

Company Registration Number 03481321

HAKLUYT & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2009

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HAKLUYT & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

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HAKLUYT & COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors Niall FitzGerald KBE (Chairman)
Keith Craig
Mark Getty
Sir Kieran Prendergast
Robert Webb QC

Company Secretary Susan Stafford

Registered Office 34 Upper Brook Street
London
W1K 7QS

Auditors Chiene + Tait
Chartered Accountants
& Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Bankers Coutts & Co
440 Strand
London
WC2R 0QS

Solicitors Addleshaw Goddard
150 Aldergate Street
London
EC1A 4EJ

HAKLUYT & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2009.

Principal activity

The principal activity of the company during the year was the research and supply of information for the use of commerce.

Business review

The directors are pleased to report that despite an adverse economic backdrop, the result for the year showed modest increases in turnover and underlying profits, with sales rising by 13% to £21.9m and profit on ordinary activities rising by 4% to £4.8m. Profit after tax, before adjusting for share transactions in the company's Employee Benefit Trust, rose by 15% to £3.7m.

The number of shares sold by the Employee Benefit Trust to satisfy option exercises increased significantly this year. 87,254 shares were sold in total at a loss of £1.5m, compared to £0.2m last year. As a result, the reported profit after tax, including the effects of those transactions, was £2.2m against £3.0m last year.

Levels of business slowed in the second half of the year as the full effects of the downturn were felt. The company's cost base was reviewed in light of the slowdown, with various savings identified and certain budgeted expenditures cut. Staff numbers remained broadly static at 39 against 38 last year.

Against that background, the Board approved a modest increase in the dividend for the year to £2.50 per share, up from £2.30 last year. Particulars of dividends are detailed in Note 9 to the financial statements.

The Employee Benefit Trust also purchased a significant number of shares in the year from retirees and departing shareholders. 140,526 shares were purchased at a cost of £4.6m. Although this was partially offset by sales from the option exercises, the net cost of £2.1m outweighed the company's retained profit for the year of £1.3m and therefore led to an overall fall in shareholders' funds from £6.9m to £6.1m. The balance sheet remains strong, however, with cash of £8m held at year-end.

While trading levels have stabilised over recent months, the directors are cautious about results for the current year. Revenue is expected to fall slightly and margins will also be affected.

The Board continue to place great emphasis on risk management as an integral part of good corporate governance and they assess perceived risks on a regular basis. These include strategic, financial and operational considerations. They also include other issues of vital importance to the company concerning reputation, conflicts of interest and compliance with applicable legal and regulatory requirements.

Financial risk management objectives and policies

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expenses, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

Investment of cash surpluses are made through banks approved by the Board.

The Board satisfies itself as to the standing of potential clients. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Directors

The directors who served the company during the year were as follows:

Niall FitzGerald KBE (Chairman) (Appointed 1 September 2008)

Keith Craig

Mark Getty

Sir Kieran Prendergast

Sir William Purves (Chairman) (Retired 27 November 2008)

Robert Webb QC

HAKLUYT & COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2009

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that ought to have been taken to ensure they are aware of any relevant audit information and to establish that the auditors are aware of that information.

Donations

During the year the company made the following contributions:

	2009 £	2008 £
Charitable donations	<u>27,899</u>	<u>29,560</u>

Auditors

Chiene + Tait are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors



Susan Stafford
Company Secretary

Approved by the directors on 9 September 2009

HAKLUYT & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAKLUYT & COMPANY LIMITED

YEAR ENDED 30 JUNE 2009



We have audited the financial statements of Hakluyt & Company Limited for the year ended 30 June 2009 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 the law, we do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HAKLUYT & COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAKLUYT & COMPANY LIMITED *(continued)*



YEAR ENDED 30 JUNE 2009

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Malcolm R Beveridge

Malcolm R Beveridge (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT

Chartered Accountants & Registered Auditors

61 Dublin Street

Edinburgh

EH3 6NL

14 SEPTEMBER 2009

HAKLUYT & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 as restated £
Turnover	2	21,924,129	19,458,352
Cost of sales		(4,713,366)	(3,952,934)
Gross profit		17,210,763	15,505,418
Administrative expenses		(12,558,736)	(11,172,145)
Operating profit	3	4,652,027	4,333,273
Interest receivable		105,634	256,834
Interest payable and similar charges	6	(3,348)	(2,831)
Profit on ordinary activities		4,754,313	4,587,276
Loss arising in Employee Benefit Trust	7	(1,503,960)	(240,094)
Profit on ordinary activities before taxation		3,250,353	4,347,182
Tax on profit on ordinary activities	8	(1,037,278)	(1,364,257)
Profit for the financial year		2,213,075	2,982,925

There is no material difference between the profit on ordinary activities before taxation and the retained profit reported in the profit and loss accounts and the equivalent figures calculated on the historical cost basis.


