

# **Holdingham Group Limited**

Report and Financial Statements

Year Ended

30 June 2016

Company Number 03481321



# Holdingham Group Limited

## Report and financial statements for the year ended 30 June 2016

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### Directors

Sir J Rose (Chairman)  
R Webb QC  
M Williams  
P Schreier  
P Deighton

### Secretary and registered office

C Olver, 34 Upper Brook Street, London, W1K 7QS

### Company number

03481321

### Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

# Holdingham Group Limited

## Strategic report for the year ended 30 June 2016

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2016.

### Review and analysis of the business

The Group continued its principal activities throughout the current year as shown in the directors' report.

### Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

Analysis using key performance indicators e.g.

#### Profit ratios:

Revenue Growth	3.1%	(2015 - 7.9%)
Gross profit margin	88.6%	(2015 - 87.7%)
Operating profit margin	23.9%	(2015 - 25.4%)

#### Cash flow/working capital metrics:

Operating cash flow to operating profit	1.3	(2015 - 0.77)
Debtor days	91	(2015 - 97)

#### Other metrics:

Revenue per employee	£0.66m	(2015 - £0.68m)
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### Development and financial performance

As reported in the Group's income statement, Group revenue has shown an increase of 3.1% from £44.7m to £46.1m in the current period. Profit after tax has decreased slightly from £8.7m to £8.5m, primarily due to the costs of investment in people, systems and network in the year. The increase in the revenues is believed to be due to the continuing geographical expansion of the business and improvement in the quality of relationships with clients and in the services offered by the Group in the period under review.

### Financial position at the reporting date

The balance sheet shows that the Group's net assets at the year end have decreased from £13.9m to £12.6m. This is in part due to the repurchase by the Employee Benefit Trust of shares from current and former shareholders at a cost of £8.5m which has been undertaken to incentivise those employees continuing to contribute to the business by allowing them to acquire additional shares.

The Group generated cash from operations of £15.0m (2015 - £8.7m). In addition, the Group had no borrowings at the year end (2015 - Nil). The Group utilised an overdraft facility within the year to facilitate its short term funding requirements following the purchase of its own shares via the Employee Benefit Trust.

# Holdingham Group Limited

## Strategic report for the year ended 30 June 2016 (continued)

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### Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Group/Company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the Group/Company are as follows:

- Quality control - the services provided by the business are of an extremely high standard. A reduction in the quality of the services to clients could adversely impact client relationships and therefore revenues. The Group manages this risk by having robust quality control processes and appropriate personnel in place.
- Loss of key personnel - the loss of a significant number of key personnel would present significant operational difficulties for the Group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

This report was approved by the board on *30/11/16* and signed on its behalf by:



P Schreier  
Chief Executive Officer

# Holdingham Group Limited

## Report of the directors for the year ended 30 June 2016

The directors present their report together with the audited financial statements for the year ended 30 June 2016.

### Principal activity

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

### Directors

The directors of the company during the year were:

	Ordinary shares of £0.10 each	
	2016	2015
Sir J Rose (Chairman)	3,392	3,392
K Craig (resigned 30 June 2016)	25,000	43,508
R Webb QC	5,000	5,000
M Williams	1,562	1,562
P Schreier (appointed 30 June 2016)	2,258	-
P Deighton (appointed 1 January 2016)	-	-
	<hr/>	<hr/>

### 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 which must fulfil credit rating criteria 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.

# Holdingham Group Limited

## Report of the directors for the year ended 30 June 2016 (*continued*)

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### Directors' responsibilities.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and 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 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 company 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 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.

### Auditors

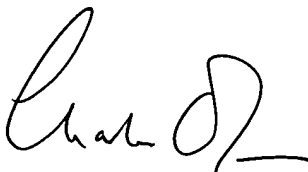
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### By order of the Board

C Olver

Secretary



Date 30/11/16

# Holdingham Group Limited

## Independent auditor's report

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### TO THE MEMBERS OF HOLDINGHAM GROUP LIMITED

We have audited the financial statements of Holdingham Group Limited for the year ended 30 June 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. 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), 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 June 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 matters prescribed by the Companies Act 2006

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

# Holdingham Group Limited

## Independent auditor's report (*continued*)

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### 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.

