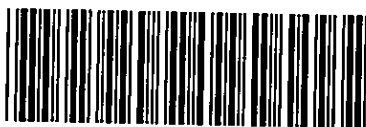


?WHAT IF! HOLDINGS LIMITED

Annual Report

For the year ended 31 December 2011

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COMPANIES HOUSE

Company Registration No 03745474 (England And Wales)

?WHAT IFI HOLDINGS LIMITED

DIRECTORS AND ADVISERS

Directors

D Allan
M Kingdon
S Pajwani
R Price

Secretary

J Hoare

Company number

03745474

Registered office

5th Floor
89 New Bond Street
London
W1S 1DA

Registered auditors

Kingston Smith LLP
141 Wardour Street
London
W1F 0UT

Bankers

HSBC Bank Plc
Commercial Centre
465 Bethnal Green Road
London
E2 9QW

WHAT IF! HOLDINGS LIMITED

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?WHAT IF! HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Directors

The following directors have held office since 1 January 2011

D Allan
M Kingdon
S Pajwani
R Price

Principal activities and review of the business

The principal activity of the business continues to be that of innovating brands, products and services, transforming clients' innovation capability, and resolving clients' strategic innovation challenges

Turnover for the year was £29.4 million, (2010 £24.4 million)

Operating profit for the year was £1.1 million (2010 £1.5 million)

During the year the Group invested heavily in strengthening its management team and commercial systems

Principal risks, uncertainties and financial instruments

The directors consider that the business is exposed to credit risk and, more significantly, credit delinquency since the majority of the company's revenues are derived from FTSE companies where there has been increasing pressure to extend payment terms

In addition, exchange fluctuations continue to pose a risk and the directors have implemented a hedging facility to reduce exposure

The company has no debt

The company monitors cash flows as part of its day to day control procedures. The Board considers cashflow projections on a regular basis and ensures appropriate facilities are drawn upon as appropriate

Key performance indicators (KPIs)

Our financial KPIs are turnover, operating margin and earnings before interest, tax, depreciation and amortisation (EBITDA), the latter being the best indicator of cash generation

The Board considers the results acceptable, given the prevailing economic conditions, and is confident that the company is optimally positioned to enjoy strong and sustainable growth

Other KPIs include reporting on the number of briefs, the ratio of successful conversion and the lead time from receiving a brief to starting work. The Board considers this information to be commercially sensitive but continues to believe that the Group performs above industry norms

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

?WHAT IF! HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Future developments

The Board has approved one principal investment in 2011, being the implementation of a new integrated business system to support greater integration across its business, including group companies, as well as enhance commercial focus across the organisation and provide the further foundation for ambitious growth plans

In order to respond to the current economic turmoil as well as the emergence of new thinking and attitudes amongst both businesses and consumers the directors continue to focus on the development of intellectual property, new products and services, which will be launched over the next 2 years

The Board also considers organisational innovation and business strategy to be two key areas of focus in 2011 and beyond

Purchase of own shares

During the year, 72,000 Ordinary shares of 0 10p each were repurchased by the company from individuals ceasing to be employed by the company, for a total consideration of £360,000

Auditors

In accordance with the company's articles, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put at a General Meeting

?WHAT IF! HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

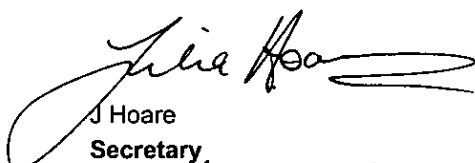
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,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

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

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board


J Hoare
Secretary
22 August 2012

?WHAT IF! HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ?WHAT IF! HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of ?What If! Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

?WHAT IF! HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ?WHAT IF! HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Ian Graham (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

