

Hakluyt & Company Limited

Annual Report

Year Ended

30 June 2022

Company Number 03481321



Hakluyt & Company Limited

Company Information

Directors	Lord P C Deighton J V Tomlin-Russell V Chandra P A Dimitruk J C Mixer N P F Pierret D L Vieira T E Weston
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

Hakluyt & Company Limited

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Hakluyt & Company Limited

Group Strategic Report for the Year Ended 30 June 2022

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2022.

Review and analysis of the business

The principal activity of Hakluyt & Company ("Hakluyt" or "the Group"), which remained unchanged through the year, is to advise decision-makers at client businesses on the opportunities and risks they face. Hakluyt's clients trust it with their most important commercial issues, and value its discretion and independence of thought.

The 2021-22 financial year built on the Group's excellent performance in 2020-21 and saw further growth in turnover and profits, as well as continued investment in the company's infrastructure. The increase in revenue was due primarily to further growth in client activity, stemming from a deepening of relationships and an extension of services and expertise offered. It also reflected the growing demand for high-level advisory support in an increasingly complex global business environment.

Financial performance and future developments

Strong trading continued throughout the year. As reported in the Group's statement of profit and loss, Group revenue increased by 23% from £85m to £104m in the period. Operating profit (before taking into account the impact of foreign exchange on intercompany transactions) increased from 28% from £21.5m to £27.5m and dividends of £4.6m (2021 - £2.0m) were paid to the owners.

The directors anticipate that revenues will again increase in the year to 30 June 2023, and the Group will continue to build its talent pool to meet the evolving needs of its global client base as effectively as possible.

Key performance indicators

Management use a range of performance measures to monitor and manage the business as set out below.

Profit ratios:

Revenue growth	22.6%	(2021 - 26.3%)
Gross profit margin	86.2%	(2021 - 84.7%)
Operating profit margin (before intercompany foreign exchange impact)	23.3%	(2021 - 25.4%)

Cash flow/working capital metrics:

Operating cash flow to operating profit	0.6	(2021 - 1.1)
Average length of outstanding trade debtors (days)	56	(2021 - 52)

Other metrics:

Revenue per employee	£0.77m	(2021 - £0.76m)
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Hakluyt & Company Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

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 £15.2m to £29.3m.

The Group generated cash from operations of £14.6m (2021 - £25.4m). In addition, it had borrowings at the year-end of £8.1m (2021 - £9.4m). It utilised this overdraft facility to cover its funding requirements, including the purchase of its own shares via the Hakluyt Employee Benefit Trust.

Principal risks and uncertainties

Management continually monitors the key risks facing the Group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the Group at least annually. Among the principal risks and uncertainties are:

Going concern, and COVID 19 risk

While its effects are much reduced, the board continues to acknowledge the economic and commercial uncertainty that remains as a result of the COVID 19 pandemic. They are also fully aware of the uncertainty arising from geopolitical and macroeconomic events, including the war in Ukraine and the recent steep increase in inflation worldwide.

While the Group's business has not been materially affected by these factors to date, the directors continue to assess the principal risks and have modelled the possible impact of a downside scenario covering the next 12 months, the viability period, and the longer term. They have performed a series of stress tests to consider various combinations of impacts across a range of possible outcomes, covering scenarios including a material decline in sales and EBITDA. EBITDA, together with other covenants on borrowing facilities, are the key performance measures at this time. More information about these stress tests is given in note 2.3 to these financial statements.

The Group continues to perform very strongly. Therefore, while risks remain, the board's belief is that the Group will be able to continue to navigate any economic downturn, or residual effects of the pandemic, successfully.

Ongoing performance, together with the results of the stress testing exercise, suggest that the Group will be able to operate within its available cash facilities, enabling the directors – making informed judgements from relevant business data – to conclude as best as they are able to that the Group is a going concern for a period of not less than 12 months from the date of approval of these financial statements.

Hakluyt & Company Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Principal risks and uncertainties (continued)

Quality control - the services provided by Hakluyt are of an extremely high standard. A reduction in quality could adversely affect client relationships, and therefore revenues. The company manages this risk by having robust quality control processes and appropriate personnel in place.

Loss of key personnel - management seek to retain key personnel by offering a range of rewards and incentives. These include: providing leadership opportunities and other avenues for professional growth; appropriate remuneration that recognises strong performance; and maintaining and promoting an attractive culture in which to work.

Credit risk - including the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Hakluyt is mainly exposed to credit risk from sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering into contracts with them. Credit risk also arises from cash, cash equivalents, and deposits with banks and financial institutions.

Liquidity risk - arises from the company's management of working capital, and the risk that it will encounter difficulty in meeting its financial obligations as they fall due. Management regularly monitors its liquidity position, and reviews forecasts for future cash flows to ensure that sufficient liquid resources are maintained.

Foreign exchange risk - arises when Hakluyt enters into transactions denominated in a currency other than the functional currency. There is a continued policy of transacting with clients primarily in GBP and USD, as well as, to a lesser degree, in Euros, Yen and other relevant currencies, in order to match revenues with costs in a particular currency. This mitigates the risk that the exchange rate may move unfavourably, resulting in adverse cash outflows.

Section 172 Statement

The directors are aware of their responsibilities to promote the success of Hakluyt in accordance with section 172 of the Companies Act 2006, which requires directors to take into consideration the interests of stakeholders and other matters in their decision-making. The General Counsel and Company Secretary provide support to the directors and management team to help ensure that sufficient consideration is given to these issues.

The Directors and management team will:

- Continue to have regard for the interests of the Group's employees, customers, suppliers and shareholders, and the Group's reputation for good business conduct, when making decisions;
- Review the Group's principal stakeholders and how it engages with them using information provided by the business and by direct engagement with stakeholders themselves; and
- Reflect on how the Group engages with its stakeholders and seek opportunities for improvement in the future.

