|----------------------------|--------------|
| | £ | £ | £ | £ | £ |
| At 1 October 2014 | 448,279 | 13,618 | 76,735 | 4,825,631 | 5,364,263 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 1,408,353 | 1,408,353 |
| Total comprehensive income for the year | - | - | - | 1,408,353 | 1,408,353 |
| Dividends | - | - | - | (152,233) | (152,233) |
| Total transactions with owners | - | - | - | (152,233) | (152,233) |
| At 30 September 2015 | 448,279 | 13,618 | 76,735 | 6,081,751 | 6,620,383 |

The notes on pages 19 to 37 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 September 2016

27. Controlling party

The directors do not consider there to be a single ultimate controlling party.

28. First time adoption of FRS 102

FRS 102 requires short term employee benefits to be charged to profit or loss as the employee service is received. This has resulted in the group and company recognising a liability for holiday pay of £111,500 on transition to FRS 102 as the holiday year is not coterminous with the financial year. There is no impact on the result for the year ended 30 September 2015.

Other than this, and the reclassification of certain assets as intangible fixed assets rather than tangible fixed assets, the adoption of FRS 102 does not have any material impact or lead to any material changes in the balances or results of the company in the prior or current year.

Notes to the Financial Statements

For the Year Ended 30 September 2016

23. Reserves

Share premium

Includes all premiums received on issue of share capital.

Shares held in treasury

A reserve for shares owned within the Group.

Other reserves

A capital redemption reserve.

Profit and loss account

Includes all current and prior period retained profits and losses.

24. Capital commitments

At 30 September 2016 the Group and Company had capital commitments as follows:

| | Group 2015 £ | Company 2015 £ |
|---|--------------------|----------------------|
| Contracted for but not provided in these financial statements | 1,147,000 | 1,147,000 |

25. Commitments under operating leases

At 30 September 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Land and buildings | | | |
|----------------------------|--------------------|--------------------|----------------------|----------------------|
| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
| Expiry date: | | | | |
| Within one year | 609,578 | 257,802 | 592,050 | 257,802 |
| Between two and five years | 1,715,994 | 469,680 | 1,715,994 | 469,680 |
| | <u>2,325,572</u> | <u>727,482</u> | <u>2,308,044</u> | <u>727,482</u> |

26. Related party transactions

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

Dividends of £561 (2015: £381) were paid to S P C Hunt, a director, in the year.

Dividends of £142 (2015: £97) were paid to I MacAuslan, a director, in the year.

The directors are the only key management personnel of the Group.

Notes to the Financial Statements

For the Year Ended 30 September 2016

21. Deferred taxation**Group**

| | 2016 | 2015 |
|----------------------------|----------------|---------------|
| | £ | £ |
| At beginning of year | 61,697 | 14,025 |
| Credited to profit or loss | 83,625 | 47,672 |
| At end of year | 145,322 | 61,697 |

Company

| | 2016 | 2015 |
|----------------------------|---------------|---------------|
| | £ | £ |
| At beginning of year | 33,998 | 14,025 |
| Credited to profit or loss | 52,203 | 19,973 |
| At end of year | 86,201 | 33,998 |

The deferred tax asset is made up as follows:

| | Group 2016 | Group 2015 | Company 2016 | Company 2015 |
|--------------------------------|----------------|---------------|-----------------|-----------------|
| | £ | £ | £ | £ |
| Fixed asset timing differences | 46,393 | 4,975 | 46,393 | 4,975 |
| Tax losses carried forward | 59,121 | 27,699 | - | - |
| Other timing differences | 39,808 | 29,023 | 39,808 | 29,023 |
| | 145,322 | 61,697 | 86,201 | 33,998 |

22. Share capital

| | 2016 | 2015 |
|---|----------------|----------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 448,279 Ordinary shares of £1 each | 448,279 | 448,279 |