31/8/12

Chartered Accountants
Statutory Auditor

141 Wardour Street
London
W1F 0UT

WHAT IF! HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	29,380,547	24,365,692
Cost of sales		(10,703,366)	(8,319,716)
Gross profit		18,677,181	16,045,976
Administrative expenses		(17,664,475)	(14,788,307)
Other operating income		50,474	219,344
Operating profit	3	1,063,180	1,477,013
Profit loss on sale of subsidiary		(641)	-
Profit on ordinary activities before interest		1,062,539	1,477,013
Other interest receivable and similar income		9,860	28,156
Interest payable and similar charges	4	(1,754)	(52,743)
Profit on ordinary activities before taxation		1,070,645	1,452,426
Tax on profit on ordinary activities	5	(368,322)	(652,867)
Profit on ordinary activities after taxation		702,323	799,559

The profit and loss account has been prepared on the basis that all operations are continuing operations

WHAT IF! HOLDINGS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
Profit for the financial year	702,323	799,559
Currency translation differences on foreign currency net investments	47,454	39,263
Total recognised gains and losses relating to the year	<u>749,777</u>	<u>838,822</u>

?WHAT IF1 HOLDINGS LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Intangible assets	7	1,401,554	1,596,473	378,331	441,386
Tangible assets	8	1,172,068	1,271,007	-	-
Investments	9	73,923	74,564	2,919,488	2,920,129
		<u>2,647,545</u>	<u>2,942,044</u>	<u>3,297,819</u>	<u>3,361,515</u>
Current assets					
Stocks	10	250,986	446,554	-	-
Debtors	11	9,972,617	8,080,414	150,655	-
Deferred tax asset	11	180,664	129,963	-	-
Cash at bank and in hand		2,294,315	3,805,563	44,842	86,950
		<u>12,698,582</u>	<u>12,462,494</u>	<u>195,497</u>	<u>86,950</u>
Creditors amounts falling due within one year	12	<u>(5,967,418)</u>	<u>(6,510,996)</u>	<u>(1,996,658)</u>	<u>(1,066,948)</u>
Net current assets		<u>6,731,164</u>	<u>5,951,498</u>	<u>(1,801,161)</u>	<u>(979,998)</u>
Total assets less current liabilities		<u>9,378,709</u>	<u>8,893,542</u>	<u>1,496,658</u>	<u>2,381,517</u>
Creditors amounts falling due after more than one year	13	<u>(377,489)</u>	<u>(441,686)</u>	<u>-</u>	<u>-</u>
Provisions for liabilities	14	<u>(131,000)</u>	<u>(106,000)</u>	<u>-</u>	<u>-</u>
		<u>8,870,220</u>	<u>8,345,856</u>	<u>1,496,658</u>	<u>2,381,517</u>
Capital and reserves					
Called up share capital	16	2,420	2,492	2,420	2,492
Share premium account	17	-	3,083,233	-	3,083,233
Other reserves	17	42,081	(140,032)	(664,594)	(664,666)
Profit and loss account	17	8,825,719	5,400,163	2,158,832	(39,542)
Shareholders' funds	18	<u>8,870,220</u>	<u>8,345,856</u>	<u>1,496,658</u>	<u>2,381,517</u>

Approved by the Board and authorised for issue on

22 August 2012



M Kingdon
Director

Company Registration No 03745474

WHAT IF! HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
£	£	£
Net cash outflow from operating activities	(67,555)	1,488,311
Returns on investments and servicing of finance		
Interest received	9,860	28,156
Interest paid	(1,754)	(52,743)
Net cash (outflow)/inflow for returns on investments and servicing of finance	8,106	(24,587)
Taxation	(729,897)	(305,438)
Capital expenditure and financial investment		
Payments to acquire intangible assets	-	(135,000)
Payments to acquire tangible assets	(324,908)	(575,666)
Net cash inflow for capital expenditure	(324,908)	(710,666)
Acquisitions and disposals		
Net cash inflow/(outflow) for acquisitions and disposals	-	-
Net cash outflow before management of liquid resources and financing	(1,114,254)	447,620
Financing		
Purchase of own shares	(360,000)	(62,137)
Movement of US creditor	(64,710)	-
Net cash outflow from financing	(424,710)	(62,137)
Increase/(decrease) in cash in the year	(1,538,964)	385,483