Hakluyt & Company Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Section 172 Statement (continued)

The key board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Promotion and development of employees	Shareholders, employees	Five employees were elected by their peers to become partners (thereby becoming shareholders) in the year. As the Group grows, so do its requirements. Accordingly, a range of other team members saw their roles develop, or received promotions, in the year.
Opening of new offices	Shareholders, employees, customers	Hakluyt opened new offices in Dubai, Washington DC, and Chicago, allowing it to serve its clients in those regions better. The board will monitor performance but expect the Group's business to grow in all three locations.
Growing our Frankfurt office	Shareholders, employees, customers	In recognition of the growing demand for Hakluyt's services in the German-speaking region of Europe, it recruited two local hires to join its team in Frankfurt. They commenced their employment shortly after year-end.
Paul Dimitruk elected to the board of directors	Shareholders, employees	Hakluyt elected Paul Dimitruk to its board of directors, with effect from 1 February 2022. Dimitruk brings almost four decades of investment and business leadership experience.
Strengthening Hakluyt's International Advisory Board	Shareholders, employees	Hakluyt continued to expand the expertise and breadth of experience on its International Advisory Board with the appointments of Jeff Greenberg and Mark Wiseman, who bring strong track records as industry leaders in insurance and investment respectively. Hakluyt also decided to appoint Dr Paul Achleitner, who will join the International Advisory Board in FY22/23.
Varun Chandra re-elected as managing partner	Shareholders, employees	Varun Chandra was elected to serve a second three-year term as the Group's managing partner, and will head up the newly created senior leadership team (SLT).

Hakluyt & Company Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Creation of a senior leadership team (SLT)	Shareholders, employees	Hakluyt established a new leadership structure, and nine colleagues (including the managing partner) were selected to serve a three-year term on the newly created SLT. These appointments were effective from the start of FY22/23.
New regional management structures	Shareholders, employees	Having opened several new offices in recent years, Hakluyt has strengthened its regional management structures. This included appointing three Regional Heads, who will sit on the SLT and oversee the Group's activities in EMEA, Asia-Pacific, and the Americas. Hakluyt also appointed new office heads in Singapore and Mumbai.
Hakluyt Capital	Shareholders, employees	As Hakluyt continues to explore new avenues for growth, it created an investment vehicle – Hakluyt Capital – that will begin making investments in FY22/23.
Increase in outside interests and partnerships	Employees	During the year, Hakluyt financed and launched an academic exchange programme between Toyo Bunko in Japan and the British Museum in London, and continued its support to a wide range of philanthropic partners spanning humanitarian aid, social mobility/education, and the arts.
Continued award of equity as a long term incentive to members of our support team	Shareholders, employees	The Support Staff Long - Term Incentive Plan, which benefits tenured and high performing members of the business support team who embody and amplify our values, continued this financial year. Seven employees were given the opportunity to acquire equity in the company under this scheme. We expect other team members to benefit in the future.
Staff survey	Employees	A Group wide staff survey was undertaken, and management and the board have reviewed the outputs. The survey underlined the importance of ongoing initiatives to build our resource base and review our internal structures, to ensure that the demands we place on our people are sustainable, and to invest further in employee development at all levels of the organisation.

Hakluyt & Company Limited

Group Strategic Report (continued) for the Year Ended 30 June 2022

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
COVID-19 pandemic	Shareholders, employees, customers, and suppliers	The board continued to monitor business performance and liquidity closely. Hakluyt continued to meet its commitments to suppliers, customers, and employees throughout the period.

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



T E Weston
Director

Date: 28 March 2023

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) for the Year Ended 30 June 2022

Hakluyt's Carbon Footprint

Hakluyt continues to take its responsibility to reduce its carbon footprint seriously. Hakluyt's market-based carbon footprint from July 2021 to June 2022 was 1756.52 tCO₂e (2021 - 241.17 tCO₂e) which includes global emissions resulting from: the combustion of gas, purchased electricity, business travel, employee commuting and homeworking. The breakdown of emissions is presented below.

Year	2022		2021		2020
Geographical Scope	UK	Global	UK	Global	UK
Mandatory Disclosures at UK level					
Scope 1: Emissions from the combustion of gas (tCO ₂ e)	-	1.81	0.02	0.02	0.03
Scope 1: Emissions from the consumption of fuel for the purposes of transport (tCO ₂ e)	-	-	-	-	-
Scope 2: Location-based emissions from purchased electricity (tCO ₂ e)	30.79	86.39	18.23	51.84	62.62
Scope 3: Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e)	-	-	0.09	0.45	0.00
Total gross CO ₂ e based on the above categories (tCO ₂ e)	30.79	88.21	18.34	52.31	62.65
Total energy consumption used to calculate above Scope 1 & Scope 2 emissions (kWh)	159,224	311,331	85,937	185,741	268,699
Intensity Ratio: tCO ₂ e gross figure above / £100,000 revenue	0.06	0.08	0.04	0.06	0.18
Optional Disclosures					
Scope 2: Market-based emissions from purchased electricity (tCO ₂ e)	0.00	55.60	11.26	44.87	62.62
Scope 3: Emissions from business travel which the Group does not own or control, and is not responsible for purchasing the fuel, e.g. flights and taxis (tCO ₂ e)	1,631.82		7.65	102.75	Not calculated in 2020
Scope 3: Emissions from employees commuting and home-working (tCO ₂ e)	37.95	67.28	47.30	93.08	Not calculated in 2020
Total emissions (tCO ₂ e) (location-based emissions)	1700.55	1787.31	73.29	248.14	62.65
Total emissions (tCO ₂ e) (market-based emissions)	1669.76	1756.52	66.32	241.17	62.65

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) for the Year Ended 30 June 2022

Basis of calculation / methodology

The above figures were calculated in line with the Greenhouse Gas Protocol with emissions factors from the UK government being used for UK emissions and from the Environmental Protection Agency and the International Energy Agency for global emissions.

In determining the organisational boundary to use for carbon accounting, an operational control approach was selected. Under this approach, 100% of the greenhouse gas emissions from operations over which Hakluyt has control have been accounted for.

Where possible, calculations were made using actual activity data. Where actual activity data was not available (often occurring where Hakluyt uses serviced offices), appropriate estimates were made. The 2022 review was performed in conjunction with BRODIE, a recognised sustainability consultancy.

