Company No 3481321

HAKLUYT & COMPANY LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 30 June 2007

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HAKLUYT & COMPANY LIMITED

COMPANY INFORMATION

Directors
Sir William Purves
Mark Getty
Keith Craig
Robert Webb QC
Sir Kieran Prendergast

Secretary
Susan Stafford

Registered Office
34 Upper Brook Street
London
W1K 7QS

Bankers
Coutts & Co
440 Strand
London
WC2R 0QS

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

Solicitors
Speechly Bircham
6 St Andrew Street
London
EC4 3LX

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 30 June 2007

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

Review of activities
The company made further good progress in the year under review Turnover and profit after tax increased by significantly more than the expected single figure percentages, rising by 27% and 29% to £15 8m and £2 4m respectively Results were assisted by a strong first year for the new Intelligence-Based Consulting division

Reflecting the increased profits, total dividends of £1 90 per share were paid, up from £1 50 last year Net assets of the company increased to £4 9m from £2 5m last year, and the directors feel the balance sheet now not only offers protection against a possible downturn, but also provides a solid platform to support future growth

On balance, the directors are cautious about results for the current year Further major investment in staff and IT systems will again increase the company's cost base considerably, and the economic climate is much more uncertain than in recent years While last year's similar expectations were exceeded, the Board has repeated its forecast for only a modest single figure percentage rise in turnover and profit this year

The Board continue to place great emphasis on risk management as an integral part of good corporate governance and they assess perceived risks on a regular basis These include strategic, financial and operational matters – for example, a major IT upgrade is currently underway and its implementation is being carefully monitored They also include other issues of vital importance to the company concerning reputation, conflicts of interest and compliance with applicable legal and regulatory requirements

Results and dividends
The group profit for the year after taxation was £2,390,794 (2006 £1,869,995 restated) The profit for the company for the year after taxation was £2,033,998 (2006 £1,869,995 restated) In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard 20 'Share-based payment (IFRS 2)' For the year ended 30 June 2007 the change in accounting policy has resulted in a net charge to the profit and loss account of £266,370 (2006 £86,658) At 30 June 2007 the liability recognised for share-based payments amounted to nil and the share options reserve amounted to £382,201

The directors do not recommend the payment of a final dividend (2006 £Nil)

Financial risk management objectives and policies
The company manages its cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business

Investment of cash surpluses are made through banks which must fulfil credit rating criteria approved by the Board

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

Directors
The directors of the company during the year were as follows

Sir William Purves
Mark Getty
Keith Craig
Robert Webb QC
Sir John Weston (retired 28 February 2007)
Rupert Huxter (retired 22 March 2007)
Sir Kieran Prendergast (appointed 1 March 2007)
Simon Ellis (appointed 20 October 2006, retired 22 March 2007)

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Disclosure of information to auditors
The directors confirm that

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Donations

	2007	2006
	£	£
During the year the company made the following contributions		
Charitable	15,000	24,350
	========	=======

Auditor
A resolution to re-appoint Chiene + Tait as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

Susan Stafford
Secretary

4. 10 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

HAKLUYT & COMPANY LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Hakluyt & Company Limited for the year ended 30 June 2007 set out on pages 6 to 21 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Chiene + Tait

CHIENE + TAIT
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL

9 October 2007

HAKLUYT & COMPANY LIMITED

CONSOLIDATED PROFIT and LOSS ACCOUNT

For the year ended 30 June 2007

	Notes	2007 £	2006 £
Turnover	2	15,823,366	12,473,865
Cost of sales		(3,308,723)	(2,821,866)
Gross profit		12,514,643	9,651,999
Administrative expenses		9,018,701	7,095,999
Group operating profit	3	3,495,942	2,556,000
Interest receivable		97,621	40,346
Interest payable and similar charges	6	-	(7,205)
Profit on ordinary activities before tax		3,593,563	2,589,141
Tax on profit on ordinary activities	7	(1,202,769)	(719,146)
Retained profit for the financial year		2,390,794	1,869,995