Notes to the Financial Statements

For the Year Ended 30 September 2016

20. Financial instruments

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--|---------------------|---------------------|----------------------|----------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 3,708,697 | 5,401,747 | 3,602,592 | 5,401,747 |
| Financial assets that are debt instruments measured at amortised cost | 13,398,836 | 6,549,846 | 15,501,288 | 6,799,310 |
| | <u>17,107,533</u> | <u>11,951,593</u> | <u>19,103,880</u> | <u>12,201,057</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (17,071,170) | (10,404,199) | (17,446,588) | (10,404,199) |
| | <u>(17,071,170)</u> | <u>(10,404,199)</u> | <u>(17,446,588)</u> | <u>(10,404,199)</u> |

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and certain other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Notes to the Financial Statements

For the Year Ended 30 September 2016

17. Debtors

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 12,866,172 | 6,242,401 | 12,866,172 | 6,242,401 |
| Amounts owed by group undertakings | - | - | 370,381 | 249,464 |
| Other debtors | 689,191 | 456,353 | 689,191 | 456,353 |
| Prepayments and accrued income | 528,569 | 440,855 | 516,082 | 433,864 |
| Amounts recoverable on long term contracts | 9,077,589 | 7,275,068 | 9,077,589 | 7,275,068 |
| Deferred taxation | 145,322 | 61,697 | 86,201 | 33,998 |
| | <u>23,306,843</u> | <u>14,476,374</u> | <u>23,605,616</u> | <u>14,691,148</u> |

Amounts owed by group undertakings are unsecured, do not attract interest and are repayable on demand.

18. Cash and cash equivalents

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>3,708,697</u> | <u>5,401,747</u> | <u>3,602,592</u> | <u>5,401,747</u> |

19. Creditors: Amounts falling due within one year

| | Group 2016 £ | Group 2015 £ | Company 2016 £ | Company 2015 £ |
|------------------------------|--------------------|--------------------|----------------------|----------------------|
| Payments received on account | 4,047,679 | 3,450,871 | 4,047,679 | 3,450,871 |
| Trade creditors | 2,141,883 | 2,345,600 | 2,141,883 | 2,345,600 |
| Corporation tax | 754,911 | 447,407 | 754,911 | 447,407 |
| Taxation and social security | 578,420 | 442,655 | 341,444 | 442,655 |
| Other creditors | 765,180 | 305,500 | 765,180 | 305,500 |
| Accruals and deferred income | 14,275,607 | 7,753,099 | 14,651,025 | 7,753,099 |
| | <u>22,563,680</u> | <u>14,745,132</u> | <u>22,702,122</u> | <u>14,745,132</u> |

Notes to the Financial Statements

For the Year Ended 30 September 2016

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--------------------------------------|--------------------------|------------------------------|---------|---------------------------------------|
| Oxford Policy Management Limited | Nigeria | Ordinary | 100 % | International development consultancy |
| Oxford Policy Management Limited | Tanzania | Ordinary | 100 % | International development consultancy |
| The Oxford Policy Fellowship | United Kingdom | Company limited by guarantee | 100 % | International development fellowship |
| Oxford Policy Management EBT Limited | United Kingdom | Ordinary | 100 % | Employee benefit trust |