*BDO LLP*

*Nicholas Carter-Pegg (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

Date *30/11/16*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Holdingham Group Limited

## Consolidated statement of comprehensive income for the year ended 30 June 2016

	Note	2016 £	2015 £
<b>Turnover</b>		<b>46,096,976</b>	44,726,768
Cost of sales		<u>(5,252,546)</u>	<u>(5,505,372)</u>
<b>Gross profit</b>		<b>40,844,430</b>	39,221,396
Administrative expenses		<u>(29,833,186)</u>	<u>(27,848,783)</u>
<b>Operating profit</b>	6	<b>11,011,244</b>	11,372,613
Interest receivable		<u>9</u>	<u>4,810</u>
<b>Profit on ordinary activities before taxation</b>		<b>11,011,253</b>	11,377,423
Taxation on profit from ordinary activities	7	<u>(2,547,435)</u>	<u>(2,687,368)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>8,463,818</u></b>	<b><u>8,690,055</u></b>

All amounts relate to continuing activities.

The notes on pages 15 to 31 form part of these financial statements.

# Holdingham Group Limited

## Consolidated balance sheet at 30 June 2016

Company number 03481321	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	9		6,558,392		6,593,287
Intangible assets	10		476,210		-
Investments	11		125,854		157,487
			<u>7,160,456</u>		<u>6,750,774</u>
<b>Current assets</b>					
Stocks	12	318,279		105,863	
Debtors	13	14,404,573		14,655,490	
Cash at bank and in hand		5,423,255		6,555,966	
		<u>20,146,107</u>		<u>21,317,319</u>	
<b>Creditors: amounts falling due within one year</b>	14	(14,730,629)		(14,171,790)	
<b>Net current assets</b>			<u>5,415,478</u>		<u>7,145,529</u>
<b>Total assets less current liabilities</b>			<u>12,575,934</u>		<u>13,896,303</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(19,406)		(19,406)
			<u>12,556,528</u>		<u>13,876,897</u>
<b>Capital and reserves</b>					
Called up share capital	18		49,500		49,500
Share premium account			1,335,900		1,335,900
Capital redemption reserve			19,700		19,700
Revaluation reserve			2,651,440		2,651,440
Profit and loss account			40,635,311		34,303,405
<b>Shareholders' funds</b>			<u>44,691,851</u>		<u>38,359,945</u>
Own shares - Employee Benefit Trust	19		(32,135,323)		(24,483,048)
<b>Shareholders' funds</b>			<u>12,556,528</u>		<u>13,876,897</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/11/16.

  
Sir J Rose  
Director

The notes on pages 15 to 31 form part of these financial statements.

## Holdingham Group Limited

### Consolidated statement of changes in equity for the year ended 30 June 2016

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
<b>1 July 2015</b>	49,500	1,335,900	19,700	2,651,440	34,303,405	(24,483,048)	13,876,897
<b>Comprehensive income for the year</b>	-	-	-	-	8,463,818	-	8,463,818
<b>Total comprehensive income for the year</b>	-	-	-	-	8,463,818	-	8,463,818
<b>Contributions by and distributions to owners</b>							
Dividends	-	-	-	-	(2,688,022)	-	(2,688,022)
Loss on sale of own shares - EBT	-	-	-	-	(843,890)	-	(843,890)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,400,000	-	1,400,000
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(7,652,275)	(7,652,275)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	(2,131,912)	(7,652,275)	(9,784,187)
<b>30 June 2016</b>	49,500	1,335,900	19,700	2,651,440	40,635,311	(32,135,323)	12,556,528

The notes on pages 15 to 31 form part of these financial statements.