Commentary on the data

Our footprint has increased compared to last year, as expected as COVID-19 restrictions have eased.

Our business travel footprint has increased significantly. This increase in business travel emissions can be attributed to three drivers:

- An increase in the distance travelled compared to the previous year: The distance covered by business travel last year was known to be unusually low and this was due to COVID-19 travel restrictions limiting business travel. As COVID-19 travel restrictions have eased across the globe, Hakluyt's business travel has increased.
- A greater scope of business travel has been accounted for this year: last year, data booked through external travel providers and a small amount of expensed travel were included in the scope of the analysis. This year, as part of our efforts to increase the quality of our data, as well as continuing to collect data from external travel providers, we have increased the scope of expensed travel such that we are confident that we have included all of our business travel over the reporting period.
- Improved data collection in North America: last year, flight class data in North America was not available and all flights were assumed to be economy class. This year, this data was available with a breakdown of flights that were economy, business class and first class. Economy class flights have a lower emissions factor than first class and business class flights; as such, last year's carbon footprint for North American flights is likely to be underestimated.

Action taken to increase energy efficiency

Over the course of the reporting period, Hakluyt has engaged in activities to improve the Group's energy efficiency and reduce the Group's carbon emissions, including, but not limited to:

- Hakluyt secured a renewable energy supply for both of the Group's London offices, which are the first and third largest users of energy across the Group's offices.
- 27 Upper Brook Street has introduced divided bins to separate recyclables from general waste in the main kitchen area, with recycled waste having a lower carbon footprint than equivalent landfilled waste.
- Ensured that all electronic items in our San Francisco office have been set to eco mode.

In future periods, Hakluyt will continue to implement initiatives to reduce its carbon emissions. In particular, Hakluyt is looking to:

- Undertake a lighting audit of its London offices with the intention to install more energy-efficient lighting during the next financial year.
- Ensure energy efficiency measures, such as energy-efficient lighting, are considered during the fitout of any new office moves.

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) for the Year Ended 30 June 2022

Offsetting

Hakluyt has decided to, firstly, offset its carbon footprint for FY22 by purchasing 1,760 tCO₂e of carbon credits. These credits have been split across three projects. Hakluyt has ensured the credibility and integrity of its offset portfolio by selecting projects that are approved by recognised standards.

Carbon offset portfolio FY22

Project type	Location	Standard	Credits purchased
Forest protection	Mataven, Colombia	VCS	581
Clean drinking water	Manica, Sofala and Tete, Mozambique	Gold Standard VER	598
Hydropower	Louang Namtha, Laos	Gold Standard VER	581
Total			1760

In addition, Hakluyt has decided to purchase a further 21,208 tCO₂e of carbon credits, which represents the best estimate of Hakluyt's historical carbon footprint from its founding in 1995 to 2021 inclusive. This covers emissions associated with office energy use and business travel. These carbon credits resulted from a hydropower project in Nam Chin, Vietnam and Hakluyt has ensured the credibility of these offsets through their VCS certification.

The above two purchases, combined with Hakluyt's previous offsetting of FY21's carbon footprint, means that Hakluyt has offset all of its historical emissions.

Hakluyt & Company Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

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 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, and;
- 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.

Principal activity, results and dividends and future developments

Detail on Hakluyt's business, its principal activity, results, dividends and future developments, are included in the Strategic Report, set out above.

Directors

The directors who served during the year were:

	Ordinary shares of £0.001 each 2022	Ordinary shares of £0.001 each 2021
Lord P C Deighton (Chairman)	195,191	195,191
L G Fagen	5,463	36,900
V Chandra	454,338	443,700
N J Barnes	592,100	592,100
R E I Elliott	620,250	620,250
H Morrow	129,614	97,700
P A Dimitruk	5,463	-

Hakluyt & Company Limited

Directors' Report (continued) for the Year Ended 30 June 2022

Financial risk management objectives and policies, and financial instruments

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expenses, whilst ensuring that the Group 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.

Further information about the financial risks the business faces, and its responses, is included in the principal risks and uncertainties section of the Strategic Report, above.

Directors

The directors who served during the year were:

Lord P C Deighton
J V Tomlin-Russell
L G Fagen (resigned 31 December 2022)
R E I Elliott (resigned 11 October 2021)
V Chandra
N J Barnes (resigned 21 September 2022)
H Morrow (appointed 11 October 2021, resigned 21 September 2022)
P A Dimitruk (appointed 1 February 2022)

Engagement with employees and disabled employees

Hakluyt seeks to engage all employees in both its short and long-term goals. The company encourages the involvement of its employees in its management through regular team meetings and on-line briefings. The company has also conducted, and responded to, staff surveys.

The Group 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.

Political contributions

The Group has not made any political donations in the period (2021 - £Nil).

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 directors are aware, there is no relevant audit information of which the company and the Group's auditor is unaware; and
- the directors have 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.

Hakluyt & Company Limited

Directors' Report (continued) for the Year Ended 30 June 2022

Post balance sheet events

The bank overdraft with Lloyds Bank plc has been replaced with a £27.5m revolving facility during November 2022 lasting for a 3 year period with the same bank (see note 19).

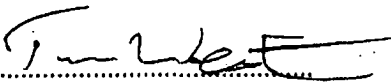
On 26 July 2022, The Employee Benefit Trust converted 19,000,000 ordinary shares of £0.001 each into preference shares of £0.001 each (see note 24).

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.