Company

Investments
in subsidiary
companies
£

Cost or valuation

At 1 October 2015 and 30 September 2016

33,125

Net book value

At 30 September 2016

33,125

At 30 September 2015

33,125

Notes to the Financial Statements

For the Year Ended 30 September 2016

Company

| | Long-term leasehold property £ | Computer equipment £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|--------------------------|---|----------------------------|-------------------------------|--------------------------|------------|
| Cost or valuation | | | | | |
| At 1 October 2015 | 418,043 | 1,549,030 | 458,275 | 211,061 | 2,636,409 |
| Additions | 755,362 | 718,156 | 234,419 | 2,535 | 1,710,472 |
| At 30 September 2016 | 1,173,405 | 2,267,186 | 692,694 | 213,596 | 4,346,881 |
| Depreciation | | | | | |
| At 1 October 2015 | 24,975 | 929,643 | 215,625 | 142,045 | 1,312,288 |
| Charge for period | 254,442 | 558,936 | 139,934 | 25,042 | 978,354 |
| Disposals | - | - | (2,399) | - | (2,399) |
| At 30 September 2016 | 279,417 | 1,488,579 | 353,160 | 167,087 | 2,288,243 |
| Net book value | | | | | |
| At 30 September 2016 | 893,988 | 778,607 | 339,534 | 46,509 | 2,058,638 |
| At 30 September 2015 | 393,068 | 619,387 | 242,650 | 69,016 | 1,324,121 |

Notes to the Financial Statements

For the Year Ended 30 September 2016

15. Tangible fixed assets

Group

| | Long-term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|------------------------|-------------------------------|--------------------------|----------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 October 2015 | 418,043 | - | 495,649 | 211,837 | 1,554,216 | 2,679,745 |
| Additions | 755,362 | 12,472 | 279,996 | 12,780 | 794,060 | 1,854,670 |
| At 30 September 2016 | 1,173,405 | 12,472 | 775,645 | 224,617 | 2,348,276 | 4,534,415 |
| Depreciation | | | | | | |
| At 1 October 2015 | 24,975 | - | 218,274 | 142,126 | 931,948 | 1,317,323 |
| Charge for period | 254,442 | 4,853 | 174,206 | 37,394 | 578,511 | 1,049,406 |
| At 30 September 2016 | 279,417 | 4,853 | 392,480 | 179,520 | 1,510,459 | 2,366,729 |
| Net book value | | | | | | |
| At 30 September 2016 | 893,988 | 7,619 | 383,165 | 45,097 | 837,817 | 2,167,686 |
| At 30 September 2015 | 393,068 | - | 277,375 | 69,711 | 622,268 | 1,362,422 |

Notes to the Financial Statements

For the Year Ended 30 September 2016

14. Intangible assets

Company

Software
£

Cost

At 1 October 2015 and 30 September 2016

280,670

Amortisation

At 1 October 2015

155,698

Charge for the year

85,011

At 30 September 2016

240,709

Net book value

At 30 September 2016

39,961

At 30 September 2015

124,972

Notes to the Financial Statements

For the Year Ended 30 September 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) of corporation tax in the UK of 20% (2015 - 20.5%). The differences are explained below:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 2,513,057 | 1,959,524 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.5%) | 502,611 | 401,702 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 12,316 | 3,666 |
| Adjustments to tax charge in respect of prior periods - UK tax | (8,304) | (61,064) |
| Adjustments to tax charge in respect of prior periods - foreign tax | - | 94,409 |
| Adjustments to tax charge in respect of prior periods - deferred tax | 15,231 | 9,220 |
| Other timing differences leading to an increase (decrease) in taxation | 2,581 | 21,084 |
| Foreign tax credits | 274,462 | - |
| Change in rate of deferred tax | 15,212 | - |
| Unrealised overseas taxation/effect of overseas tax rate in current year | - | 82,154 |
| Unrelieved and unrecognised tax losses | 18,266 | - |
| Total tax charge for the year | 832,375 | 551,171 |

12. Dividends

| | 2016 £ | 2015 £ |
|-----------|-----------|-----------|
| Dividends | 223,427 | 152,233 |

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,449,387 (2015 - £1,617,951).