## Holdingham Group Limited

### Consolidated statement of changes in equity for the year ended 30 June 2015 (continued)

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
<b>1 July 2014</b>	59,500	1,335,900	19,700	2,651,440	28,446,285	(17,198,434)	15,314,391
<b>Comprehensive income for the year</b>	-	-	-	-	8,690,055	-	8,690,055
<b>Profit for the year</b>	-	-	-	-	8,690,055	-	8,690,055
<b>Total comprehensive income for the year</b>	-	-	-	-	8,690,055	-	8,690,055
<b>Contributions by and distributions to owners</b>							
Dividends	-	-	-	-	(2,763,398)	-	(2,763,398)
Reclassification of shares	(10,000)	-	-	-	-	-	(10,000)
Loss on sale of own shares - EBT	-	-	-	-	(1,519,537)	-	(1,519,537)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,450,000	-	1,450,000
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(7,284,614)	(7,284,614)
<b>Total contributions by and distributions to owners</b>	(10,000)	-	-	-	(2,832,935)	(7,284,614)	(10,127,549)
<b>30 June 2015</b>	49,500	1,335,900	19,700	2,651,440	34,303,405	(24,483,048)	13,876,897

The notes on pages 15 to 31 form part of these financial statements.

# Holdingham Group Limited

## Consolidated statement of cash flows for the year ended 30 June 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		<b>8,463,818</b>	<b>8,690,055</b>
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	9	374,394	395,490
Amortisation of intangible assets	10	183,157	-
Net interest payable/(receivable)		(9)	(4,810)
Taxation expense	7	2,547,435	2,687,368
Decrease/(increase) in trade and other debtors		186,808	(3,921,695)
Decrease/(increase) in work in progress		(212,416)	1
Increase/(decrease) in trade and other creditors		2,065,162	(594,116)
Foreign exchange on fixed assets		(12,716)	-
Equity Share based payments		1,400,000	1,450,000
<b>Cash from operations</b>		<b>14,995,633</b>	<b>8,702,293</b>
Taxation paid		(3,989,649)	(2,383,237)
<b>Net cash generated from operating activities</b>		<b>11,005,984</b>	<b>6,319,056</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible fixed assets	9	(326,773)	(193,977)
Purchases of intangible assets	10	(659,367)	-
Interest received		9	4,810
Sale of current asset investments	11	31,633	-
<b>Net cash from investing activities</b>		<b>(954,498)</b>	<b>(189,167)</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid	8	(2,688,022)	(2,763,398)
Net purchase of shares by Employee Benefit Trust		(8,496,175)	(8,804,150)
<b>Net cash used in financing activities</b>		<b>(11,184,197)</b>	<b>(11,567,548)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(1,132,711)</b>	<b>(5,437,659)</b>
Cash and cash equivalents at beginning of year		6,555,966	11,993,625
<b>Cash and cash equivalents at end of year</b>		<b>5,423,255</b>	<b>6,555,966</b>

The notes on pages 15 to 31 form part of these financial statements.

# Holdingham Group Limited

## Company balance sheet at 30 June 2016

<b>Company number 03481321</b>	<b>Note</b>	<b>2016 £</b>	<b>2016 £</b>	<b>2015 £</b>	<b>2015 £</b>
<b>Fixed assets</b>					
Tangible assets	9		<b>6,154,268</b>		6,330,166
Intangible assets	10		<b>476,210</b>		-
Investments	11		<b>1,406,924</b>		538,557
			<b>8,037,402</b>		6,868,723
<b>Current assets</b>					
Stocks	12	<b>189,531</b>		71,417	
Debtors	13	<b>10,425,565</b>		12,091,372	
Cash at bank and in hand		<b>3,200,311</b>		5,343,798	
		<b>13,815,407</b>		17,506,587	
<b>Creditors: amounts falling due within one year</b>	14	<b>(12,992,450)</b>		(10,901,714)	
<b>Net current assets</b>			<b>822,957</b>		6,604,873
<b>Total assets less current liabilities</b>			<b>8,860,359</b>		13,473,596
<b>Creditors: amounts falling due after more than one year</b>	15		<b>(19,406)</b>		(19,406)
			<b>8,840,953</b>		13,454,190
<b>Capital and reserves</b>					
Called up share capital	18		<b>49,500</b>		49,500
Share premium account			<b>1,335,900</b>		1,335,900
Capital redemption reserve			<b>19,700</b>		19,700
Revaluation reserve			<b>2,651,440</b>		2,651,440
Profit and loss account			<b>36,919,736</b>		33,880,698
<b>Shareholders' funds</b>			<b>40,976,276</b>		37,937,238
<b>Own shares - Employee Benefit Trust</b>	19		<b>(32,135,323)</b>		(24,483,048)
<b>Shareholders' funds</b>			<b>8,840,953</b>		13,454,190

The financial statements were approved by the Board of Directors and authorised for issue on 30/11/16.