T E Weston
Director

Date: 28 March 2023

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and parent company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hakluyt & Company Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 are consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit procedures to address these risks are listed below:

- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal correspondence and specific audit testing.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it is considered there was a susceptibility of fraud. Our considerations included enquiries with management, and testing the appropriateness of journal entries.
- We also considered potential fraud drivers, including: financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing key areas of estimation, uncertainty or judgement, for example valuation of leasehold property and valuation of bad debt provisions.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Use of our report

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

DocuSigned by:

Stuart Godfrey

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Stuart Godfrey (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 28 March 2023

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

Hakluyt & Company Limited

Consolidated Profit and Loss Account for the Year Ended 30 June 2022

	Note	2022 £	2021 £
Turnover	4	104,051,965	84,887,942
Cost of sales		(14,367,229)	(12,973,876)
Gross profit		89,684,736	71,914,066
Administrative expenses (excluding foreign exchange on intercompany balances)		(62,150,426)	(50,382,143)
Intercompany foreign exchange (losses)/gains		(3,301,710)	1,431,300
Operating profit	5	24,232,600	22,963,223
Interest receivable and similar income	10	1,605	1,198
Interest payable and similar expenses	11	(262,176)	(264,451)
Profit before tax		23,972,029	22,699,970
Tax on profit	12	(4,680,683)	(5,301,491)
Profit for the financial year		19,291,346	17,398,479
Profit for the year attributable to:			
Owners of the parent		19,291,346	17,398,479
		19,291,346	17,398,479

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2022

	2022 £	2021 £
Profit for the financial year	19,291,346	17,398,479
Other comprehensive income/(loss)		
Unrealised surplus on revaluation of leasehold property	345,000	-
Currency translation differences	5,794,172	(1,756,107)
Deferred tax on leasehold property revaluations	(86,250)	(737,826)
Other comprehensive income/(loss) for the year	6,052,922	(2,493,933)
Total comprehensive income for the year	25,344,268	14,904,546

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited
Registered number: 03481321

**Consolidated Statement of Financial Position
as at 30 June 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	3,066,494	547,322
Tangible fixed assets	15	9,830,809	9,443,958
Investments	16	1,554,345	366,068
		<u>14,451,648</u>	<u>10,357,348</u>
Current assets			
Debtors	17	50,376,662	25,719,263
Cash and cash equivalents	18	18,147,752	22,149,393
		<u>68,524,414</u>	<u>47,868,656</u>
Creditors: amounts falling due within one year	19	(52,672,255)	(42,117,320)
Net current assets		<u>15,852,159</u>	<u>5,751,336</u>
Total assets less current liabilities		<u>30,303,807</u>	<u>16,108,684</u>
Creditors: amounts falling due after more than one year	20	(39,406)	(39,406)
Deferred taxation	22	(943,898)	(849,080)
		<u>(943,898)</u>	<u>(849,080)</u>
Net assets		<u><u>29,320,503</u></u>	<u><u>15,220,198</u></u>

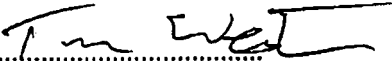
Hakluyt & Company Limited

Registered number: 03481321

Consolidated Statement of Financial Position (continued) as at 30 June 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	23	29,500	29,500
Share premium account	25	1,335,900	1,335,900
Revaluation reserve	25	4,858,158	4,599,408
Capital redemption reserve	25	19,700	19,700
Profit and loss account	25	106,808,206	87,374,328
Equity attributable to owners of the parent company		<u>113,051,464</u>	<u>93,358,836</u>
 Own shares - Employee Benefit Trust		 (83,730,961)	 (78,138,638)
 Shareholders' funds		 <u>29,320,503</u>	 <u>15,220,198</u>

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


.....
T E Weston
Director

Date: 28th March 2023

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited
Registered number: 03481321

**Company Statement of Financial Position
as at 30 June 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	3,066,494	547,322
Tangible fixed assets	15	9,191,722	9,070,581
Investments	16	2,917,258	1,671,553
		<u>15,175,474</u>	<u>11,289,456</u>
Current assets			
Debtors	17	36,136,527	21,073,123
Cash and cash equivalents	18	4,068,858	7,427,134
		<u>40,205,385</u>	<u>28,500,257</u>
Creditors: amounts falling due within one year	19	(50,841,317)	(42,879,325)
Net current liabilities		<u>(10,635,932)</u>	<u>(14,379,068)</u>
Total assets less current liabilities		<u>4,539,542</u>	<u>(3,089,612)</u>
Creditors: amounts falling due after more than one year	20	(39,406)	(39,406)
Provisions for liabilities			
Deferred taxation	22	(1,762,815)	(1,175,139)
		<u>(1,762,815)</u>	<u>(1,175,139)</u>
Net assets/(liabilities)		<u><u>2,737,321</u></u>	<u><u>(4,304,157)</u></u>

Hakluyt & Company Limited
Registered number: 03481321

Company Statement of Financial Position (continued)
as at 30 June 2022.

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	23	29,500	29,500
Share premium account	25	1,335,900	1,335,900
Revaluation reserve	25	4,858,158	4,599,408
Capital redemption reserve	25	19,700	19,700
Profit and loss account carried forward		80,225,024	67,849,973
		<u>86,468,282</u>	<u>73,834,481</u>
Own shares - Employee Benefit Trust		(83,730,961)	(78,138,638)
Shareholders' funds		<u><u>2,737,321</u></u>	<u><u>(4,304,157)</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 of the parent company was £17,931,607 (2021 - £9,983,316).

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



T E Weston
Director

Date: 28th March 2023

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Own shares - EBT £	Profit and loss account £	Total equity £
At 1 July 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	87,374,328	15,220,198
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	19,291,346	19,291,346
Currency translation differences	-	-	-	-	-	5,794,172	5,794,172
Deferred tax on leasehold property revaluations	-	-	-	(86,250)	-	-	(86,250)
Gain on revaluation of leasehold property	-	-	-	345,000	-	-	345,000
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(4,570,703)	(4,570,703)
Loss on sale of own shares - EBT	-	-	-	-	-	(1,080,937)	(1,080,937)
Movement on own shares - EBT	-	-	-	-	(5,592,323)	-	(5,592,323)
At 30 June 2022	29,500	1,335,900	19,700	4,858,158	(83,730,961)	106,808,206	29,320,503

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Own shares - EBT £	Profit and loss account £	Total equity £
At 1 July 2020	29,500	1,335,900	19,700	5,337,234	(65,596,164)	71,361,877	12,488,047
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	17,398,479	17,398,479
Currency translation differences	-	-	-	-	-	(1,756,107)	(1,756,107)
Deferred tax on leasehold property revaluations	-	-	-	(737,826)	-	-	(737,826)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(2,048,573)	(2,048,573)
Loss on sale of own shares - EBT	-	-	-	-	-	(1,117,636)	(1,117,636)
Recognition of equity settled share based payments and contributions	-	-	-	-	-	3,536,288	3,536,288
Movement on own shares - EBT	-	-	-	-	(12,542,474)	-	(12,542,474)
At 30 June 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	87,374,328	15,220,198