HAKLUYT & COMPANY LIMITED

BALANCE SHEET

30 JUNE 2009

	Note	£	2009 £	2008 as restated £
Fixed assets				
Tangible assets	10		2,177,484	2,188,860
Investments	11		75,298	75,298
			<u>2,252,782</u>	<u>2,264,158</u>
Current assets				
Work-in-progress	12	104,598		371,554
Debtors	13	2,894,591		4,546,304
Cash at bank and in hand		7,989,999		7,317,628
		10,989,188		12,235,486
Creditors: amounts falling due within one year	14	7,148,330		7,640,307
Net current assets			3,840,858	4,595,179
Total assets less current liabilities			6,093,640	6,859,337
Provision for deferred taxation	15		8,180	—
Net assets			<u>6,085,460</u>	<u>6,859,337</u>
Capital and reserves				
Called-up equity share capital	20		68,906	68,906
Share premium account	21		1,335,900	1,335,900
Capital redemption reserve	23		19,700	19,700
Profit and loss account	24		7,781,734	6,439,403
			9,206,240	7,863,909
Own shares – Employee Benefit Trust	22		(3,120,780)	(1,004,572)
Shareholders' funds	25		<u>6,085,460</u>	<u>6,859,337</u>

These financial statements were approved by the directors and authorised for issue on 9 June 2009, and are signed on their behalf by:


 Niall FitzGerald KBE Chairman

Company Registration Number:
 03481321

HAKLUYT & COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2009

	Note	2009 £	2008 £
Net cash inflow from operating activities	26	6,765,388	5,895,513
Returns on investments and Servicing of finance			
Interest received		105,634	256,834
Interest paid		(3,348)	(2,831)
Net cash inflow from returns on investments and servicing of finance		102,286	254,003
Taxation		(1,057,989)	(1,504,510)
Capital expenditure			
Payments to acquire tangible fixed assets		(72,061)	(60,518)
Receipts from sale of fixed assets		2,383	—
Net cash outflow from capital expenditure		(69,678)	(60,518)
Acquisitions and disposals	27	—	—
Equity dividends paid		(1,447,468)	(1,518,284)
Cash inflow before financing		4,292,539	3,066,204
Financing			
Net purchase of shares by Employee Benefit Trust		(3,620,168)	(96,268)
Net cash outflow from financing		(3,620,168)	(96,268)
Increase in cash	28	672,371	2,969,936

STATEMENT OF RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 JUNE 2009

	2009 £	2008 £
Profit for the financial year	2,213,075	2,982,925
Prior year adjustment (as explained in Note 1)	(234,697)	—
Total gains and losses recognised since last annual report	1,978,378	—

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

1. Accounting policies

Basis of accounting

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

Turnover

Turnover represents the amounts derived from the provision of research and information supply services which fall within the company's ordinary activities, within the United Kingdom, stated net of value added tax.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- 10% Reducing balance
Office Equipment	- 25% Reducing balance
Furniture and Fittings	- 20% Reducing balance
Computer Equipment	- 33% Straight line

Depreciation is not charged on long leasehold property as the charge would be immaterial due to the length of the useful economic life of the property.

In accordance with Financial Reporting Standard 15 an impairment review under Financial Reporting Standard 11 is performed on this property. The results of this review showed that the recoverable amount is in excess of the carrying amount, and accordingly in the directors' opinion no impairment exists at 30 June 2009.

Work in progress

Work in progress is valued on the basis of the lower of direct costs and net realisable value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company contributes to various Personal Pension Schemes including two Group Schemes. The annual contributions payable are charges to the profit and loss account.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounting purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or where appropriate at the forward contract rate. For transactions in foreign currencies where no foreign currency bank account exists, these are recorded at the rate ruling at the date of the transaction.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2009

1. Accounting policies (*continued*)

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Share-based payments

In accordance with FRS 20 the company reflects the economic cost of awarding shares and options to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period.

