

Holdingham Group Limited

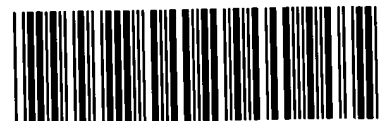
Report and Financial Statements

Year Ended

30 June 2018

Company Number 03481321

TUESDAY



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COMPANIES HOUSE

Holdingham Group Limited

Company Information

| | |
|----------------------------|--|
| Directors | R S Webb QC J M Williams P J R Schreier Lord P C Deighton |
| Company secretary | C Olver |
| Registered number | 03481321 |
| Registered office | 34 Upper Brook Street London W1K 7QS |
| Independent auditor | BDO LLP 55 Baker Street London W1U 7EU |

Holdingham Group Limited

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Holdingham Group Limited

Group Strategic Report For the year ended 30 June 2018

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2018.

Review and analysis of the business

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

Principal risks and uncertainties

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.

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.

Profit ratios:

| | | |
|-------------------------|-------|----------------|
| Revenue Growth | 4.8% | (2017 – 22.3%) |
| Gross profit margin | 85.9% | (2017 - 86.1%) |
| Operating profit margin | 20.5% | (2017 - 22.7%) |

Cash flow/working capital metrics:

| | | |
|---|-----|--------------|
| Operating cash flow to operating profit | 0.6 | (2017 - 1.5) |
| Debtor days | 82 | (2017 - 60) |

Other metrics:

| | | |
|----------------------|--------|-----------------|
| Revenue per employee | £0.73m | (2017 - £0.78m) |
|----------------------|--------|-----------------|

Development and financial performance

As reported in the group's statement of comprehensive income, group revenue has shown an increase of 4.8% from £56.4m to £59.1m in the current period. 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. Profit after tax has increased slightly from £8.7m to £9.1m. This small increase is due to the costs of investment in people, systems and network in the year as well as a higher tax charge arising from profits earned in jurisdictions with higher corporation tax rates than the UK.

Holdingham Group Limited

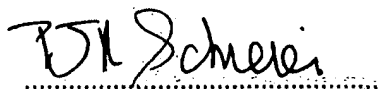
Group Strategic Report (continued) For the year ended 30 June 2018

Financial position at the reporting date

The statement of financial position shows that the group's net assets at the year-end have increased from £13.2m to £13.5m due to the increase in retained profits and value of the assets on the statement of financial position.

The group generated cash from operations of £9.4m (2017 - £18.0m). In addition, the group had no borrowings at the year end (2017 - 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.

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



P J R Schreier
Director

Date:

21.11.2018

Holdingham Group Limited

Directors' Report For the year ended 30 June 2018

The directors present their report together with the audited financial statements for the year ended 30 June 2018.

Directors' responsibilities

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 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 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 to 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.

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.

Results and dividends

The profit for the year, after taxation, amounted to £8,878,433 (2017 - £8,680,382).

Directors

The directors who served during the year were:

| | Ordinary shares of £0.10 each | |
|--|-------------------------------|-------|
| | 2018 | 2017 |
| Sir J E V Rose (resigned 31 December 2017) | - | 3,392 |
| R S Webb QC | 2,200 | 3,134 |
| J M Williams | 1,562 | 1,562 |
| P J R Schreier | 6,142 | 3,870 |
| Lord P S Deighton (Chairman) | 1,420 | - |

Holdingham Group Limited

Directors' Report (continued) For the year ended 30 June 2018

Future developments

The group anticipates trading to continue growing in FY19. There are no key structural changes envisaged and the group will continue to invest in developing the infrastructure from which it operates as detailed in note 27.

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.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company is financed with appropriate funding from its parent company, Harvard International Limited.

Foreign exchange risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. There is a continued policy of transacting in GBP and USD as far as possible. This mitigates the risk that the exchange rate may move unfavourably, resulting in adverse cash outflows.

Employee involvement

The company encourages the involvement of its employees in its management through regular team meetings and on-line briefings.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitude and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Holdingham Group Limited

Directors' Report (continued) For the year ended 30 June 2018

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.

Post balance sheet events

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

Auditor

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 auditor is unaware.

The auditor, BDO 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.