A statement of recognised gains and losses has not been prepared as all gains and losses are shown in the profit and loss account

There is not material difference between the profit on ordinary activities before taxation and the retained profit reported in the profit and loss accounts and the equivalent figures calculated on the historical cost basis

The notes on pages 10 to 21 form part of these financial statements

HAKLUYT & COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible fixed assets	9		2,200,739		1,941,551
Investments	10		75,297		78,567
			2,276,036		2,020,118
Current assets					
Stocks and work in progress	11	139,291		77,881	
Debtors amounts falling due within one year	12	4,476,518		3,820,180	
Cash at bank and in hand		4,347,691		1,643,979	
		8,963,500		5,542,040	
Creditors amounts falling due within one year	14	6,196,464		4,903,409	
Net current assets			2,767,036		638,631
Total assets less current liabilities			5,043,072		2,658,749
Creditors: amounts falling due after more than one year	15		3,500		51,817
			5,039,572		2,606,932
Provisions for liabilities					
Other provisions	17		160,232		67,385
			4,879,340		2,539,547
Capital and reserves					
Called-up equity share capital	20		451,107		184,737
Share Premium account	21		1,335,900		1,335,900
Capital Redemption Reserve	23		19,700		19,700
Profit and loss account	24		4,215,634		3,004,156
			6,022,341		4,544,493
Other reserves – Employee Benefit Trust	22		5,397		2,490
Own shares – Employee Benefit Trust	22		(1,148,398)		(2,007,436)
Shareholders' funds	25		4,879,340		2,539,547

Approved by the Board of Directors and signed on its behalf by

Director

Sir William Purves

4 October 2007

The notes on pages 10 to 21 form part of these financial statements

COMPANY BALANCE SHEET

As at 30 June 2007

	Notes	£	2007 £	£	Restated 2006 £
Fixed assets					
Tangible assets	9		2,200,739		1,941,551
Investments	10		75,298		78,568
			2,276,037		2,020,119
Current assets					
Stocks and work in progress	11	139,291		77,881	
Debtors amounts falling due within one year	12	4,476,518		3,820,180	
Cash at bank and in hand		4,347,691		1,643,979	
		8,963,500		5,542,040	
Creditors: amounts falling due within one year	14	6,553,261		4,903,410	
Net current assets			2,410,239		638,630
Total assets less current liabilities			4,686,276		2,658,749
Creditors: amounts falling due after more than one year	15		3,500		51,817
			4,682,776		2,606,932
Provisions for liabilities					
Other provisions	17		160,232		67,385
			4,522,544		2,539,547
Capital and reserves					
Called-up equity share capital	20		451,107		184,737
Share premium account	21		1,335,900		1,335,900
Capital Redemption Reserve	23		19,700		19,700
Profit and loss account	24		3,858,838		3,004,156
			5,665,545		4,544,493
Other reserves – Employee Benefit Trust	22		5,397		2,490
Own shares – Employee Benefit Trust	22		(1,148,398)		(2,007,436)
Shareholders' funds	25		4,522,544		2,539,547

Approved by the Board of Directors and signed on its behalf by

Director

Sir William Purves

4 October 2007

The notes on pages 10 to 21 form part of these financial statements

HAKLUYT & COMPANY LIMITED

CONSOLIDATED CASHFLOW STATEMENT

As at 30 June 2007

	Notes	£	2007 £	£	2006 £
Net cash inflow from operating activities	26		5,000,969		3,971,792
Returns on investments and Servicing of finance					
Interest received		94,937		38,787	
Interest paid		-		(7,205)	
Net cash inflow from returns on investments and servicing of finance			94,937		31,592
Taxation			(1,743,462)		(754,024)
Capital and expenditure and financial investment					
Payments to acquire tangible fixed assets		(331,361)		(110,407)	
Acquisition of investments		-		(1)	
Net cash outflow for capital expenditure and financial investment			(331,361)		(110,408)
Equity dividends paid			(1,179,316)		(911,414)
Cash inflow before financing			1,841,767		2,227,528
Financing					
Decrease/ (Increase) in loan to Employee Benefit Trust		861,945		(2,004,946)	
Net cash (outflow)/inflow from financing			861,945		(2,005,946)
Increase in cash	27		2,703,712		222,582