Notes to the Financial Statements

For the Year Ended 30 September 2016

9. Interest receivable

| | 2016 | 2015 |
|---------------------------|------|------|
| | £ | £ |
| Other interest receivable | 90 | 63 |

10. Interest payable and similar charges

| | 2016 | 2015 |
|-----------------------|--------|--------|
| | £ | £ |
| Bank interest payable | 56,420 | 21,747 |

11. Taxation

| | 2016 | 2015 |
|--|-----------------|-----------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | 649,842 | 483,334 |
| Adjustments in respect of previous periods | (28,669) | (61,064) |
| Double taxation relief | (379,369) | (197,693) |
| | <u>241,804</u> | <u>224,577</u> |
| Foreign tax | | |
| Foreign tax on income for the year | 653,831 | 279,857 |
| Foreign tax in respect of prior periods | 20,365 | 94,409 |
| | <u>674,196</u> | <u>374,266</u> |
| Total current tax | <u>916,000</u> | <u>598,843</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (70,249) | (47,672) |
| Effect of tax rate change on opening balance | 2,815 | - |
| Adjustment in respect of prior periods | 15,231 | - |
| Tax losses | (31,422) | - |
| Total deferred tax | <u>(83,625)</u> | <u>(47,672)</u> |
| Taxation on profit on ordinary activities | <u>832,375</u> | <u>551,171</u> |

Notes to the Financial Statements

For the Year Ended 30 September 2016

6. Auditor's remuneration

Fees payable to the Group's auditor and its associates in respect of:

| | | |
|---|---------------|---------------|
| Statutory audit of financial statements | 27,500 | 29,500 |
| Taxation compliance services | 8,250 | 12,858 |
| All other services | 2,000 | 48,190 |
| | <u>37,750</u> | <u>90,548</u> |

7. Employees

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 10,974,913 | 8,284,457 |
| Social security costs | 977,751 | 791,448 |
| Pension costs | 1,498,783 | 1,196,452 |
| | <u>13,451,447</u> | <u>10,272,357</u> |

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

| | 2016 No. | 2015 No. |
|----------------------|-------------|-------------|
| Fee earning staff | 168 | 136 |
| Administration staff | 110 | 87 |
| | <u>278</u> | <u>223</u> |

8. Directors' remuneration

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Directors' emoluments | 456,229 | 402,178 |
| Company contributions to defined contribution pension schemes | 56,174 | 50,235 |
| | <u>512,403</u> | <u>452,413</u> |

The highest paid director received remuneration of £159,020 (2015 - £156,566).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,289 (2015 - £23,491).

During the year retirement benefits were accruing to 3 directors (2015 - 3) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the Year Ended 30 September 2016

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The key area of judgement and estimation is in relation to revenue and profit recognition on long-term contracts. Determining the amount of any revenue to be recognised, costs to complete and assessment of any other costs arising, the impact of any changes in scope of work, together with the level of recoverable work-in-progress and receivables requires significant management judgements and estimates. Regular forecasts are compiled on the outcomes of these types of contracts, which require assessments and judgements relating to the value of work performed, changes in work scopes and contract programmes.

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

Analysis of turnover by country of destination:

| | 2016 £ | 2015 £ |
|-----------------------|-------------------|-------------------|
| United Kingdom | 155,975 | 111,371 |
| Europe | 5,644,411 | 671,120 |
| Multi-region Projects | 12,934,987 | 8,350,680 |
| Africa | 23,341,668 | 16,457,011 |
| America and Caribbean | 203,995 | 170,635 |
| Asia | 24,315,871 | 20,659,580 |
| Australia/Pacific | 435,383 | 23,365 |
| | <u>67,032,290</u> | <u>46,443,762</u> |

5. Operating profit

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

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 1,049,406 | 606,755 |
| Amortisation of intangible assets | 85,011 | 155,699 |
| Net (gain)/loss on foreign currency translation | (139,945) | 250,707 |
| Operating lease rentals | <u>754,723</u> | <u>375,050</u> |

Notes to the Financial Statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

- > The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- > Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- > Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

2.14 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Operating leases

Rentals income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income on a straight line basis over the lease term.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------------|---------------------|
| Long-term leasehold property | - Over lease term |
| Motor vehicles | - 25% straight line |
| Fixtures and fittings | - 25% straight line |
| Office equipment | - 25% straight line |
| Computer equipment | - 33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Long term contracts

Long term contracts are assessed on a contract by contract basis and reflected in the consolidated statement of comprehensive income by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract and credit taken for the profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors, to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Full provision is made for losses on contracts in the year in which the loss is first foreseen.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life of three years.