.....
P J R Schreier
Director

Date: 21.11.18

Holdingham Group Limited

Independent Auditor's Report to the Members of Holdingham Group Limited

Opinion

We have audited the financial statements of Holdingham Group Limited ("the parent company") and its subsidiaries ("the group") for the year ended 30 June 2018 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Holdingham Group Limited

Independent Auditor's Report to the Members of Holdingham Group Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Holdingham Group Limited

Independent Auditor's Report to the Members of Holdingham Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Nicholas Carter-Pegg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date:

22/11/18

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 2018**

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------|-------------------|
| Turnover | 4 | 59,090,177 | 56,364,012 |
| Cost of sales | | (8,333,631) | (7,842,681) |
| Gross profit | | 50,756,546 | 48,521,331 |
| Administrative expenses | | (38,623,427) | (36,204,961) |
| Operating profit | 5 | 12,133,119 | 12,316,370 |
| Interest receivable and similar income | 10 | 564 | 3,942 |
| Profit before taxation | | 12,133,683 | 12,320,312 |
| Tax on profit | 11 | (3,255,250) | (3,639,930) |
| Profit for the financial year | | 8,878,433 | 8,680,382 |
| Unrealised surplus on revaluation of tangible fixed assets | 26 | - | 2,685,794 |
| Currency translation differences | | (45,776) | 278,651 |
| Other comprehensive income for the year | | (45,776) | 2,964,445 |
| Total comprehensive income for the year | | 8,832,657 | 11,644,827 |

All amounts relate to continuing activities.

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Registered number: 03481321

Consolidated Statement of Financial Position As at 30 June 2018

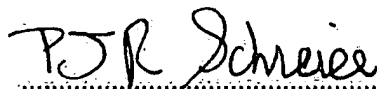
| | Note | 2018 £ | 2017 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 16,993 | 118,950 |
| Tangible assets | 14 | 9,806,659 | 9,211,075 |
| Investments | 15 | 187,854 | 187,854 |
| | | <u>10,011,506</u> | <u>9,517,879</u> |
| Current assets | | | |
| Debtors | 16 | 16,366,368 | 13,259,809 |
| Cash at bank and in hand | 17 | 5,205,209 | 7,283,116 |
| | | <u>21,571,577</u> | <u>20,542,925</u> |
| Creditors: amounts falling due within one year | 18 | (18,348,038) | (16,808,089) |
| Net current assets | | <u>3,223,539</u> | <u>3,734,836</u> |
| Total assets less current liabilities | | <u>13,235,045</u> | <u>13,252,715</u> |
| Creditors: amounts falling due after more than one year | 19 | (19,406) | (19,406) |
| Net assets | | <u><u>13,215,639</u></u> | <u><u>13,233,309</u></u> |

Holdingham Group Limited
Registered number: 03481321

Consolidated Statement of Financial Position (continued)
As at 30 June 2018

| | Note | 2018 £ | 2017 £ |
|--|------|--------------------------|--------------------------|
| Capital and reserves | | | |
| Share capital | 22 | 49,500 | 49,500 |
| Share premium account | 24 | 1,335,900 | 1,335,900 |
| Revaluation reserve | 24 | 5,337,234 | 5,337,234 |
| Capital redemption reserve | 24 | 19,700 | 19,700 |
| Profit and loss account | 24 | 54,540,733 | 47,989,542 |
| Equity attributable to owners of the parent company | | <u>61,283,067</u> | <u>54,731,876</u> |
| Shareholders' funds | | | |
| Own shares - Employee Benefit Trust | 24 | (48,067,428) | (41,498,567) |
| Shareholders' funds | | <u><u>13,215,639</u></u> | <u><u>13,233,309</u></u> |

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


P J R Schreier
Director

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Registered number: 03481321

Company Statement of Financial Position As at 30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 16,993 | 118,950 |
| Tangible assets | 14 | 9,417,474 | 8,952,595 |
| Investments | 15 | 1,468,253 | 1,468,253 |
| | | <u>10,902,720</u> | <u>10,539,798</u> |
| Current assets | | | |
| Debtors | 16 | 13,052,757 | 10,215,507 |
| Cash at bank and in hand | 17 | 1,401,565 | 3,907,355 |
| | | <u>14,454,322</u> | <u>14,122,862</u> |
| Creditors: amounts falling due within one year | 18 | (19,600,224) | (17,260,400) |
| Net current liabilities | | <u>(5,145,902)</u> | <u>(3,137,538)</u> |
| Total assets less current liabilities | | <u>5,756,818</u> | <u>7,402,260</u> |
| Creditors: amounts falling due after more than one year | 19 | (19,406) | (19,406) |
| Net assets | | <u><u>5,737,412</u></u> | <u><u>7,382,854</u></u> |

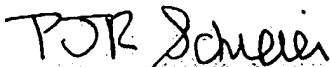
Holdingham Group Limited
Registered number: 03481321