  
Sir J. Rose  
Director

The notes on pages 15 to 31 form part of these financial statements.

## Holdingham Group Limited

### Company statement of changes in equity for the year ended 30 June 2016

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
<b>1 July 2015</b>	49,500	1,335,900	19,700	2,651,440	33,880,698	(24,483,048)	13,454,190
<b>Comprehensive income for the year</b>	-	-	-	-	5,170,950	-	5,170,950
<b>Profit for the year</b>	-	-	-	-	5,170,950	-	5,170,950
<b>Total comprehensive income for the year</b>	-	-	-	-	5,170,950	-	5,170,950
<b>Contributions by and distributions to owners</b>	-	-	-	-	-	-	-
Dividends	-	-	-	-	(2,688,022)	-	(2,688,022)
Loss on sale of own shares - EBT	-	-	-	-	(843,890)	-	(843,890)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,400,000	-	1,400,000
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(7,652,275)	(7,652,275)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	(2,131,912)	(7,652,275)	(9,784,187)
<b>30 June 2016</b>	49,500	1,335,900	19,700	2,651,440	36,919,736	(32,135,323)	8,840,953

The notes on pages 15 to 31 form part of these financial statements.

## Holdingham Group Limited

### Company statement of changes in equity for the year ended 30 June 2015 (continued)

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
<b>1 July 2014</b>	59,500	1,335,900	19,700	2,651,440	28,077,414	(17,198,434)	14,945,520
<b>Comprehensive income for the year</b>	-	-	-	-	8,886,219	-	8,886,219
<b>Profit for the year</b>	-	-	-	-	8,886,219	-	8,886,219
<b>Total comprehensive income for the year</b>	-	-	-	-	8,886,219	-	8,886,219
<b>Contributions by and distributions to owners</b>	-	-	-	-	-	-	-
Dividends	-	-	-	-	(2,763,398)	-	(2,763,398)
Reclassification of shares	(10,000)	-	-	-	-	-	(10,000)
Loss on sale of own shares – EBT	-	-	-	-	(1,519,537)	-	(1,519,537)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,200,000	-	1,200,000
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(7,284,614)	(7,284,614)
<b>Total contributions by and distributions to owners</b>	(10,000)	-	-	-	(3,082,935)	(7,284,614)	(10,377,549)
<b>30 June 2015</b>	49,500	1,335,900	19,700	2,651,440	33,880,698	(24,483,048)	13,454,190

The notes on pages 15 to 31 form part of these financial statements.



# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016

### 1 Accounting policies

Holdingham Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 24.

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 judgement in applying the Group's accounting policies.

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the company for the year ended 30 June 2016 and of its subsidiary companies, Holdingham Group (Asia) Pte Limited, Holdingham Group (North America) Limited, Chai Consulting Limited (Guernsey) and Holdingham Group Japan KK for the same period.

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual profit and loss account for the parent company. The profit for the year dealt with in the financial statements of the company was £5,170,950 (2015 - £8,886,219).

#### *Going concern*

The financial statements have been prepared on a going concern basis. The directors have assessed the Group and Parent Company's ability to continue as a going concern and have reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (*continued*)

### 1 Accounting policies (*continued*)

#### *Turnover*

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

Turnover is recognised on the following basis:

- a) Fees are recognised over the period of the relevant assignment or agreements. Where jobs are incomplete at month or year end, an estimate of the percentage completed is recorded within Turnover.

#### *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	-	Shorter of life of lease or 10% straight line
Office equipment	-	25% straight line
Furniture and fittings	-	20% straight line
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 and the estimated residual value.

In accordance with FRS 102 an impairment review under Financial Reporting Standard 11 is performed on the long leasehold property. During the previous year, the directors obtained a valuation of the property as part of this review and agreed that it was appropriate to reflect this value within the financial statements as detailed in note 9.