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Own shares - EBT £	Profit and loss account £	Total equity £
At 1 July 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	67,849,973	(4,304,157)
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	18,026,691	18,026,691
Deferred tax on leasehold property revaluations	-	-	-	(86,250)	-	-	(86,250)
Gain on revaluation of leasehold property	-	-	-	345,000	-	-	345,000
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(4,570,703)	(4,570,703)
Loss on sale of own shares - EBT	-	-	-	-	-	(1,080,937)	(1,080,937)
Movement on own shares - Employee Benefit Trust	-	-	-	-	(5,592,323)	-	(5,592,323)
At 30 June 2022	29,500	1,335,900	19,700	4,858,158	(83,730,961)	80,225,024	2,737,321

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Own shares - EBT £	Profit and loss account £	Total equity £
At 1 July 2020	29,500	1,335,900	19,700	4,677,074	(65,596,164)	57,496,578	(2,037,412)
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	9,983,316	9,983,316
Deferred tax on leasehold property revaluations	-	-	-	(77,666)	-	-	(77,666)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(2,048,573)	(2,048,573)
Loss on sale of own shares - EBT	-	-	-	-	-	(1,117,636)	(1,117,636)
Recognition of equity settled share based payments and contributions	-	-	-	-	-	3,536,288	3,536,288
Movement on own shares - EBT	-	-	-	-	(12,542,474)	-	(12,542,474)
At 30 June 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	67,849,973	(4,304,157)

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	19,291,346	17,398,479
Adjustments for:		
Depreciation of tangible assets	423,661	422,122
Interest paid	262,176	264,451
Interest received	(1,605)	(1,198)
Taxation charge	4,680,683	5,301,491
(Increase) in debtors	(20,382,369)	(6,583,101)
Increase in creditors	15,133,077	10,178,724
Corporation tax paid	(8,624,982)	(4,367,960)
Equity share based payments	-	3,536,288
Foreign exchange	3,854,839	(780,351)
Net cash generated from operating activities	14,636,826	25,368,945
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,519,172)	(547,322)
Purchase of tangible fixed assets	(419,924)	(262,924)
Sale of tangible fixed assets	3,328	1,116
Purchase of unlisted and other investments	(1,188,948)	(205,018)
Sale of unlisted and other investments	671	-
Interest received	1,605	1,198
Net cash used in investing activities	(4,122,440)	(1,012,950)
Cash flows from financing activities		
Buy back of ordinary shares	(9,374,689)	(9,275,054)
Dividends paid	(4,570,703)	(2,048,573)
Interest paid	(262,176)	(264,451)
Net cash used in financing activities	(14,207,568)	(11,588,078)
Net (decrease)/increase in cash and cash equivalents	(3,693,182)	12,767,917

Hakluyt & Company Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 30 June 2022

	2022 £	2021 £
Cash and cash equivalents at beginning of year	12,793,041	916,271
Effects of exchange rate changes on cash and cash equivalents	928,272	(891,147)
Cash and cash equivalents at the end of year	10,028,131	12,793,041
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents	18,147,752	22,149,393
Bank overdrafts	(8,119,621)	(9,356,352)
	10,028,131	12,793,041

The notes on pages 29 to 55 form part of these financial statements.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1. General information

Hakluyt & Company 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 company management to exercise judgement in applying the Group's accounting policies (see note 3).

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 Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.3 Going concern

The Board acknowledges the uncertainty that continues to exist economically and commercially as a result of the COVID-19 pandemic and more recently from the war in Ukraine and the increase in global inflation.

The directors have therefore assessed the principal risks and considered the impact of a plausible downside scenario covering the next 12 months; the viability period, and the longer term. They have performed an extensive series of stress tests to consider various combinations of impacts across a range of possible outcomes, covering scenarios including a material decline in sales and a material reduction in the level of cash collection. In addition they have modelled a break-even analysis to show that the Group would be able to cover costs on a materially reduced EBITDA. EBITDA, together with covenants on borrowing facilities, are the key performance measures at this time.

Those stress tests indicate that the Group could sustain a significant reduction in budgeted sales for the remainder of the fiscal year 2022/23 and the full fiscal year 2023/24, before failing to meet its banking covenants.

Given two successive years of outperformance and a record start to the current financial year, the directors believe that the likelihood of this downside revenue scenario is very low; and in any event, if it did happen, there are a number of costcutting measures that could be implemented to mitigate the effects. The borrowing facilities utilised in the going concern forecast reflect the terms of the new facility agreed with the provider during November 2022 for a period of 3 years.

With specific regard to COVID-19, the Group's performance has been strongly ahead of forecast since the start of the pandemic. Hakluyt's blue-chip client base is very strong and workload has in many instances increased during the pandemic from opportunities that would not otherwise have existed. The Board's belief therefore is that even if COVID-19 were to re-emerge, the effect on the Group would not be material and it could continue with its planned strategies as intended.

Performance since the start of the pandemic together with the results of the stress testing exercise suggests that the Group will be able to operate within the cash facilities available to it, enabling the directors, making informed judgements from the business data compiled, to conclude as best they are able that the Group is a going concern for a period of not less than 12 months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the company's functional and the Group's presentation currency.

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 profit or loss 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 Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss 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 advisory 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 year end, an estimate of the percentage completed is recorded within Turnover.

2.6 Interest income

Interest income is recognised in the consolidated statement of profit and loss using the effective interest method.

2.7 Finance costs

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

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.8 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 profit or loss 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.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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.

2.11 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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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 profit or loss.

2.13 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 reporting date.

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

Revaluation gains and losses are recognised in other 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.

2.14 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 Profit and Loss Account 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 reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.15 Debtors

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

2.16 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.

2.17 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.

2.18 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 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. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Profit and Loss Account.