Company Statement of Financial Position (continued)
As at 30 June 2018

| | Note | 2018 £ | 2017 £ |
|---|------|-------------------------|-------------------------|
| Capital and reserves | | | |
| Share capital | 22 | 49,500 | 49,500 |
| Share premium account | 24 | 1,335,900 | 1,335,900 |
| Revaluation reserve | 24 | 5,337,234 | 5,337,234 |
| Capital redemption reserve | 24 | 19,700 | 19,700 |
| Profit and loss account carried forward | | 47,062,506 | 42,139,087 |
| | | <u>53,804,840</u> | <u>48,881,421</u> |
| Shareholders' funds | | | |
| Own shares - Employee Benefit Trust | 24 | (48,067,428) | (41,498,567) |
| Shareholders' funds | | <u><u>5,737,412</u></u> | <u><u>7,382,854</u></u> |

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual statement of comprehensive income for the parent company. The profit for the year dealt within the financial statements of the company was £7,204,885 (2017 - £6,824,153).

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


.....
P J R Schreier
Director

Date: 21.11.18

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Consolidated Statement of Changes in Equity For the year ended 30 June 2018

| | Share capital £ | Share premium account £ | Capital redemption reserve £ | Revaluation reserve £ | Own shares - Employee Benefit Trust £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|----------------------------------|---------------------------------------|-----------------------------|---|---------------------------------|-------------------|
| At 1 July 2017 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (41,498,567) | 47,989,542 | 13,233,309 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 8,878,433 | 8,878,433 |
| Currency translation differences | - | - | - | - | - | (45,776) | (45,776) |
| Total comprehensive income for the year | - | - | - | - | - | 8,832,657 | 8,832,657 |
| Dividends | - | - | - | - | - | (2,893,703) | (2,893,703) |
| Loss on sale of own shares - EBT | - | - | - | - | - | (910,038) | (910,038) |
| Recognition of equity settled share based payments and contributions | - | - | - | - | - | 1,522,275 | 1,522,275 |
| Movement on own shares - Employee Benefit Trust | - | - | - | - | (6,568,861) | - | (6,568,861) |
| Total transactions with owners | - | - | - | - | (6,568,861) | (2,281,466) | (8,850,327) |
| At 30 June 2018 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (48,067,428) | 54,540,733 | 13,215,639 |

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Consolidated Statement of Changes in Equity For the year ended 30 June 2017

| | Share capital £ | Share premium account £ | Capital redemption reserve £ | Revaluation reserve £ | Own shares - Employee Benefit Trust £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|----------------------------------|---------------------------------------|-----------------------------|---|---------------------------------|-------------------|
| At 1 July 2016 | 49,500 | 1,335,900 | 19,700 | 2,651,440 | (32,135,323) | 40,635,311 | 12,556,528 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 8,680,382 | 8,680,382 |
| Currency translation differences | - | - | - | - | - | 278,651 | 278,651 |
| Revaluation of leasehold property | - | - | - | 2,685,794 | - | - | 2,685,794 |
| Total comprehensive income for the year | - | - | - | 2,685,794 | - | 8,959,033 | 11,644,827 |
| Dividends | - | - | - | - | - | (2,319,375) | (2,319,375) |
| Loss on sale of own shares - EBT | - | - | - | - | - | (1,285,197) | (1,285,197) |
| Recognition of equity settled share based payments and contributions | - | - | - | - | - | 1,999,770 | 1,999,770 |
| Movement on own shares - Employee Benefit Trust | - | - | - | - | (9,363,244) | - | (9,363,244) |
| Total transactions with owners | - | - | - | - | (9,363,244) | (1,604,802) | (10,968,046) |
| At 30 June 2017 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (41,498,567) | 47,989,542 | 13,233,309 |

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Company Statement of Changes in Equity For the year ended 30 June 2018

| | Share capital £ | Share premium account £ | Capital redemption reserve £ | Revaluation reserve £ | Own shares - Employee Benefit Trust £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|----------------------------------|---------------------------------------|-----------------------------|---|---------------------------------|-------------------|
| At 1 July 2017 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (41,498,567) | 42,139,087 | 7,382,854 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 7,204,885 | 7,204,885 |
| Total comprehensive income for the year | | | | | | 7,204,885 | 7,204,885 |
| Contributions by and distributions to owners | | | | | | | |
| Dividends | - | - | - | - | - | (2,893,703) | (2,893,703) |
| Loss on sale of own shares - EBT | - | - | - | - | - | (910,038) | (910,038) |
| Recognition of equity settled share based payments and contributions | - | - | - | - | - | 1,522,275 | 1,522,275 |
| Movement on own shares - Employee Benefit Trust | - | - | - | - | (6,568,861) | - | (6,568,861) |
| Total transactions with owners | | | | | (6,568,861) | (2,281,466) | (8,850,327) |
| At 30 June 2018 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (48,067,428) | 47,062,506 | 5,737,412 |