The calculation of the fair values of the share options issued by the company has been based upon the Black-Scholes pricing model together with a number of subjective assumptions, the most significant of which is that the expected volatility of the company's shares will be 40%.

Employee Benefit Trust

The assets and liabilities of the Hakluyt Employee Benefit Trust are included in the financial statements. Any assets of the Employee Benefit Trust cease to be recognised on the balance sheet when the assets vest unconditionally in beneficiaries. The cost of company shares held by the Employee Benefit Trust at the year end is shown as a deduction against shareholders' funds.

Prior period adjustment

The prior period adjustment has arisen as a result of further clarification of the application of UITF abstract 38 (Accounting for ESOP Trusts), which has resulted in presentational adjustments affecting the company's capital and reserves disclosure. The adjustment has had no effect on the overall level of shareholders' funds.

Consolidation

The group, consisting of Hakluyt and Company Limited and its subsidiary undertaking, Hakluyt & Company (Singapore) PTE Limited, is not required to prepare consolidated accounts as during the financial year ended 30 June 2009 Hakluyt & Company (Singapore) PTE Limited was dormant and did not trade.

2. Turnover

Geographical Segments

The directors are of the opinion that disclosure of segmental information would be prejudicial to the company's interests, and consequently such information has not been disclosed.

3. Operating profit

Operating profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of owned fixed assets	82,105	72,397
Operating lease/rental - property	143,000	126,862
Operating lease/rental - other	3,431	—
Auditors' remuneration		
- as auditors	7,750	8,250
- for other services	49,689	40,865
Net profit on foreign currency translation	(51,807)	(859)

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

4. Particulars of employees

The aggregate payroll costs were:

	2009	2008
	£	£
Wages and salaries	7,764,658	7,186,839
Social security costs	971,166	716,163
Other pension costs	340,729	301,068
Equity-settled share-based payments	576,724	371,529
	<u>9,653,277</u>	<u>8,575,599</u>
	2009	2008
	No	No
Average number of employees during the year	<u>39</u>	<u>38</u>

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2009	2008
	£	£
Remuneration receivable	1,019,225	848,889
Value of company pension contributions to money purchase schemes	<u>22,000</u>	<u>22,000</u>
	<u>1,041,225</u>	<u>870,889</u>

Remuneration of highest paid director:

	2009	2008
	£	£
Total remuneration (excluding pension contributions)	825,892	723,889
Value of company pension contributions to money purchase schemes	<u>22,000</u>	<u>22,000</u>
	<u>847,892</u>	<u>745,889</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2009	2008
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The number of directors who exercised share options during the year were as follows:

	2009	2008
	No	No
Directors who exercised share options	<u>2</u>	<u>1</u>

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

6. Interest payable and similar charges

	2009	2008
	£	£
Other similar charges payable	<u>3,348</u>	<u>2,831</u>

7. Loss arising in Employee Benefit Trust

	2009	2008
	£	£
Recognised loss on sale of company shares by Employee Benefit Trust	<u>1,503,960</u>	<u>240,094</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 28% (2008: 29.50%)	980,656	1,122,243
Over provision in prior year	<u>(121)</u>	<u>(30,645)</u>
Total current tax	980,535	1,091,598
Deferred tax:		
Origination and reversal of timing differences	<u>56,743</u>	<u>272,659</u>
Tax on profit on ordinary activities	<u>1,037,278</u>	<u>1,364,257</u>

(b) Factors affecting current tax charge

	2009	2008
	£	as restated £
Profit on ordinary activities before taxation	<u>3,250,353</u>	<u>4,347,182</u>
Profit on ordinary activities by rate of tax	910,099	1,282,419
Add:		
Expenses not deductible for tax purposes	66,115	57,943
Loss arising in Employee Benefit Trust	420,654	70,827
Equity-settled share-based payments	161,482	109,601
Deduct:		
Capital allowances for period in excess of depreciation	(4,542)	2,398
Other timing differences	(54,174)	(13,986)
Employee share deductions	(518,978)	(385,217)
Marginal relief	-	(1,742)
Adjustments to tax charge in respect of previous periods	<u>(121)</u>	<u>(30,645)</u>
Total current tax (note 8(a))	<u>980,535</u>	<u>1,091,598</u>

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

9. Dividends

Equity dividends

	2009	2008
	£	£
First interim dividend paid of £0.92 (2008: £0.85) per 10p share	510,471	581,148
Second interim dividend paid of £1.58 (2008: £1.45) per 10p share	936,997	937,135
	<u>1,447,468</u>	<u>1,518,283</u>