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2011	2010
		£	£
	Operating profit	1,063,180	1,477,013
	Depreciation of tangible assets	430,076	228,097
	Amortisation of intangible assets	194,919	186,732
	Profit/(loss) on disposal of tangible assets	(707)	386
	Decrease/(increase) in stocks	198,366	(306,232)
	Increase in debtors	(1,782,761)	(912,065)
	(Decrease)/Increase in creditors within one year	(330,215)	700,976
	Net effect of foreign exchange differences	-	14,909
	Impairment of fixed asset investments	-	10,525
	Movement in provisions and long term creditors	25,000	(79,110)
	Share scheme charge	134,587	167,080
	Net cash (outflow)/inflow from operating activities	(67,555)	1,488,311

2	Analysis of net funds	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	3,805,563	(1,538,964)	27,716	2,294,315
	Debts falling due after one year	(441,686)	64,710	513	(377,489)
	Net funds	3,363,877	(1,474,254)	27,203	1,916,826

3	Reconciliation of net cash flow to movement in net debt	2011	2010
		£	£
	(Decrease)/increase in cash in the year	(1,538,964)	370,574
	Cash outflow from decrease in debt	64,710	185,110
	Net effect of foreign exchange differences	27,203	14,909
	Movement in net funds in the year	(1,447,051)	570,593
	Opening net funds	3,363,877	2,793,284
	Closing net funds	1,916,826	3,363,877

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. For associated companies and participating interests, where significant influence is exercised, the interests are accounted for using the equity method. Where significant influence is not exercised, the investments are shown at cost less any provision for impairment.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of between 8 and 10 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	25% straight line
Plant and machinery	25% straight line
Computer equipment	33 3% - 50% straight line
Fixtures, fittings & equipment	20% to 33 3% straight line

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Income received in respect of office space rented by the group under operating leases and sub-let to 3rd parties has been credited to the profit and loss account on a straight-line basis over the length of the sub-lease. Any premium or discount on the granting of a sub-lease is spread over the life of the lease on a straight-line basis.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1 10 Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

1 11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1 13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account. The profit and loss accounts of overseas subsidiary undertakings are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of recognised gains and losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1 14 Employee benefit trust

In accordance with UITF 32 - Employee Benefit Trusts and Other Intermediate Payment Arrangements, the company includes the assets and liabilities of that trust within its balance sheet. In the event of the winding up of the company, neither the shareholders nor the creditors of the company would be entitled to the assets of the employee benefit trust.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

2 Turnover

The total turnover of the group for the year has been derived from its principal activity

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover, profit before taxation and net assets is set out as below

Turnover

	2011 Sales by origin £	2010 Sales by origin £
Geographical segment		
United Kingdom	14,255,349	14,405,740
North America	11,583,487	7,636,752
Asia	3,541,711	2,323,200
	<u>29,380,547</u>	<u>24,365,692</u>

Profit before taxation

	2011 £	2010 £
Geographical segment		
United Kingdom	(1,984)	(1,661)
North America	828,921	1,226,311
Asia	243,710	227,776
	<u>(1,070,647)</u>	<u>(1,452,426)</u>

Net assets

	2011 £	2010 £
Geographical segment		
United Kingdom	4,411,435	4,620,168
North America	3,249,014	2,741,760
Asia	1,209,771	983,928
	<u>8,870,220</u>	<u>8,345,856</u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	194,919	186,732
	Depreciation of tangible assets	410,417	228,097
	Loss on disposal of tangible assets	-	386
	Operating lease rentals	1,241,888	1,223,614
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £10,000, 2010 £5,029)	55,700	35,966
	Fees payable to the group's auditor for preparation of consolidated accounts	9,000	10,000
	Fees payable to the group's auditor for preparation of tax computations	-	-
	and after crediting		
	Rents receivable	50,474	142,872
	Profit on disposal of tangible assets	(3,633)	-
	Profit on foreign exchange transactions	(100,205)	(71,789)
		<u>1,754</u>	<u>52,743</u>
4	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	-	14,227
	On other loans wholly repayable within five years	1,754	6,837
	Other interest	-	31,679
		<u>1,754</u>	<u>52,743</u>