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Company Statement of Changes in Equity For the year ended 30 June 2017

| | Share capital £ | Share premium account £ | Capital redemption reserve £ | Revaluation reserve £ | Own shares - Employee Benefit Trust £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|----------------------------------|---------------------------------------|-----------------------------|---|---------------------------------|-------------------|
| At 1 July 2016 | 49,500 | 1,335,900 | 19,700 | 2,651,440 | (32,135,323) | 36,919,736 | 8,840,953 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 6,824,153 | 6,824,153 |
| Revaluation of leasehold property | - | - | - | 2,685,794 | - | - | 2,685,794 |
| Total comprehensive income for the year | | | | 2,685,794 | - | 6,824,153 | 9,509,947 |
| Contributions by and distributions to owners | | | | | | | |
| Dividends | - | - | - | - | - | (2,319,375) | (2,319,375) |
| Loss on sale of own shares - EBT | - | - | - | - | - | (1,285,197) | (1,285,197) |
| Recognition of equity settled share based payments and contributions | - | - | - | - | - | 1,999,770 | 1,999,770 |
| Movement on own shares - Employee Benefit Trust | - | - | - | - | (9,363,244) | - | (9,363,244) |
| Total transactions with owners | - | - | - | - | (9,363,244) | (1,604,802) | (10,968,046) |
| At 30 June 2017 | 49,500 | 1,335,900 | 19,700 | 5,337,234 | (41,498,567) | 42,139,087 | 7,382,854 |

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Consolidated Statement of Cash Flows **For the year ended 30 June 2018**

| | 2018 £ | 2017 £ |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 8,878,433 | 8,680,382 |
| Adjustments for: | | |
| Amortisation of intangible assets | 101,957 | 299,967 |
| Depreciation of tangible assets | 330,460 | 452,530 |
| Impairments of fixed assets | - | 188,493 |
| Interest received | (564) | (3,942) |
| Taxation charge | 3,255,250 | 3,639,930 |
| Decrease/(increase) in work in progress | - | (176,965) |
| (Increase)/decrease in debtors | (3,055,990) | 1,664,839 |
| (Decrease)/increase in creditors | (559,785) | 1,024,879 |
| Corporation tax paid | (3,890,878) | (2,614,678) |
| Equity share based payments | 1,522,275 | 1,999,770 |
| Foreign exchange | (278,971) | 235,581 |
| Net cash generated from operating activities | 6,302,187 | 15,390,786 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | - | (131,200) |
| Purchase of tangible fixed assets | (691,261) | (373,851) |
| Sale of tangible fixed assets | 4,643 | - |
| Purchase of current asset investments | - | (62,000) |
| Interest received | 564 | 3,942 |
| Net cash from investing activities | (686,054) | (563,109) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | (7,478,899) | (10,648,441) |
| Dividends paid | (2,893,703) | (2,319,375) |
| Net cash used in financing activities | (10,372,602) | (12,967,816) |
| Net (decrease)/increase in cash and cash equivalents | (4,756,469) | 1,859,861 |
| Cash and cash equivalents at beginning of year | 7,283,116 | 5,423,255 |
| Cash and cash equivalents at the end of year | 2,526,647 | 7,283,116 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 5,205,209 | 7,283,116 |
| Bank overdrafts | (2,678,562) | - |
| | 2,526,647 | 7,283,116 |

The notes on pages 19 to 40 form part of these financial statements.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

1. General information

Holdingham Group Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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 accounting policies (see note 3).

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.

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:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company 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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.3 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.

2.4 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 consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

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.

2.5 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:

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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.6 Interest income

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

2.7 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 payment obligations.

The contributions are recognised as an expense in the consolidated 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.

2.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with fair value of goods and services received.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 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. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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:

| | |
|-----------------------|---|
| Leasehold property | - Shorter of life of lease or 10% straight line |
| Fixtures and fittings | - 20% |
| Office equipment | - 25% |
| Computer equipment | - 33% |

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.

2.12 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.15 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 group's cash management.

2.16 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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

2. Accounting policies (continued)

2.17 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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 consolidated statement of comprehensive income.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

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.

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

3. 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 is appointed every three years to value the leasehold property. The last valuation took place in 2017.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

4. 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.