#### *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 Plans including a group scheme. The annual contributions payable are charged to the profit and loss account.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *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 102 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.

#### *Employee Benefit Trust*

The assets and liabilities of the Holdingham Group 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.

#### *Intangible assets*

Intangible assets contain amounts capitalised in relation to software for a new IT system. These costs have been capitalised if they relate to the development of the system. This system is being amortised over a period of 3 years, in line with its useful economic life.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (*continued*)

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### **1 Accounting policies (*continued*)**

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

- The directors have derived the functional currencies of overseas subsidiaries with reference to the transactions undertaken within each entity.
- Whilst there is a level of judgement in valuing the leasehold property, an expert has been consulted to ascertain the correct valuation of the leasehold property.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 3 Turnover

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

### 4 Employees

	2016 £	2015 £
Staff costs consist of:		
Wages and salaries	14,352,599	13,533,216
Social security costs	1,801,746	1,694,209
Other pension costs	589,731	563,943
Equity-settled share based payments	1,400,000	1,450,000
	<u>18,144,076</u>	<u>17,241,368</u>
	Number	Number
The average number of employees during the year were as below:		
Fee Earning staff	41	35
Non-fee Earners	29	31
	<u>70</u>	<u>66</u>

### 5 Directors' remuneration

	2016 £	2015 £
Directors' remuneration consist of:		
Remuneration receivable	1,813,114	1,481,658
	<u>1,813,114</u>	<u>1,481,658</u>
<i>Highest paid director</i>		
Total remuneration (excluding pension contributions)	1,328,147	1,276,658
	<u>1,328,147</u>	<u>1,276,658</u>

# Holdingham Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2016 (*continued*)

## 6 Operating profit

	2016 £	2015 £
This has been arrived at after charging:		
Depreciation of tangible assets	374,394	395,490
Amortisation of intangible assets	183,157	-
Operating lease expense	1,201,023	1,383,511
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	43,500	42,000
Fees payable to the LLP's auditor and its associates for other services to the group:		
- for other services	13,600	28,750
Defined contribution pension cost	589,731	563,943
Exchange differences	350,129	142,091

## 7 Taxation on profit from ordinary activities

### a) Analysis of charge in the year

	2016 £	2015 £
<i>Current tax:</i>		
UK corporation tax based on the results for the year at 20% (2015 – 20.75%)	2,421,916	2,574,332
Adjustment to prior period	8,158	38,703
Total current tax	2,430,074	2,613,035
<i>Deferred tax:</i>		
Origination and reversal of timing differences:		
- current year	117,361	74,333
Tax on profit on ordinary activities	2,547,435	2,687,368

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 7 Taxation on profit from ordinary activities (continued)

#### b) Factors affecting current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	11,011,253	11,377,423
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 20.0% (2015 – 20.75%)	2,202,250	2,360,815
Effect of:		
Expenses not deductible for tax purposes	556,587	515,705
Short term timing differences	(32,317)	68,786
Other timing differences	62,422	22,738
Other permanent differences	(257,300)	(414,819)
Difference between UK and overseas tax rates	254,941	89,389
Deferred tax movement	(28,699)	6,051
Prior year adjustment	8,158	38,703
R&D deduction	(218,607)	-
Total tax charge for the year	2,547,435	2,687,368

### 8 Dividends

	2016 £	2015 £
<b>Equity dividends</b>		
Interim dividends paid of £1.91 per share (2015 - £2.96 per share)	699,813	1,269,130
Second interim dividend paid of £2.78 per share (2015 - £2.19 per share)	892,786	816,548
Third interim dividend paid of £3.47 per share (2015 - £1.81 per share)	1,095,423	677,720
	2,688,022	2,763,398