10. Tangible fixed assets

	Long leasehold property £	Office equipment £	Furniture & fittings £	Computer equipment £	Total £
Cost					
At 1 July 2008	2,131,155	73,588	104,879	241,197	2,550,819
Additions	2,842	6,262	–	62,957	72,061
Disposals	–	–	(1,780)	(99,183)	(100,963)
At 30 June 2009	<u>2,133,997</u>	<u>79,850</u>	<u>103,099</u>	<u>204,971</u>	<u>2,521,917</u>
Depreciation					
At 1 July 2008	53,776	51,640	80,653	175,890	361,959
Charge for the year	24,101	6,970	6,480	44,554	82,105
On disposals	–	–	(448)	(99,183)	(99,631)
At 30 June 2009	<u>77,877</u>	<u>58,610</u>	<u>86,685</u>	<u>121,261</u>	<u>344,433</u>
Net book value					
At 30 June 2009	<u>2,056,120</u>	<u>21,240</u>	<u>16,414</u>	<u>83,710</u>	<u>2,177,484</u>
At 30 June 2008	<u>2,077,379</u>	<u>21,948</u>	<u>24,226</u>	<u>65,307</u>	<u>2,188,860</u>

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

11. Investments

	Shareholding in group companies £	Manuscripts and antique office furniture £	Total £
Cost			
At 1 July 2008	1	75,297	75,298
Additions	1	-	1
Disposals	(1)	-	(1)
At 30 June 2009	<u>1</u>	<u>75,297</u>	<u>75,298</u>
Net book value			
At 30 June 2009	<u>1</u>	<u>75,297</u>	<u>75,298</u>
At 30 June 2008	<u>1</u>	<u>75,297</u>	<u>75,298</u>

Investments in subsidiaries during the year consisted of 100% of the issued share capital of Intelligence-Based Consulting Limited, a company incorporated in Great Britain and 100% of the issued share capital of Hakluyt & Company (Singapore) PTE Limited, a company incorporated in Singapore. Intelligence-Based Consulting Limited was dormant throughout the period and was dissolved on 3 March 2009.

Hakluyt & Company (Singapore) PTE Limited was incorporated in 23 April 2009 and the company has not traded as at 30 June 2009. The first financial statements will be prepared to June 2010.

On the basis that both of the subsidiary undertakings were dormant throughout the financial year, the company is exempt under section 405 of the Companies Act 2006 from preparing consolidated financial statements. The financial statements therefore show information about the company as an individual entity.

12. Work in progress

	2009 £	2008 £
Work in progress	<u>104,598</u>	<u>371,554</u>

13. Debtors

	2009 £	2008 £
Trade debtors	1,803,668	3,129,957
Amounts owed by group undertakings	10,296	-
s419 tax recoverable	337,529	337,529
Other debtors	7,294	117,001
Prepayments and accrued income	735,804	913,254
Deferred taxation (note 15)	-	48,563
	<u>2,894,591</u>	<u>4,546,304</u>

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

14. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	331,951	482,603
Amounts owed to group undertakings	—	1
Corporation tax	410,723	488,177
Other taxation and social security	423,126	517,786
Other creditors	20	513,970
Accruals and deferred income	5,982,510	5,637,770
	<u>7,148,330</u>	<u>7,640,307</u>

15. Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2009	2008
	£	£
Provision for deferred tax	<u>(8,180)</u>	<u>48,563</u>

The movement in the deferred taxation account during the year was:

	2009	2008
	£	£
Balance brought forward	48,563	321,222
Profit and loss account movement arising during the year	<u>(56,743)</u>	<u>(272,659)</u>
Balance carried forward	<u>(8,180)</u>	<u>48,563</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2009	2008
	£	£
Excess of taxation allowances over depreciation on fixed assets	(25,506)	(22,937)
Short term timing differences	<u>17,326</u>	<u>71,500</u>
	<u>(8,180)</u>	<u>48,563</u>

16. Pensions

The company operates various Personal Pension Plans including two group schemes. The pension cost charge represents contributions payable by the company to the funds and amounted to £340,730 (2008: £301,068). At 30 June 2009 pension contributions of £61,879 were outstanding (2008: £255,358).