?WHAT IFI HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

5 Taxation	2011	2010
	£	£
Domestic current year tax		
Adjustment for prior years	(776)	-
Foreign corporation tax		
Foreign corporation tax	413,128	622,987
Adjustment for prior years	5,251	(1,434)
	<u>418,379</u>	<u>621,553</u>
Total current tax	417,603	621,553
Deferred tax		
Deferred tax charge/(credit) current year	(49,281)	31,314
	<u>368,322</u>	<u>652,867</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,070,645</u>	<u>1,452,426</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	<u>283,721</u>	<u>406,679</u>
Effects of		
Non deductible expenses	40,270	93,539
Capital allowances in excess of depreciation	76,337	(20,443)
Losses utilised	(58,909)	(58,050)
Foreign tax adjustments	123,356	230,711
Adjustments to previous periods	(776)	(1,434)
Chargeable disposals	(963)	108
Other tax adjustments	(45,433)	(29,557)
	<u>133,882</u>	<u>214,874</u>
Current tax charge for the year	<u>417,603</u>	<u>621,553</u>

6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2011	2010
	£	£
Holding company's loss for the financial year	<u>(524,859)</u>	<u>(350,256)</u>

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7 Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 January 2011 & at 31 December 2011	3,157,089
Amortisation	
At 1 January 2011	1,560,616
Charge for the year	194,919
At 31 December 2011	1,755,535
Net book value	
At 31 December 2011	1,401,554
At 31 December 2010	1,596,473

Intangible fixed assets (continued)

Company

	Goodwill £
Cost	
At 1 January 2011 & at 31 December 2011	550,846
Amortisation	
At 1 January 2011	109,460
Charge for the year	63,055
At 31 December 2011	172,515
Net book value	
At 31 December 2011	378,331
At 31 December 2010	441,386

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

8 Tangible fixed assets Group

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2011	1,166,211	1,301,449	182,071	2,649,731
Exchange differences	2,297	10,704	-	13,001
Additions	45,079	278,329	1,500	324,908
Disposals	-	(837,094)	(34,028)	(871,122)
At 31 December 2011	1,213,587	753,388	149,543	2,116,518
Depreciation				
At 1 January 2011	167,149	1,065,198	146,377	1,378,724
Exchange differences	3,170	4,309	-	7,479
On disposals	-	(837,800)	(34,029)	(871,829)
Charge for the year	264,528	144,809	20,739	430,076
At 31 December 2011	434,847	376,516	133,087	944,450
Net book value				
At 31 December 2011	778,740	376,872	16,456	1,172,068
At 31 December 2010	999,062	236,251	35,694	1,271,007

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Fixed asset investments Group

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 2011	36,123	49,314	85,437
Disposals	(10,525)	(641)	(11,166)
At 31 December 2011	25,598	48,673	74,271
Provisions for diminution in value			
At 1 January 2011	10,873	-	10,873
On disposals	(10,525)	-	(10,525)
At 31 December 2011	348	-	348
Net book value			
At 31 December 2011	25,250	48,673	73,923
At 31 December 2010	25,250	49,314	74,564

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Company

	Shares in group undertakings £
Cost	
At 1 January 2011	2,920,129
Reclassification to goodwill	(641)
At 31 December 2011	2,919,488
Net book value	
At 31 December 2011	2,919,488
At 31 December 2010	2,920,129

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

WHAT IFI HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Fixed asset investments

(continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held		
		Class	%	Principal activity
Subsidiary undertakings				
What Ifi Limited	England & Wales	Ordinary	100	Innovation
What Ifi Training Limited*	England & Wales	Ordinary	100	Dormant
What Ifi Inventors Limited*	England & Wales	Ordinary	100	Dormant
What Ifi USA Inc	USA	Ordinary	100	Innovation
What Ifi Ventures Limited	England & Wales	Ordinary	100	Dormant
What Ifi Joint Ventures Limited	England & Wales	Ordinary	100	Innovation
What Ifi China Holdings Limited	England & Wales	Ordinary	100	Holding company
What Ifi (Shanghai) Co Ltd+	China	Ordinary	100	Innovation
Nobby Styles Limited	England & Wales	Ordinary	100	Dormant
Dr Greenfingers (Holdings) Ltd	England & Wales	Ordinary	100	Holding company
What Ifi (Hong Kong) Co Limited	Hong Kong	Ordinary	100	Innovation
What Ifi Singapore	Singapore	Ordinary	100	Innovation
Participating interests				
Impact Innovation Limited	England & Wales	Ordinary	25	Innovation
Other significant interests				
Living Time Limited	England & Wales	Ordinary	1	
Octopus Limited	England & Wales	Ordinary	3	

* owned via What Ifi Limited

+ owned via What Ifi Singapore

The results for Impact Innovation Limited to 31 December 2011 were not available at the date of approval of these accounts. Shareholders funds for Impact Innovation Limited as at 31 December 2010 amounted to £159,772 and a profit after taxation of £4,400

All of the above subsidiaries are included in the consolidated accounts because What Ifi Holdings Limited owns 100% of the share capital and controls 100% of the voting rights

10 Work in progress

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Work in progress	250,986	446,554	-	-

WHAT IF1 HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

11 Debtors

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade debtors	7,590,183	5,841,893	-	-
Amounts owed by group undertakings	-	-	150,655	-
Corporation tax	240,475	209,924	-	-
Other debtors	1,655,751	1,577,676	-	-
Prepayments and accrued income	486,208	450,921	-	-
Deferred tax asset (see note 14)	180,664	129,963	-	-
	<u>10,153,281</u>	<u>8,210,377</u>	<u>150,655</u>	<u>-</u>

Amounts falling due after more than one year and included in the debtors above are

	2011 £	2010 £	2011 £	2010 £
Other debtors	<u>727,495</u>	<u>723,046</u>	<u>-</u>	<u>-</u>

Included in the above is a rent deposit, £90,083 over which the company has granted a fixed charge in favour of Howard de Walden Estates

12 Creditors amounts falling due within one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade creditors	1,455,213	1,371,852	-	-
Amounts owed to group undertakings	-	-	1,767,349	856,822
Corporation tax	117,481	397,804	-	-
Other taxes and social security costs	795,680	581,247	-	-
Other creditors	353,457	458,703	161,847	161,847
Accruals and deferred income	3,245,587	3,701,390	67,462	48,279
	<u>5,967,418</u>	<u>6,510,996</u>	<u>1,996,658</u>	<u>1,066,948</u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

13 Creditors . amounts falling due after more than one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Other loans	377,489	441,686	-	-
In more than one year but not more than two years	64,713	64,637	-	-
In more than two years but not more than five years	194,137	193,911	-	-
In more than five years	118,639	183,138	-	-

Amounts due after five years represent an interest free loan from one of the group's landlords. The balance is being repaid at a rate of \$100,000 USD per annum.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

14 Provisions for liabilities

Group

	Other £
Balance at 1 January 2011	106,000
Profit and loss account	25,000
	<u>131,000</u>
Balance at 31 December 2011	<u>131,000</u>

£106,000 of the provision relates to amounts payable to suppliers, with part being dependent upon the performance of the group. There are no indications that the amounts will not be payable in full and accordingly the full amount has been provided for. The remaining £25,000 relates to a provision for dilapidations on the lease on the office building. This is being recognised on a straight line basis over the remaining life of the lease.