# Holdingham Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2016 (*continued*)

## 9 Tangible assets

Group	Long leasehold property £	Short leasehold property £	Office Equipment £	Furniture and fittings £	Computer equipment £	Total £
<i>Cost of valuation</i>						
At 1 July 2015	5,498,045	1,099,457	227,969	379,524	1,017,064	8,222,059
Foreign exchange	-	16,567	2,604	5,691	6,265	31,127
Additions	-	-	6,535	245,268	74,970	326,773
At 30 June 2016	<b>5,498,045</b>	<b>1,116,024</b>	<b>237,108</b>	<b>630,483</b>	<b>1,098,299</b>	<b>8,579,959</b>
<i>Depreciation</i>						
At 1 July 2015	-	367,732	166,165	254,031	840,844	1,628,772
Foreign exchange	-	9,176	1,698	2,867	4,660	18,401
Charge in the year	-	134,574	36,387	88,951	114,482	374,394
At 30 June 2016	-	<b>511,482</b>	<b>204,250</b>	<b>345,849</b>	<b>959,986</b>	<b>2,021,567</b>
<i>Net book value</i>						
At 30 June 2016	<b>5,498,045</b>	<b>604,542</b>	<b>32,858</b>	<b>284,634</b>	<b>138,303</b>	<b>6,558,392</b>
At 30 June 2015	5,498,045	731,725	61,804	125,493	176,220	6,593,287



# Holdingham Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2016 (continued)

## 9 Tangible assets (continued)

Company	Long leasehold property £	Short leasehold property £	Office equipment £	Furniture and fittings £	Computer equipment £	Total £
<i>Cost of valuation</i>						
At 1 July 2015	5,498,045	770,313	176,693	270,813	910,491	7,626,355
Additions	-		1,879	8,095	10,454	20,428
At 30 June 2016	<b>5,498,045</b>	<b>770,313</b>	<b>178,572</b>	<b>278,908</b>	<b>920,945</b>	<b>7,646,783</b>
<i>Depreciation</i>						
At 1 July 2015	-	199,421	130,217	190,072	776,479	1,296,189
Charge in the year	-	75,405	22,875	31,495	66,551	196,326
At 30 June 2016	-	<b>274,826</b>	<b>153,092</b>	<b>221,567</b>	<b>843,030</b>	<b>1,492,515</b>
<i>Net book value</i>						
At 30 June 2016	<b>5,498,045</b>	<b>495,487</b>	<b>25,480</b>	<b>57,341</b>	<b>77,915</b>	<b>6,154,268</b>
At 30 June 2015	5,498,045	570,892	46,476	80,741	134,012	6,330,166

## 10 Intangible assets

Group and Company	Development costs £'000
<i>Cost or valuation</i>	
At 1 July 2015	-
Additions	659,367
At 30 June 2016	<b>659,367</b>
<i>Amortisation</i>	
At 1 July 2015	-
Provision for year	183,157
At 30 June 2016	<b>183,157</b>
Net Book Value at 30 June 2016	476,210
Net Book Value at 30 June 2015	-

All intangible costs relate to the installation of a new IT system.

# Holdingham Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2016 (continued)

## 11 Investments

Group		Unlisted investments £	Manuscripts and antiques £	Total £
Cost				
At 1 July 2015 and 30 June 2016		82,190	75,297	157,487
Disposals		(31,633)	-	(31,633)
At 30 June 2016		(31,633)	-	(31,633)
Net book value				
At 30 June 2016		50,557	75,297	125,854
At 30 June 2015		82,190	75,297	157,487
	Shareholdings in group companies £	Unlisted investments £	Manuscripts and antiques £	Total £
Cost				
At 1 July 2015	381,070	82,190	75,297	538,557
Additions	900,000	-	-	900,000
At 30 June 2016	1,281,070	82,190	75,297	1,438,557
Disposals	-	(31,633)	-	(31,633)
At 30 June 2016	-	(31,633)	-	(31,633)
Net book value				
At 30 June 2016	1,281,070	50,557	75,297	1,406,924
At 30 June 2015	381,070	82,190	75,297	538,557

Investments in subsidiaries during the year consisted of 100% of the issued share capital of Holdingham Group (Asia) Pte. Ltd., a company incorporated in Singapore, Holdingham Group (North America) Limited, a company incorporated in the USA, Chai Consulting Limited, a company incorporated in Guernsey and Holdingham Group Japan KK.

In addition, the company also owns 100% of the issued share capital of Voyager Business Consulting Limited, Hakluyt & Company Limited and Pelorus Research Limited. These companies are all incorporated and registered in England and Wales and were all dormant throughout the year to 30 June 2016.