17. Other provisions

	2009	2008
	£	£
Employers' NI on unapproved share options:		
Balance brought forward	—	160,232
Movement for year	<u>—</u>	<u>(160,232)</u>
	<u>—</u>	<u>—</u>

HAKLUYT & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

18. Commitments under operating leases

At 30 June 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	<u>135,850</u>	<u>3,828</u>	<u>135,850</u>	<u>3,220</u>

The operating lease for land and buildings relates to rent for the Company's premises at 25 and 34 Upper Brook Street, London. Other items relate to the lease of a photocopier.

19. Related party transactions

The company is under the control of the shareholders. No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

20. Share capital

Authorised share capital:

	2009 £	2008 £
1,000,000 Ordinary shares of £0.10 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £0.10 each	<u>689,060</u>	<u>68,906</u>	<u>689,060</u>	<u>68,906</u>

21. Share premium account

There was no movement on the share premium account during the financial year.

22. Employee Benefit Trust

	2009 £	2008 as restated £
Own shares – Employee Benefit Trust	<u>3,120,780</u>	<u>1,004,572</u>

The Employee Benefit Trust holds shares solely for distribution to employees. During the year the company made a contribution of £5,392,998 to the Trust. The Trust purchased 140,526 shares in the company and distributed 87,254 shares to employees. At 30 June 2009 the Trust held 96,024 shares (2008: 42,752 shares) which had not vested in the employees and in accordance with the provisions of UITF 38 the cost of those shares held is deducted from shareholders' funds.

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23. Capital redemption reserve

	2009	2008
	£	£
Capital redemption reserve	<u>19,700</u>	<u>19,700</u>

24. Profit and loss account

	2009	2008
	£	as restated £
At beginning of year as previously stated	6,674,100	4,603,232
Prior year adjustment	(234,697)	-
Balance brought forward as restated	<u>6,439,403</u>	<u>4,603,232</u>
Profit for the financial year prior to dividends	2,213,075	2,982,925
First interim dividend paid	(510,471)	(581,148)
Second interim dividend paid	(936,997)	(937,135)
	<u>7,205,010</u>	<u>6,067,874</u>
Recognition of equity settled share based payments	576,724	371,529
Balance carried forward	<u>7,781,734</u>	<u>6,439,403</u>

25. Reconciliation of movements in shareholders' funds

	2009	2008
	£	as restated £
Profit for the financial year	2,213,075	2,982,925
First interim dividend paid	(510,471)	(581,148)
Second interim dividend paid	(936,997)	(937,135)
Recognition of equity settled share based payments	576,724	371,529
	<u>1,342,331</u>	<u>1,836,171</u>
Movement on own shares – Employee Benefit Trust (see below)	(2,116,208)	143,826
Net (reduction)/addition to shareholders' funds	(773,877)	1,979,997
Opening shareholders' funds	<u>6,859,337</u>	<u>4,879,340</u>
Closing shareholders' funds	<u>6,085,460</u>	<u>6,859,337</u>

Movement on own shares – Employee Benefit Trust

	2009	2008
	£	£
Purchase of own shares	(4,567,095)	(1,290,244)
Sale of own shares	946,927	1,193,976
Loss on sale of own shares	1,503,960	240,094
	<u>(2,116,208)</u>	<u>143,826</u>
Movement in year (as above)	(2,116,208)	143,826
Balance brought forward	(1,004,572)	(1,148,398)
Balance carried forward	<u>(3,120,780)</u>	<u>(1,004,572)</u>

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26. Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008 as restated
	£	£
Operating profit	4,652,027	4,093,179
Depreciation	82,105	72,397
Profit on disposal of fixed assets	(1,051)	—
Decrease/(increase) in stocks	266,956	(232,263)
Decrease/(increase) in debtors	1,603,150	(137,014)
(Decrease)/increase in creditors	(414,523)	1,647,823
Equity settled share based payments	576,724	371,529
Decrease in provisions	—	(160,232)
Net cash inflow from operating activities	<u>6,765,388</u>	<u>5,895,513</u>

27. Acquisitions and disposals

	2009	2008
	£	£
Acquisition of shares in group undertakings	(1)	—
Disposal of shares in group undertakings	1	—
Net cash inflow from acquisitions and disposals	<u>—</u>	<u>—</u>

28. Reconciliation of net cash flow to movement in net funds

	2009	2008
	£	£
Increase in cash in the period	672,371	2,969,936
Change in net funds	672,371	2,969,936
Net funds at 1 July 2008	7,317,628	4,347,692
Net funds at 30 June 2009	<u>7,989,999</u>	<u>7,317,628</u>

29. Analysis of changes in net funds

	At 1 Jul 2008	Cash flows	At 30 Jun 2009
	£	£	£
Net cash:			
Cash in hand and at bank	7,317,628	672,371	7,989,999
Net funds	<u>7,317,628</u>	<u>672,371</u>	<u>7,989,999</u>

30. Capital commitments

There were no amounts contracted for but not provided in the financial statements at 30 June 2009 (2008 - £Nil).