The deferred tax asset (included in debtors, note 11) is made up as follows

	Group 2011 £	Company 2011 £
Balance at 1 January 2011	(129,963)	-
Profit and loss account	(50,701)	-
	<u>(180,664)</u>	<u>-</u>
Balance at 31 December 2011	<u>(180,664)</u>	<u>-</u>

	Group 2011 £	2010 £	Company 2011 £	2010 £
Decelerated capital allowances	(180,664)	(129,963)	-	-

15 Pension and other post-retirement benefit commitments

Defined contribution

	2011 £	2010 £
Contributions payable by the group for the year	<u>401,971</u>	<u>366,912</u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

16 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
2,420,763 Ordinary shares (2010 2,492,763) of 0 1p each	2,420	2,492

During the year 72,000 Ordinary shares of 0 10p each were repurchased by the company from individuals ceasing to be employed by the company for a total consideration of £360,000

Share options

Certain employees from the subsidiary undertakings and the Company hold options to subscribe for shares in the Company at prices ranging from £0 92 to £5 00. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below

Date of grant	Number of shares				Exercise period	Exercise price (p)
	1 Jan 2011	Issued in the year	Lapsed in the year	31 Dec 2011		
01/04/05	20,000	-	(20,000)	-	3 years	120
04/01/06	8,000	-	-	8,000	3 years	120
04/01/06	30,000	-	(30,000)	-	3 years	334
24/04/06	62,000	-	(55,000)	7,000	2 5 years	334
01/10/07	163,000	-	(139,000)	24,000	5 years	469
23/02/09	129,032	-	-	129,032	5 years	92
10/03/09	74,000	-	(20,000)	54,000	5 years	120
10/03/09	15,000	-	(8,000)	7,000	5 years	469
10/03/09	15,000	-	(15,000)	-	5 years	500
19/01/10	16,000	-	-	16,000	5 years	121
19/01/10	130,000	-	-	130,000	5 years	162
19/01/10	20,000	-	-	20,000	5 years	469
19/01/10	8,000	-	-	8,000	5 years	500
10/03/10	135,000	-	-	135,000	5 years	121
11/04/11	-	75,000	-	75,000	5 years	391
11/04/11	-	75,000	-	75,000	5 years	391
	<u>825,032</u>	<u>150,000</u>	<u>(287,000)</u>	<u>688,032</u>		

The charge to the profit and loss account in 2011 was £134,587 (2010 £167,080). The fair value has been calculated using the Black Scholes option pricing model. In respect of options granted in 2011 the inputs into the model were as follows

	2011
Weighted average share price	271p
Exercise price	92p-500p
Expected volatility	35 00%
Expected life	5 years
Risk free rate	2 81%
Expected dividend yield	1 00%

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

16 Share capital

(continued)

Expected volatility was determined with reference to the total value of equity per internal market calculations. The expected life used in the model has been calculated, based on management's best estimate, for the effects of non-transferability and behavioural considerations. The weighted average remaining contractual life of the share options outstanding at the end of the period is five years. The weighted average fair value at measurement date for the options granted during the year was £0.2457. There are no market based conditions included in the valuation.

In addition to the above an employee of ?What If! USA Limited has been granted options over 20 shares (representing 3% of the issued share capital of the company). These options will vest if certain conditions relating to the performance of the company are met. The options are exercisable at a price of US\$0.01 per share.

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

17 Statement of movements on reserves Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	3,083,233	(140,032)	5,400,163
Profit for the year	-	-	702,323
Purchase of own shares	-	-	(360,000)
Foreign currency translation differences	-	47,454	-
Cancellation of share premium	(3,083,233)	-	3,083,233
Movement during the year	-	134,659	-
Balance at 31 December 2011	-	42,081	8,825,719
Other reserves			
Capital redemption reserve			
Balance at 1 January 2011		794	
Capital redemption reserve increase		72	
Balance at 31 December 2011		866	
Reserves for own shares			
Balance at 1 January 2011 & at 31 December 2011		(693,460)	
Share option reserve			
Balance at 1 January 2011		279,781	
Share scheme charge		134,587	
Balance at 31 December 2011		414,368	
Foreign exchange reserve			
Balance at 1 January 2011		272,853	
Currency translation reserve increase		47,454	
Balance at 31 December 2011		320,307	