5. Operating profit

The operating profit is stated after charging:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets | 330,460 | 452,530 |
| Amortisation of intangible fixed assets | 101,957 | 299,967 |
| Impairment of intangible fixed assets | - | 188,493 |
| Operating lease expense | 1,486,379 | 1,373,164 |
| Defined contribution pension cost | 720,034 | 629,274 |
| Exchange differences | 102,607 | 77,544 |

6. Auditor's remuneration

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements | 65,500 | 56,000 |
| Fees payable to the group's auditor and its associates in respect of: | | |
| Taxation compliance services | 45,000 | 46,550 |
| Other services relating to taxation | 20,500 | 23,500 |
| All other services | 18,998 | 3,300 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 18,631,758 | 16,960,253 | 11,325,207 | 9,734,257 |
| Social security costs | 2,363,718 | 2,005,175 | 1,541,052 | 1,588,474 |
| Equity-settled share based payments | 1,522,275 | 1,999,770 | 825,000 | 1,455,459 |
| Cost of defined contribution scheme | 720,034 | 629,274 | 515,432 | 462,564 |
| | 23,237,785 | 21,594,472 | 14,206,691 | 13,240,754 |

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

| | 2018 No. | 2017 No. |
|-------------------|---------------------|---------------------|
| Fee earning staff | 47 | 42 |
| Non-fee earners | 34 | 30 |
| | 81 | 72 |

8. Directors' remuneration

| | 2018 £ | 2017 £ |
|---|-------------------|-------------------|
| Directors' emoluments | 1,251,174 | 1,089,581 |
| Amounts receivable under long term incentive schemes | - | 500,000 |
| Company contributions to defined contribution pension schemes | 5,000 | 25,000 |
| | 1,256,174 | 1,614,581 |

During the year retirement benefits were accruing to one director (2017 - one) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £924,924 (2017 - £1,279,081).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,000 (2017 - £25,000).

The directors received the dividends in aggregate, on the same terms as the other shareholders, of £165,802 (2017 - £140,043).

During the year none of the directors received shares under the long term incentive schemes (2017 - none). During the year, 1 director exercised options over 1,420 shares (2017 - 1,612).

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

9. Key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £4,085,154 (2017 - £4,640,480).

10. Interest receivable and similar income

| | 2018 £ | 2017 £ |
|---------------------------|------------|--------------|
| Other interest receivable | 564 | 3,942 |
| | <u>564</u> | <u>3,942</u> |

11. Taxation

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,684,070 | 3,706,529 |
| Adjustments in respect of previous periods | (8,947) | 11,574 |
| Foreign tax | | |
| Foreign tax on income for the year | 1,424,859 | - |
| Foreign tax in respect of prior periods | 205,837 | - |
| | <u>1,630,696</u> | <u>-</u> |
| Total current tax | <u>3,305,819</u> | <u>3,718,103</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (41,140) | (78,173) |
| Changes to tax rates | (9,429) | - |
| Total deferred tax | <u>(50,569)</u> | <u>(78,173)</u> |
| Taxation on profit on ordinary activities | <u>3,255,250</u> | <u>3,639,930</u> |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.75% (2017 - 20%). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Profit on ordinary activities before tax | 12,133,683 | 12,320,312 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2017 - 20%) | 2,396,402 | 2,464,062 |
| Effects of: | | |
| Fixed assets differences | 46,512 | 36,594 |
| Expenses not deductible for tax purposes | 366,156 | 967,326 |
| Other timing differences | 92,338 | (123,442) |
| Other permanent differences | (318,261) | (508,329) |
| Difference between UK and overseas rates | 334,867 | 673,832 |
| Deferred tax movement | - | 22,721 |
| Prior year adjustment | 196,890 | 11,574 |
| Adjust deferred tax for average tax rate | (16,392) | - |
| Research and development deduction | - | (10,414) |
| Deferred tax not recognised | 156,738 | 106,006 |
| Total tax charge for the year | 3,255,250 | 3,639,930 |

12. Dividends

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Interim dividends paid of £2.82 (2017 - £1.23 per share) | 724,261 | 383,519 |
| Second interim dividend paid of £4.68 (2017 - £3.56 per share) | 1,096,580 | 935,689 |
| Third interim dividend paid of £4.80 (2017 - £3.87 per share) | 1,072,862 | 1,000,167 |
| | 2,893,703 | 2,319,375 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

13. Intangible assets

Group and Company

| | Development costs £ |
|-----------------------|------------------------------------|
| Cost | |
| At 1 July 2017 | 602,074 |
| At 30 June 2018 | <u>602,074</u> |
| Amortisation | |
| At 1 July 2017 | 483,124 |
| Charge for the year | 101,957 |
| At 30 June 2018 | <u>585,081</u> |
| Net book value | |
| At 30 June 2018 | <u>16,993</u> |
| At 30 June 2017 | <u>118,950</u> |