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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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.

2.19 Dividends

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

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

In preparing these financial statements, the directors have made judgements in applying accounting policies and acknowledge the below key source of estimation uncertainty:

- Determination of whether there are indicators of impairment of leasehold property in between the experts' report performed every three years. The last valuation by an expert took place in 2022.
- The directors have derived functional currencies of overseas subsidiaries with reference to the transactions undertaken within each entity.

Other key estimates

- Turnover

Turnover is recognised on the following basis: fees are recognised over the period of the relevant assignment or agreement. Where jobs are incomplete at year end, an estimate of the percentage completed is recorded within turnover by reference to the stage of completion of that project (normally with reference to days worked).

4. Turnover

Turnover is wholly attributable to the principal activity of the Group.

	2022 £	2021 £
Europe	45,810,943	37,372,717
USA	32,244,290	26,628,385
Rest of the world	25,996,732	20,886,840
	<u>104,051,965</u>	<u>84,887,942</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

5. Operating profit

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

	2022 £	2021 £
Depreciation of tangible fixed assets	423,661	422,122
Operating lease expense	1,904,029	1,731,789
Defined contribution pension costs	1,236,992	882,700
Exchange differences	2,737,606	(433,105)
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	100,000	76,750
Fees payable to the associates of the Group's auditor for the audit of the overseas entities	17,751	16,532
	<u> </u>	<u> </u>

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

Taxation compliance services	110,000	126,000
Other services relating to taxation	13,500	20,000
All other services	81,500	43,850
	<u> </u>	<u> </u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

7. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	41,069,043	27,682,171	22,018,588	16,470,823
Social security costs	3,802,211	3,128,255	3,058,222	2,194,694
Equity-settled share based payments	-	3,536,288	-	1,720,000
Cost of defined contribution scheme	1,236,992	882,700	881,057	564,912
	<u>46,108,246</u>	<u>35,229,414</u>	<u>25,957,867</u>	<u>20,950,429</u>

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

	2022 No.	2021 No.
Fee earning staff	91	74
Non-fee earners	44	38
	<u>135</u>	<u>112</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	3,639,851	3,173,898
Company contributions to defined contribution pension schemes	47,706	51,246
	<u>3,687,557</u>	<u>3,225,144</u>

During the year retirement benefits were accruing to no directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,252,429 (2021 - £2,008,484).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,908 (2021 - £24,922).

The directors received dividends in aggregate, on the same terms as the other shareholders, of £893,484 (2021 - £725,276).

During the year two of the directors received shares under long term incentive schemes (2021 - one). During the year two directors exercised options over 42,552 shares of £0.001 each at a valuation of £199,994 (2021 - 47,900 shares of £0.001 each at a valuation of £149,927).

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

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 £8,952,571 (2021 - £7,668,536). During the year, six (2021 - five) key management personnel received 154,251 shares of £0.001 each (2021 - 239,500 shares of £0.001 each).

10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	1,605	1,198

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	18	45
Other interest payable	262,158	264,406
	<u>262,176</u>	<u>264,451</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	1,491,259	2,312,402
Adjustments in respect of prior periods	(17,574)	46,198
Double taxation relief	(95,084)	(97,212)
	<u>1,378,601</u>	<u>2,261,388</u>
Foreign tax		
Foreign tax on income for the year	3,270,821	2,525,634
Foreign tax in respect of prior periods	23,928	146,577
	<u>3,294,749</u>	<u>2,672,211</u>
Total current tax	<u>4,673,350</u>	<u>4,933,599</u>
Deferred tax		
Origination and reversal of timing differences	128,227	193,962
Changes to tax rates	-	(44,943)
Adjustments in respect of prior periods	(120,894)	218,873
Total deferred tax	<u>7,333</u>	<u>367,892</u>
Taxation on profit on ordinary activities	<u>4,680,683</u>	<u>5,301,491</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	23,972,029	22,699,970
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	4,554,686	4,312,994
Effects of:		
Fixed assets differences	(107,897)	38,464
Expenses not deductible for tax purposes	318,919	493,586
Capital allowances for year in excess of depreciation	-	(127,133)
Other permanent differences	(326,789)	(322,684)
Foreign tax	1,112,395	489,773
Deferred tax in relation to leasehold property	(86,250)	-
Prior year adjustment	6,354	192,774
Prior year adjustment (deferred tax)	(120,894)	(44,943)
Capital gains	65,550	-
Deferred tax not recognised	(908,881)	(7,936)
Remeasurement of deferred tax for changes in tax rates	173,490	276,596
Total tax charge for the year	4,680,683	5,301,491

13. Dividends

	2022 £	2021 £
First Interim dividend paid of: A shares £0.3001p, B shares £0.1500 (2021: A shares £0.0737) per share	3,049,930	1,102,633
Second interim dividend paid of: A shares £0.1546, B shares £0.0773 (2021: A shares £0.0865, B shares £0.0433) per share	1,520,773	945,940
	4,570,703	2,048,573

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

14. Intangible assets

Group and Company

	Development costs £
Cost	
At 1 July 2021	1,149,396
Additions	2,519,172
At 30 June 2022	<u>3,668,568</u>
Amortisation	
At 1 July 2021	602,074
At 30 June 2022	<u>602,074</u>
Net book value	
At 30 June 2022	<u>3,066,494</u>
At 30 June 2021	<u>547,322</u>

All intangible costs relate to the installation of, and enhancements to, the company's IT systems.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

15. 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 2021	8,228,348	2,713,022	670,134	212,399	584,319	12,408,222
Additions	10,491	290,460	37,779	21,763	59,431	419,924
Disposals	-	-	-	-	(4,494)	(4,494)
Revaluations	345,000	-	-	-	-	345,000
Exchange adjustments	-	104,688	(17,153)	2,868	(9,073)	81,330
At 30 June 2022	8,583,839	3,108,170	690,760	237,030	630,183	13,249,982
Depreciation						
At 1 July 2021	-	1,794,725	511,259	184,346	473,934	2,964,264
Charge for the year on owned assets	-	298,718	39,936	14,701	70,306	423,661
Disposals	-	-	-	-	(1,166)	(1,166)
Exchange adjustments	-	58,973	(16,591)	2,514	(12,482)	32,414
At 30 June 2022	-	2,152,416	534,604	201,561	530,592	3,419,173
Net book value						
At 30 June 2022	8,583,839	955,754	156,156	35,469	99,591	9,830,809
At 30 June 2021	8,228,348	918,297	158,875	28,053	110,385	9,443,958