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?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

(continued)

Company

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	3,083,233	(664,666)	(39,542)
Loss for the year	-	-	(524,859)
Purchase of own shares	-	-	(360,000)
Cancellation of share premium	(3,083,233)	-	3,083,233
Movement during the year	-	72	-
Balance at 31 December 2011	-	(664,594)	2,158,832

Other reserves

Capital redemption reserve

Balance at 1 January 2011	794
Capital redemption reserve increase	72
Balance at 31 December 2011	866

Reserves for own shares

Balance at 1 January 2011 & at 31 December 2011	(693,460)
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Reserves provided for by the Articles of Association

Balance at 1 January 2011 & at 31 December 2011	28,000
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?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

18 Reconciliation of movements in shareholders' funds	2011	2010
Group	£	£
Profit for the financial year	702,323	799,559
Other recognised gains and losses	47,454	39,263
Purchase of own shares	(360,000)	(62,137)
Share option scheme charge	134,587	167,080
	<hr/>	<hr/>
Net addition to shareholders' funds	524,364	943,765
Opening shareholders' funds	8,345,856	7,402,091
	<hr/>	<hr/>
Closing shareholders' funds	<u>8,870,220</u>	<u>8,345,856</u>
	2011	2010
Company	£	£
Loss for the financial year	(524,859)	(350,256)
Purchase of own shares	(360,000)	(62,137)
Opening shareholders' funds	2,381,517	2,793,910
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,496,658</u>	<u>2,381,517</u>

19 Contingent liabilities

Group

The group has given a cross guarantee to HSBC Plc on facilities provided to three companies within the group. The group's indebtedness to its bankers under this arrangement as at 31 December 2011 amounted to £nil (2010: £nil).

The company has a debenture in respect of HSBC Plc, which is secured by a fixed and floating charge over the assets of the company.

WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

20 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011	2010
	£	£
Expiry date		
Within one year	67,661	14,499
Between two and five years	643,469	685,490
In over five years	457,215	457,215
	<u>1,168,345</u>	<u>1,157,204</u>

21 Capital commitments

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Authorised but not contracted for	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

22 Directors' remuneration

	2011	2010
	£	£
Remuneration	962,205	1,003,765
Pension costs	41,457	36,035
	<u>1,003,662</u>	<u>1,039,800</u>

Remuneration disclosed above (excluding pension contributions) include amounts paid to

The highest paid director	<u>259,080</u>	<u>276,137</u>
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Pension costs disclosed above include amounts relating to

The highest paid director	<u>14,429</u>	<u>12,716</u>
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During the year 1 (2010 - 2) directors of the company were granted share options Full details in note 16

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2010 - 3)

?WHAT IFI HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Administration	62	53
Sales	157	139
	<u>219</u>	<u>192</u>

Employment costs

	2011 £	2010 £
Wages and salaries	14,055,074	11,850,653
Social security costs	1,357,510	1,130,265
Other pension costs	401,971	366,912
Costs of share option scheme	134,587	167,080
	<u>15,949,142</u>	<u>13,514,910</u>

24 Control

The company was not controlled by one single party throughout the year

25 Related party transactions

Other related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking

Included within other creditors are amounts totalling £nil (2010 1,663) due from Living Time Limited and included within debtors are amounts totalling £850,494 (2010 £804,392) due from Byotrol Consumer Products Limited. During the year sales were made to Byotrol Consumer Products Limited totalling £165,584 (2010 £145,301). Both companies have a common director, Mr D Allan, with this company. There were balances due from two of the directors of the company at the year end. The balance outstanding to D Allan was £385 (2010 £121) and the balance outstanding to M Kingdon was £899 (2010 £nil). No amounts have been provided for in respect of these balances and they are all receivable in full.