# Holdingham Group Limited

Notes forming part of the financial statements  
for the year ended 30 June 2016 (*continued*)

## 12 Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Work in progress	318,279	105,863	189,531	71,417

## 13 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	11,483,777	11,904,126	6,443,898	7,536,630
Amounts owed by group undertakings	-	-	2,505,585	2,721,999
Corporation tax	53,252	-	-	-
Other debtors	529,080	694,988	46,009	101,509
Prepayments and accrued income	2,294,456	1,895,007	1,386,065	1,569,865
Deferred tax asset (note 16)	44,008	161,369	44,008	161,369
	14,404,573	14,655,490	10,425,565	12,091,372

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (*continued*)

### 14 Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	837,716	890,060	628,782	801,557
Amounts owed to group undertakings	-	-	1,903,467	779,172
Corporation tax	-	1,506,323	569,079	754,317
Other taxes and social security costs	659,613	894,543	558,855	681,599
Other creditors	2,235,910	1,838,240	2,166,369	1,898,214
Accruals and deferred income	10,997,390	9,042,624	7,165,898	5,986,855
	<u>14,730,629</u>	<u>14,171,790</u>	<u>12,992,450</u>	<u>10,901,714</u>

### 15 Creditors: amounts falling due after more than one year

	Group Number	Group £	Company Number	Company £
<i>Preference share capital - authorised, issued and fully paid</i>				
10% £0.10 non-redeemable preference shares				
At 1 July 2015	194,060	19,406	194,060	19,406
	<u>194,060</u>	<u>19,406</u>	<u>194,060</u>	<u>19,406</u>
<b>At 30 June 2016</b>	<b>194,060</b>	<b>19,406</b>	<b>194,060</b>	<b>19,406</b>

The 10% preference shares of £0.10 are non-redeemable. Shareholders are entitled to a dividend at 10p per annum payable on 31 July each year and the shares have accordingly been classified as a financial liability. These shares do not carry any voting rights. On winding up of the company, non-redeemable preference shareholders will receive £64 per share (£95 per share for shares issued in the year ended 30 June 2016) prior to any repayment to Ordinary shareholders. The holders of the preference shares have waived their right to receive the dividend.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 16 Deferred tax

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
The deferred tax included in the balance sheet is as follows:				
Provision for deferred tax	(44,008)	(161,369)	(44,008)	(161,369)

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

Balance brought forward	(161,369)	(235,702)	(161,369)	(235,702)
Profit and loss account movement arising during the year	117,361	74,333	117,361	74,333
Balance carried forward	(44,008)	(161,369)	(44,008)	(161,369)

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Excess of taxation allowances over depreciation on fixed assets	-	115,180	-	115,180
Short term timing	(44,008)	(276,549)	(44,008)	(276,549)
	(44,008)	(161,369)	(44,008)	(161,369)

### 17 Pensions

The company contributes to various Personal Pension Plans including a group scheme. The pension cost charge represents contributions payable by the company to the Plans and amounted to £589,731 (2015 - £563,943). At 30 June 2016 pension contributions of £Nil were outstanding (2015 - £Nil).

### 18 Share capital

	2016 Number	Allotted, called up and fully paid 2015 Number	2016 £	2015 £
Ordinary shares of £0.10 each	495,000	495,000	49,500	49,500

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 19 Employee Benefit Trust (Group and Company)

	2016 £	2015 £
Own shares - Employee Benefit Trust	<b>32,135,323</b>	24,483,048

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 74,324 (2015 – 91,228) shares in the company and distributed 18,986 (2015 - 24,521) shares to employees. During the year Trust also converted Nil (2015 – 100,000) ordinary shares to preference shares. At 30 June 2016 the Trust held 183,196 ordinary shares of £0.10 each and 94,060 preference shares of £0.10 each (2015 - 127,858 ordinary shares and 94,060 preference shares) which had not vested in the employees and in accordance with the provisions of FRS 102 the cost of those shares held is deducted from shareholders' funds.