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

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

14. Tangible fixed assets

Group

| | Long-term leasehold property £ | Short-term leasehold property £ | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|--|-------------------------------|--------------------------|----------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 July 2017 | 8,183,838 | 1,452,115 | 670,290 | 256,328 | 1,178,186 | 11,740,757 |
| Additions | - | 634,391 | 11,494 | 18,443 | 26,933 | 691,261 |
| Disposals | - | - | - | (283) | (4,360) | (4,643) |
| Exchange adjustments | - | 240,698 | (66) | (4,929) | (1,078) | 234,625 |
| At 30 June 2018 | 8,183,838 | 2,327,204 | 681,718 | 269,559 | 1,199,681 | 12,662,000 |
| Depreciation | | | | | | |
| At 1 July 2017 | - | 699,612 | 498,946 | 248,180 | 1,082,944 | 2,529,682 |
| Charge for the year | - | 225,126 | 49,705 | 5,605 | 50,024 | 330,460 |
| Exchange adjustments | - | (2,239) | (9,184) | (4,815) | 11,437 | (4,801) |
| At 30 June 2018 | - | 922,499 | 539,467 | 248,970 | 1,144,405 | 2,855,341 |
| Net book value | | | | | | |
| At 30 June 2018 | 8,183,838 | 1,404,705 | 142,251 | 20,589 | 55,276 | 9,806,659 |
| At 30 June 2017 | 8,183,838 | 752,503 | 171,344 | 8,148 | 95,242 | 9,211,075 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

14. Tangible fixed assets (continued)

Company

| | Long-term leasehold property £ | Short-term leasehold property £ | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|--|-------------------------------|--------------------------|----------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 July 2017 | 8,183,838 | 1,064,314 | 286,383 | 182,154 | 974,430 | 10,691,119 |
| Additions | - | 634,391 | 7,023 | 9,125 | 23,951 | 674,490 |
| At 30 June 2018 | 8,183,838 | 1,698,705 | 293,406 | 191,279 | 998,381 | 11,365,609 |
| Depreciation | | | | | | |
| At 1 July 2017 | - | 358,697 | 276,181 | 180,848 | 922,798 | 1,738,524 |
| Charge for the year | - | 182,196 | (735) | 1,430 | 26,720 | 209,611 |
| At 30 June 2018 | - | 540,893 | 275,446 | 182,278 | 949,518 | 1,948,135 |
| Net book value | | | | | | |
| At 30 June 2018 | 8,183,838 | 1,157,812 | 17,960 | 9,001 | 48,863 | 9,417,474 |
| At 30 June 2017 | 8,183,838 | 705,617 | 10,202 | 1,306 | 51,632 | 8,952,595 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

15. Fixed asset investments

Group

| | Unlisted investments £ | Manuscripts and antiques £ | Total £ |
|--------------------------|------------------------------|-------------------------------------|------------|
| Cost or valuation | | | |
| At 1 July 2017 | 100,557 | 87,297 | 187,854 |
| At 30 June 2018 | 100,557 | 87,297 | 187,854 |
| Net book value | | | |
| At 30 June 2018 | 100,557 | 87,297 | 187,854 |
| At 30 June 2017 | 100,557 | 87,297 | 187,854 |

Company

| | Investments in subsidiary companies £ | Unlisted investments £ | Manuscripts and antiques £ | Total £ |
|--------------------------|---|------------------------------|-------------------------------------|------------|
| Cost or valuation | | | | |
| At 1 July 2017 | 1,281,070 | 100,557 | 86,626 | 1,468,253 |
| At 30 June 2018 | 1,281,070 | 100,557 | 86,626 | 1,468,253 |
| Net book value | | | | |
| At 30 June 2018 | 1,281,070 | 100,557 | 86,626 | 1,468,253 |
| At 30 June 2017 | 1,281,070 | 100,557 | 86,626 | 1,468,253 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

15. Fixed asset investments (continued)

Investments in direct subsidiaries during the year consisted of 100% of the issued share capital of Holdingham Group (Asia) Pte. Limited, Holdingham Group (North America) Limited, Chai Consulting Limited, Holdingham Group Japan KK, Voyager Business Consulting Limited, Hakluyt & Company Limited, Pelorus Research Limited and Hakluyt Cyber Limited.

Investments in indirect subsidiaries during the year consisted of 100% of the issued share capital of Holdingham Group (Australia) PTY Limited and Holdingham Group India LLP.

Holdingham Group (Asia) Pte. Limited is registered in Singapore and the address of the registered office is 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore, 049315.

Holdingham Group (North America) Limited is registered in the United States of America and the address of the registered office is United Corporate Services Inc, 874 Walker Road, Suite C, City of Dover, Kent, Delaware, 19904.