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31. Equity settled share-based payment transactions

Certain employees hold options to subscribe for shares in the company at prices ranging from £8.08 to £32.50 under share options granted up until 30 June 2009.

The remaining options outstanding under approved schemes at 30 June 2009 are shown below:

Number of shares 2009	Number of shares 2008	Option exercise price	Date granted	Option exercise period
16,836	31,547	£12.24	Apr 2006	Dec 2008 - Dec 2013
7,333	13,333	£15.00	Sep 2006	Jul 2009 - Jul 2014
5,333	5,333	£15.00	Feb 2007	Jul 2009 - Dec 2014
14,599	15,666	£15.00	May 2007	Apr 2010 - Apr 2015
15,277	16,027	£18.80	Nov 2007	Nov 2010 - Nov 2015
4,000	4,000	£18.80	Mar 2008	Mar 2011 - Mar 2016
6,344	-	£26.00	Nov 2008	Nov 2011 - Nov 2016
-----	-----			
69,722	85,906			
=====	=====			

The remaining options outstanding under unapproved schemes at 30 June 2009 are shown below:

Number of shares 2009	Number of shares 2008	Option exercise price	Date granted	Option exercise period
-	27,760	£5.80	May 2003	May 2003 - Feb 2010
17,780	27,780	£8.08 - £10.10	Dec 2004	Dec 2004 - Sep 2012
10,000	10,000	£9.68 - £12.10	Jan 2005	Jan 2005 - Dec 2012
79,002	94,063	£12.24 - £15.30	Apr 2006	Apr 2006 - Dec 2013
1,867	1,867	£15.00 - £18.75	Sep 2006	Sep 2006 - Jul 2014
4,133	4,133	£15.00 - £18.75	Feb 2007	Feb 2007 - Jul 2014
22,666	25,333	£15.00 - £18.75	May 2007	May 2007 - Apr 2015
2,745	2,745	£18.80 - £23.50	Nov 2007	Nov 2007 - Nov 2015
2,000	5,000	£18.80 - £23.50	Feb 2008	Feb 2008 - Feb 2016
7,000	14,000	£18.80 - £23.50	May 2008	May 2008 - May 2016
-	426	£23.50	Jun 2008	Jun 2008 - Jun 2016
1,064	-	£18.80 - £23.50	Jul 2008	Jul 2008 - Jul 2016
4,385	-	£26.00 - £32.50	Nov 2008	Nov 2008 - Nov 2016
5,142	-	£26.00 - £32.50	Jun 2009	Jun 2009 - Nov 2016
-----	-----			
157,784	213,107			
=====	=====			

The model inputs were:

	2009	2008
• Share price at grant date	£5.30 - £32.50	£5.80 - £23.50
• Exercise price	£5.80 - £32.50	£5.80 - £23.50
• Expected volatility	40%	40%
• Expected life	3 years	3 years
• Risk-free interest rate	2.99% - 5.64%	4.44% - 5.64%
• Dividend yield	5.87% - 9.71%	5.87% - 9.47%

The expected volatility is based on historic volatility over the prior three years of companies listed on AIM providing similar services. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

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31. Equity settled share-based payment transactions (*continued*)

The estimated fair value of each share option granted is equal to the share price at the date of the grant.

Further details of the two share option plans are as follows:

	Number of options	2009 weighted average	Number of options	2008 weighted average
Outstanding at start of year	299,013	£12.71	296,025	£11.77
Granted	16,935	£25.55	42,836	£18.92
Forfeited	6,317	£17.56	—	£0.00
Exercised	82,125	£10.89	39,848	£7.91
Outstanding at end of year	227,506	£14.37	299,013	£12.71
Exercisable at end of year	123,618	£11.43	65,540	£7.36

The weighted average remaining contractual life of share options outstanding at 30 June 2009 was 5.1 years (2008: 5.5 years).