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

15. 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 2021	8,228,348	1,717,345	327,333	134,097	374,272	10,781,395
Additions	10,491	20,158	6,338	1,097	23,158	61,242
Revaluations	345,000	-	-	-	-	345,000
At 30 June 2022	8,583,839	1,737,503	333,671	135,194	397,430	11,187,637
Depreciation						
At 1 July 2021	-	1,120,169	179,818	108,596	302,231	1,710,814
Charge for the year on owned assets	-	194,236	35,647	9,747	45,471	285,101
At 30 June 2022	-	1,314,405	215,465	118,343	347,702	1,995,915
Net book value						
At 30 June 2022	8,583,839	423,098	118,206	16,851	49,728	9,191,722
At 30 June 2021	8,228,348	597,176	147,515	25,501	72,041	9,070,581

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

16. Fixed asset investments

Group

	Unlisted investments £	Manuscripts and antiques £	Total £
Cost or valuation			
At 1 July 2021	267,488	98,580	366,068
Additions	1,188,948	-	1,188,948
Disposals	-	(671)	(671)
At 30 June 2022	1,456,436	97,909	1,554,345
Net book value			
At 30 June 2022	1,456,436	97,909	1,554,345
At 30 June 2021	267,488	98,580	366,068

The unlisted investments include investments in Half Brother Capital Limited, Adjuvo Limited, Viz.ai Inc and PsiQuantum Corp.

Due to the size and nature of the shareholdings, Hakluyt does not have significant influence over any of its unlisted investments.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Manuscripts and antiques £	Total £
Cost or valuation				
At 1 July 2021	1,306,156	267,488	97,909	1,671,553
Additions	56,757	1,188,948	-	1,245,705
At 30 June 2022	<u>1,362,913</u>	<u>1,456,436</u>	<u>97,909</u>	<u>2,917,258</u>
Net book value				
At 30 June 2022	<u>1,362,913</u>	<u>1,456,436</u>	<u>97,909</u>	<u>2,917,258</u>
At 30 June 2021	<u>1,306,156</u>	<u>267,488</u>	<u>97,909</u>	<u>1,671,553</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

16. Fixed asset investments (continued)

Investments in direct subsidiaries during the year consisted of 100% of the issued share capital of Hakluyt & Company (Asia) Pte. Limited, Hakluyt & Company (North America) Limited, Hakluyt & Company (Germany) GmbH, Hakluyt & Company Japan K.K, Hakluyt & Company (Canada) Limited, Hakluyt & Company Middle East FZE, Hakluyt India Strategic Advisory Services Private Limited, Hakluyt Capital GP Limited (formerly Voyager Business Consulting) Limited, Holdingham Group Limited, Pelorus Research Limited and Hakluyt Capital Limited (formerly Hakluyt Cyber Limited).

Investments in indirect subsidiaries during the year consisted of 100% of the issued share capital of Hakluyt & Company (Australia) Pty Limited and Hakluyt India LLP.

Hakluyt & Company (Asia) Pte. Limited is registered in Singapore and the address of the registered office is Reg. Office: 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore, 049315.

Hakluyt & Company (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.

Hakluyt & Company 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.

Hakluyt & Company (Australia) Pty Limited is registered in Australia and the address of the registered office is Level 11, 1 Margaret Street, Sydney, NSW 2000.

Hakluyt India LLP is registered in India and the address of the registered office is A-501L, Jaswanti Allied Business Centre, Kanch Pada, Ramchandra Lane Extension Road, Malad (West), Mumbai - 400 064.

Hakluyt Capital GP Limited (formerly Voyager Business Consulting), Holdingham Group Limited (formerly Hakluyt & Company Limited), Pelorus Research Limited and Hakluyt Capital Limited (formerly 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.

Hakluyt & Company (Germany) GmbH is registered in Germany and the address of the registered office is Friedrichstraße 63, 60323 Frankfurt am Main.

Hakluyt & Company (Canada) Limited is registered in Canada and the address of the registered office is c/o 1100-1055 West Georgia Street, Vancouver, British Columbia V6E 3P3.

Hakluyt & Company Middle East FZE is registered in Dubai and the address of the registered office is Office 445, Level 3, One Central, Dubai World Trade Centre, Dubai, UAE.

Hakluyt India Strategic Advisory Services Private Limited is registered in India and the address of the registered office is A-501L, Jaswanti Allied Business Centre, Kanch Pada, Ramchandra Lane Extension Road, Malad (West), Mumbai - 400 064.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	37,696,697	19,226,994	18,287,262	10,585,072
Amounts owed by group undertakings	-	-	10,524,715	7,117,178
Other debtors	1,246,578	601,736	495,081	38,842
Prepayments and accrued income	7,406,740	4,844,300	4,283,353	2,547,314
Corporation tax repayable	4,026,647	1,046,233	2,546,116	784,717
	<u>50,376,662</u>	<u>25,719,263</u>	<u>36,136,527</u>	<u>21,073,123</u>