Holdingham Group Japan K.K is registered in Japan and the address of the registered office is Shin-Kojimachi Building, 5th Floor, 4-3-3 Kojimachi, Chiyoda-ku, Tokyo, 102-0083.

Holdingham Group (Australia) PTY Ltd is registered in Australia and the address of the registered office is Level 11, 1 Margaret Street, Sydney, NSW 2000.

Holdingham Group India LLP is registered in India and the address of the registered office is 3rd Floor, 6 Homji Street, Fort, Mumbai, 400 001.

Voyager Business Consulting Limited, Hakluyt & Company Limited, Pelorus Research Limited and Hakluyt Cyber Limited are all registered in the United Kingdom and the address of the registered office is 34 Upper Brook Street, London, W1K 7QS.

16. Debtors

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 13,293,838 | 9,315,805 | 7,441,766 | 5,611,021 |
| Amounts owed by group undertakings | - | - | 3,951,202 | 2,267,704 |
| Other debtors | 611,149 | 561,971 | 110,180 | 39,071 |
| Prepayments and accrued income | 2,288,631 | 3,259,852 | 1,542,475 | 2,160,684 |
| Deferred taxation (see note 22) | 172,750 | 122,181 | 7,134 | 137,027 |
| | 16,366,368 | 13,259,809 | 13,052,757 | 10,215,507 |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

17. Cash and cash equivalents

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 5,205,209 | 7,283,116 | 1,401,565 | 3,907,355 |
| Less: bank overdrafts | (2,678,562) | - | (2,678,562) | - |
| | <u>2,526,647</u> | <u>7,283,116</u> | <u>(1,276,997)</u> | <u>3,907,355</u> |

18. Creditors: Amounts falling due within one year

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank overdrafts | 2,678,562 | - | 2,678,562 | - |
| Trade creditors | 667,486 | 924,095 | 615,827 | 789,833 |
| Amounts owed to group undertakings | - | - | 6,373,661 | 5,671,082 |
| Corporation tax | 493,150 | 1,071,978 | 1,092,474 | 1,330,436 |
| Other taxation and social security | 603,613 | 376,150 | 706,963 | 358,926 |
| Other creditors | 168,166 | 1,700,586 | 27,085 | 1,674,574 |
| Accruals and deferred income | 13,737,061 | 12,735,280 | 8,105,652 | 7,435,549 |
| | <u>18,348,038</u> | <u>16,808,089</u> | <u>19,600,224</u> | <u>17,260,400</u> |

19. Creditors: Amounts falling due after more than one year

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Preference share capital - authorised, issued and fully paid * | 19,406 | 19,406 | 19,406 | 19,406 |
| | <u>19,406</u> | <u>19,406</u> | <u>19,406</u> | <u>19,406</u> |

* 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 in issued in the year ended 30 June 2018) 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 to the Financial Statements For the year ended 30 June 2018

20. Financial instruments

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|---|---------------------|---------------------|----------------------|----------------------|
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | <u>21,048,985</u> | <u>19,925,499</u> | <u>14,237,923</u> | <u>13,593,693</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>(13,767,630)</u> | <u>(12,960,378)</u> | <u>(16,618,221)</u> | <u>(14,898,776)</u> |

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, other creditors, amounts owed to group undertakings and accruals.

21. Deferred taxation

Group

| | 2018 £ | 2017 £ |
|----------------------------|-----------------------|-----------------------|
| At beginning of year | 122,181 | 44,008 |
| Credited to profit or loss | 50,569 | 78,173 |
| At end of year | <u>172,750</u> | <u>122,181</u> |

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

21. Deferred taxation (continued)

Company

| | 2018 £ | 2017 £ |
|--------------------------------------|-----------|-----------|
| At beginning of year | 137,027 | 44,008 |
| (Charged)/credited to profit or loss | (129,893) | 93,019 |
| At end of year | 7,134 | 137,027 |

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | (162,853) | 122,181 | (159,889) | 137,027 |
| Short term timing differences | 335,603 | - | 167,023 | - |
| | 172,750 | 122,181 | 7,134 | 137,027 |

22. Share capital

| | 2018 £ | 2017 £ |
|---------------------------------------|-----------|-----------|
| Allotted, called up and fully paid | | |
| 495,000 Ordinary shares of £0.10 each | 49,500 | 49,500 |

23. Employee Benefit Trust (Group and company)

| | 2018 £ | 2017 £ |
|-------------------------------------|------------|------------|
| Own shares - Employee benefit Trust | 48,067,428 | 41,498,567 |

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 48,119 (2017 – 72,361) shares in the company, distributed 12,212 (2017 – 17,387) shares to employees and converted nil (2017 - nil) to preference shares. At 30 June 2018 the Trust held 274,077 ordinary shares of £0.10 each and 194,060 preference shares of £0.10 each (2017 – 238,170 ordinary shares and 194,060 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.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

24. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

The revaluation reserve includes the increase or decrease in valuation of the leasehold property.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Own shares - Employee Benefit Trust

The Employee Benefit Trust holds shares primarily for distribution to employees.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

25. Equity settled share based payment transactions

Certain employees hold options to subscribe for shares in the company at prices ranging from £0.00 to £176.00 under share options granted up until 30 June 2018.