Notes to the Financial Statements

For the Year Ended 30 September 2016

1. General information

Oxford Policy Management Limited is a company limited by shares incorporated in England and Wales. Its registered office is Level 3, Clarendon House, Cornmarket Street, Oxford, OX1 3HJ. Its principal activity is that of an international development consultancy.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The group has a significant order book with long-term projects with a number of clients across different geographical areas. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain global economic outlook.

The directors have a reasonable expectation that the group has adequate resources, in the form of existing cash and bank overdraft facilities, to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 September 2016

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 1,680,682 | 1,408,353 |
| Adjustments for: | | |
| Depreciation of tangible assets | 1,134,417 | 606,755 |
| Interest paid | 56,420 | 21,747 |
| Interest received | (90) | (63) |
| Taxation | 832,375 | 551,171 |
| Increase in debtors | (8,738,464) | (5,534,061) |
| Increase in creditors | 7,511,045 | 6,434,944 |
| Corporation tax | (616,877) | (506,895) |
| Net cash generated from operating activities | 1,859,508 | 2,981,951 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (1,854,670) | (1,027,472) |
| Interest received | 90 | 63 |
| Net cash from investing activities | (1,854,580) | (1,027,409) |
| Cash flows from financing activities | | |
| Dividends paid | (223,427) | (152,233) |
| Interest paid | (56,420) | (21,747) |
| Purchase of own shares | (1,418,131) | - |
| Net cash used in financing activities | (1,697,978) | (173,980) |
| Net (decrease)/increase in cash and cash equivalents | (1,693,050) | 1,780,562 |
| Cash and cash equivalents at beginning of year | 5,401,747 | 3,621,185 |
| Cash and cash equivalents at the end of year | 3,708,697 | 5,401,747 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 3,708,697 | 5,401,747 |
| | 3,708,697 | 5,401,747 |

The notes on pages 19 to 37 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 30 September 2015

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|-------------------|----------------------------|--------------|
| | £ | £ | £ | £ | £ |
| At 1 October 2014 | 448,279 | 13,618 | 76,735 | 4,825,631 | 5,364,263 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 1,617,951 | 1,617,951 |
| Total comprehensive income for the year | - | - | - | 1,617,951 | 1,617,951 |
| Contributions by and distributions to owners | | | | | |
| Dividends | - | - | - | (152,233) | (152,233) |
| Total transactions with owners | - | - | - | (152,233) | (152,233) |
| At 30 September 2015 | 448,279 | 13,618 | 76,735 | 6,291,349 | 6,829,981 |

The notes on pages 19 to 37 form part of these financial statements.

Oxford Policy Management Limited

Company Statement of Changes in Equity
For the Year Ended 30 September 2016

| | Called up share capital | Share premium account | Shares held in treasury | Other reserves | Profit and loss account | Total equity |
|---|----------------------------|-----------------------------|----------------------------|-------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| At 1 October 2015 | 448,279 | 13,618 | - | 76,735 | 6,291,349 | 6,829,981 |
| Comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 1,449,387 | 1,449,387 |
| Total comprehensive income for the year | - | - | - | - | 1,449,387 | 1,449,387 |
| Contributions by and distributions to owners | | | | | | |
| Dividends | - | - | - | - | (223,427) | (223,427) |
| Purchase of own shares | - | - | (1,418,131) | - | - | (1,418,131) |
| Total transactions with owners | - | - | (1,418,131) | - | (223,427) | (1,641,558) |
| At 30 September 2016 | 448,279 | 13,618 | (1,418,131) | 76,735 | 7,517,309 | 6,637,810 |