All debtors are due within one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	18,147,752	22,149,393	4,068,858	7,427,134
Less: bank overdrafts	(8,119,621)	(9,356,352)	(8,113,686)	(9,356,352)
	<u>10,028,131</u>	<u>12,793,041</u>	<u>(4,044,828)</u>	<u>(1,929,218)</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	8,119,621	9,356,352	8,113,686	9,356,352
Trade creditors	1,575,136	2,161,434	1,304,445	2,027,314
Amounts owed to group undertakings	-	-	15,390,764	10,496,085
Corporation tax	400,843	1,373,296	-	-
Other taxation and social security	1,988,459	972,393	1,121,818	936,097
Other creditors	3,500,377	5,401,363	3,211,641	5,493,627
Accruals and deferred income	37,087,819	22,852,482	21,698,963	14,569,850
	<u>52,672,255</u>	<u>42,117,320</u>	<u>50,841,317</u>	<u>42,879,325</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The bank overdraft is part of a £20m revolving facility with Lloyds Bank plc which carried interest at 1.8% over LIBOR and is secured by a fixed and floating charge over the assets of the company ran until August 2022. This has been extended and then replaced in November 2022 by a new £27.5m revolving facility with the same bank lasting for a period of 3 years with an interest rate of 1.25% over SONIA and is secured by a fixed and floating charge over the assets of the company. Post year end, the Group drew down £17m of the available facility.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Preference share capital - authorised, issued and fully paid *	<u>39,406</u>	<u>39,406</u>	<u>39,406</u>	<u>39,406</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 £49 per share for shares issued in the year ended 30 June 2011, £64 per share for shares issued in the year ended 30 June 2012, £82 per share for shares issued in the year ended 30 June 2013, £95 per share for shares issued in the year ended 30 June 2014, £126 per share for shares issued in the year ended 30 June 2015 and £155 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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

21. Financial Instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	58,249,016	43,370,959	33,583,223	25,501,982
Financial liabilities				
Financial liabilities measured at amortised cost	(44,137,543)	(35,593,243)	(47,695,236)	(40,223,579)

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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

22. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	(849,080)	278,889
Charged to profit or loss	(7,333)	(392,974)
Deferred tax in relation to leasehold property	(86,250)	(737,826)
Foreign exchange movement	(1,235)	2,831
At end of year	(943,898)	(849,080)

Company

	2022 £	2021 £
At beginning of year	(1,175,139)	(615,433)
Charged to profit or loss	(501,426)	(482,040)
Deferred tax in relation to leasehold property	(86,250)	(77,666)
At end of year	(1,762,815)	(1,175,139)

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Fixed asset timing differences	(1,207,472)	(431,004)	(1,151,125)	(370,186)
Short term timing differences	493,840	552,747	445,383	165,870
Capital gains	(1,057,073)	(970,823)	(1,057,073)	(970,823)
Tax losses carried forward	826,807	-	-	-
	(943,898)	(849,080)	(1,762,815)	(1,175,139)

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
29,500,000 (2021 - 29,500,000) Ordinary shares of £0.001 each (2021 - £0.001 each)	29,500	29,500

24. Employee Benefit Trust (Group and Company)

	2022 £	2021 £
Own shares - Employee Benefit Trust	83,730,961	78,138,638

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 1,773,033 (2021 – 4,902,831) shares in the company and distributed 829,707 (2021 – 930,952) shares to employees. At 30 June 2022 the Trust held 19,387,505 ordinary shares of £0.001 each and 394,060 preference shares of £0.001 each (2021 – 18,444,179 ordinary shares and 394,060 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. On 26 July 2022, the Trust converted 19,000,000 ordinary shares of £0.001 each into preference shares of £0.001 each.

25. Reserves

Share premium

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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

26. Equity settled share based payment transactions

Certain key individuals hold options to subscribe for shares in the company at prices ranging from £0.49 to £2.71 under unapproved share options granted up until 30 June 2022.

Details of the option plan are as follows:

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	0.95	104,800	0.95	104,800
Granted during the year	0.20	372,269	-	606,400
Forfeited during the year	-	-	-	-
Exercised during the year	0.13	(378,669)	-	(606,400)
Outstanding at the end of the year	1.27	98,400	0.95	104,800
Exercisable at the end of the year	-	-	0.49	51,000

The share option charge in relation to the 372,269 (2021: 606,400) is recorded in the preceding year as this is the date that the options are deemed to be granted to employees, with the figures in the table above the date of the legal paperwork being issued.

The weighted average remaining contractual life of share options outstanding at 30 June 2022 was 1.6 years (2021 – 2.1 years).

The remaining options outstanding at 30 June 2022 are shown below:

2022	2021	Option exercise price	Date granted	Option exercise period
51,000	51,000	£0.49	December 2010	December 2010 - December 2023
19,800	39,600	£1.26	June 2017	June 2017 - December 2022
-	14,200	£1.76	June 2017	June 2017 - December 2023
9,200	-	£2.71	November 2018	November 2018 - December 2024
9,200	-	£2.71	January 2019	January 2019 - December 2024
9,200	-	£2.71	June 2019	June 2019 - December 2024
98,400	104,800			

The options granted in both years to 30 June 2022 and 30 June 2021 have an immaterial value and no charge has been recorded in the financial statements in relation to these.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

27. 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 £1,236,992 (2021 - £882,700). At 30 June 2022 pension contributions of £60,691 were outstanding (2021 - £26,862).

28. Commitments under operating leases

At 30 June 2022 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than one year	1,902,525	1,788,974	758,825	758,825
Later than one year and not later than five years	3,588,463	4,151,666	1,849,374	2,584,199
Later than five years	2,474,267	2,474,267	2,474,267	2,474,267
	<u>7,965,255</u>	<u>8,414,907</u>	<u>5,082,466</u>	<u>5,817,291</u>

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, India, Australia and the USA.

29. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1 A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the Group.

30. Post balance sheet events

The credit facility with Lloyds Bank plc, which ran until August 2022, has been replaced with a £27.5m revolving facility during November 2022 lasting for a 3 year period with the same bank (see note 19).

On 26 July 2022, The Employee Benefit Trust converted 19,000,000 ordinary shares of £0.001 each into preference shares of £0.001 each (see note 24).

31. Controlling party

There is no ultimate controlling party. The ultimate parent company is Hakluyt & Company Limited.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

32. Analysis of net debt

	At 1 July 2021 £	Cash flows £	Foreign exchange movement £	At 30 June 2022 £
Cash at bank and in hand	22,149,393	(4,929,913)	928,272	18,147,752
Bank overdrafts	(9,356,352)	1,236,731	-	(8,119,621)
	<u>12,793,041</u>	<u>(3,693,182)</u>	<u>928,272</u>	<u>10,028,131</u>