Details of the two share option plans are as follows:

| | Weighted average exercise price (pence) 2018 | Number 2018 | Weighted average exercise price (pence) 2017 | Number 2017 |
|---|---|----------------|---|----------------|
| Outstanding at the beginning of the year | 32.99 | 4,564 | 16.34 | 10,778 |
| Granted during the year | - | 7,668 | 11.38 | 9,276 |
| Forfeited during the year | - | - | 26.00 | (841) |
| Exercised during the year | - | (7,936) | 7.79 | (14,649) |
| Outstanding at the end of the year | 32.05 | 4,296 | 32.99 | 4,564 |
| Exercisable at the end of the year | 12.64 | 3,560 | 10.45 | 3,828 |

The weighted average remaining contractual life of share options outstanding at 30 June 2018 was 1.6 years (2017 - 1.7 years).

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

The remaining options outstanding under approved schemes at 30 June 2018 are shown below:

| 2018 £ | 2017 £ | Option exercise price | Date granted | Option exercise period |
|--------------|--------------|--------------------------|--------------|---------------------------|
| - | 268 | £0.00 | March 2010 | March 2013 - March 2018 |
| 2,440 | 2,440 | £0.00 | August 2011 | August 2015 - August 2019 |
| <u>2,440</u> | <u>2,708</u> | | | |

The remaining options outstanding under unapproved schemes at 30 June 2018 are shown below:

| 2018 £ | 2017 £ | Option exercise price | Date granted | Option exercise period |
|--------------|--------------|--------------------------|---------------|-------------------------------|
| 610 | 610 | £32.80 | December 2009 | December 2012 - December 2023 |
| 510 | 510 | £49.00 | December 2010 | December 2013 - December 2018 |
| 396 | 396 | £126.00 | June 2017 | June 2017 - December 2022 |
| 198 | 198 | £155.00 | June 2017 | June 2017 - December 2022 |
| 142 | 142 | £176.00 | June 2017 | June 2017 - December 2023 |
| <u>1,856</u> | <u>1,856</u> | | | |

The options granted in both year to 30 June 2018 and 30 June 2017 have an immaterial value and no charge has been recorded in the financial statements in relation to these.

26. Prior year adjustment

In the prior year, a revaluation gain of £2.6m was recognised in the accounts. This was correctly reflected within reserves in the consolidated and parent company's statement of changes in equity but was not disclosed under other comprehensive income on the face of the consolidated statement of comprehensive income.

As such, this amount has been disclosed in the comparative figure of other comprehensive income on the face of the statement of comprehensive income. The impact of this on the 2017 accounts is a corresponding increase in the value of the total comprehensive income amount of £2.6m.

There is no impact on profit or loss or the equity reserves of the group or parent company as a result of processing this disclosure adjustment.

Holdingham Group Limited

Notes to the Financial Statements For the year ended 30 June 2018

27. Capital commitments

At 30 June 2018 the group and company had capital commitments as follows:

| | Company 2018 £ | Company 2017 £ |
|---|-------------------------------|-------------------------------|
| Contracted for but not provided in these financial statements | | 655,723 |

Under arrangements entered into, amounts owed in relation to share transactions amounted to £6,779,335 (within one year, total committed over five years £8,869,025) which are due for payment post year end.

28. Pension commitments

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 £720,034 (2017 - £629,274). At 30 June 2018 pension contributions of £44,428 were outstanding (2017 - £70,299).

29. Commitments under operating leases

At 30 June 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2018 £ | Group 2017 £ | Company 2018 £ | Company 2017 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than one year | 1,582,980 | 1,344,143 | 758,825 | 758,825 |
| Later than one year and not later than five years | 5,294,664 | 3,533,832 | 3,035,300 | 3,035,300 |
| Later than five years | 2,527,724 | 2,610,540 | 1,786,098 | 2,630,652 |
| | 9,405,368 | 7,488,515 | 5,580,223 | 6,424,777 |

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, Japan and the USA.

30. Controlling party

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