### 20 Commitments under operating leases

As at 30 June 2016, the group and company had annual commitments under non-cancellable operating leases as set out below:

	Group Land and Buildings 2016 £	Group Land and Buildings 2015 £	Company Land and Buildings 2016 £	Company Land and Buildings 2015 £
Operating leases which expire:				
Not later than one year	<b>1,194,744</b>	1,156,741	<b>595,000</b>	595,000
Within one to two years	<b>1,165,510</b>	1,640,836	<b>96,000</b>	96,000
Over five years	<b>138,148</b>	286,632	<b>138,148</b>	162,214
	<b>2,498,402</b>	3,084,209	<b>829,148</b>	853,214

The company's operating lease for land and buildings relates to rent for premises in London. The group operating lease commitment includes the rent of serviced office and other accommodation in Singapore and the USA.

### 21 Capital commitments and other commitments

Amounts of £nil were contracted for but not provided in the financial statements at 30 June 2016 (2015 - £237,452) in relation to the Japanese entity.

Amounts of £400,000 were contracted for but not provided in the financial statements at 30 June 2016 (2015 - £nil) in relation to the UK entity.

Under arrangements entered into, amounts owed in relation to share transactions amounted to £5,011,100 which are due for payment post year end.

# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 22 Equity settled share based payment transactions

Certain employees hold options to subscribe for shares in the company at prices ranging from £0.00 to £41.00 under share options granted up until 30 June 2016.

The remaining options outstanding under approved schemes at 30 June 2016 are shown below:

Number of shares 2016	2015	Option exercise price	Date granted	Option exercise period
-	-	£15.00	May 2007	April 2010 - April 2015
846	846	£26.00	November 2008	November 2011 - November 2016
268	268	£0.00	March 2010	March 2013 - March 2018
2,440	2,440	£0.00	August 2011	August 2015 - August 2019
<b>3,554</b>	<b>3,554</b>			

The remaining options outstanding under unapproved schemes at 30 June 2016 are shown below:

Number of shares 2016	2015	Option exercise price	Date granted	Option exercise period
4,842	10,666	£15.00 - £18.75	May 2007	May 2007 - April 2015
610	610	£32.80 - £41.00	December 2009	December 2012 - December 2017
1,267	2,036	£32.80 - £41.00	September 2010	September 2013 - September 2018
-	510	£39.20 - £49.00	November 2010	November 2013 - November 2018
510	510	£39.20 - £49.00	December 2010	December 2013 - December 2018
<b>7,229</b>	<b>14,332</b>			

The options granted in both the year to 30 June 2016 and 30 June 2015 were issued at nil cost. Consequently there was therefore no requirement in either year to apply a mathematical model to their valuation.

# **Holdingham Group Limited**

## **Notes forming part of the financial statements for the year ended 30 June 2016 (continued)**

### **22 Equity settled share based payment transactions (continued)**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Weighted average exercise price (pence)</b>	<b>Number</b>	<b>Weighted average exercise price (pence)</b>	<b>Number</b>
Outstanding at start of year	<b>17.26</b>	<b>17,886</b>	£15.30	25,662
Granted	<b>0.00</b>	<b>7,731</b>	£0.00	11,572
Forfeited	<b>24.13</b>	<b>1,879</b>	£12.04	1,662
Exercised	<b>6.74</b>	<b>12,960</b>	£3.62	17,686
Outstanding at end of year	<b>16.34</b>	<b>10,778</b>	£17.26	17,886
Exercisable at end of year	<b>16.34</b>	<b>10,778</b>	£17.26	17,886

The weighted average remaining contractual life of share options outstanding at 30 June 2016 was 2.0 years (2015 - 3.0 years).

### **23 Ultimate controlling party**

There is no ultimate controlling party. The ultimate parent company is Holdingham Group Limited.



# Holdingham Group Limited

## Notes forming part of the financial statements for the year ended 30 June 2016 (continued)

### 24 First time adoption of FRS 102

In the opinion of the directors there are no material adjustments in relation to FRS 102. Any presentational adjustments have been incorporated into the financial statements.

### 25 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>27,900,205</b>	28,233,087
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>14,517,270</b>	14,171,790
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, prepayments and accrued income and other tax and social security.

Financial liabilities measured at amortised cost comprise trade creditors, corporation tax, other taxes and social security costs, other creditors and accruals and deferred income.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.