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 June 2007

1. Principal accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention

The Directors have voluntarily elected to prepare consolidated accounts which incorporate the results of the subsidiary undertaking Intelligence-Based Consulting Limited (formerly Latlong Limited)The company has not presented its own profit and loss account in accordance with the exemption afforded by s230

Changes in accounting policies
In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard 20 'Share-based payment (IFRS 2)' FRS 20 requires the recognition of equity-settled share-based payments at fair value at the date of the grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date Prior to the adoption of FRS 20, the company did not recognise the financial effect of share-based payments until such payments were settled

In accordance with the transitional provisions of FRS 20, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006

For year ended 30 June 2006, the change in accounting policy has resulted in a net decrease in the profit for the year of £86,658 The balance sheet at 30 June 2006 has been restated to reflect the recognition of a £nil liability for share-based payments and a share options reserve of £115,831

For the year ended 30 June 2007 the change in accounting policy has resulted in a net charge to the profit and loss account of £266,370 At 30 June 2007 there is a £nil liability recognised for share-based payments and the share options reserve amounted to £382,201

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

Tangible fixed assets
All fixed assets are initially recorded at cost

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

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

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

In accordance with Financial Reporting Standard 15 an impairment review under Financial Reporting Standard 11 is performed on this property The results of this review showed that the recoverable amount is in excess of the carrying amount, and accordingly in the directors' opinion no impairment exists at 30 June 2007

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

1. Principal accounting policies (Contd)

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

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

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

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

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

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

Share-based payments
The company issues share options to certain employees In accordance with FRS20 the company reflects the economic cost of awarding shares and shares to employees by recording a an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models The expense is recognised in the profit and loss account over the vesting period

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

2. Turnover

Geographical Segments

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

3. Operating profit

	2007	2006
	£	£
This is stated after charging		
Depreciation of owned fixed assets	72,173	44,429
Auditors' remuneration – audit fee	8,000	6,750
Auditors' remuneration – fee for non audit services	17,529	19,510
Net loss on foreign currency translations	7,702	1,883

4 Directors and employees	2007 £	2006 £
Wages and salaries	5,669,045	4,276,493
Social security costs	678,052	502,558
Other pension costs	244,270	569,841
Cost of employee share schemes	266,370	86,658
	6,857,737	5,435,550
Average number of employees during the year	27	23

5. Directors' emoluments	2007 £	2006 £
The directors' aggregate emoluments in respect of qualifying services were		
Emoluments receivable	1,582,695	1,425,461
Value of company pension contributions to money purchase scheme	40,000	431,041
	1,622,695	1,856,502

	2007 £	2006 £
Emoluments of highest paid director:		
Total emoluments (excluding pension contributions)	623,831	561,872
Value of company pension contributions to Money purchase scheme	27,400	402,000
	651,231	963,872

6. Interest payable and similar charges	2007 £	2006 £
Other similar charges payable	-	7,205

7. Taxation on ordinary activities

(a) Analysis of charge in the year	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year		
At 30% (2006 – 30%)	1,488,469	808,351
Under provision in prior year	(23,135)	(19,038)
Total current tax	1,465,334	789,313
Deferred tax		
Current year	(282,908)	(70,167)
Prior year	20,343	-
Tax on profit on ordinary activities	1,202,769	719,146

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the expected tax charge as explained below

	2007 £	2006 £
Profit on ordinary activities before tax	3,593,563	2,589,141
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	1,078,069	776,742
Effects of		
Expenses not deductible for tax purposes	54,296	44,784
Other timing differences	264,446	54,532
Capital allowances for period in excess of depreciation	18,462	(368)
Employee share deductions	-	(93,337)
FRS 20	79,911	25,998
Adjustments to tax charge in respect of previous periods	(23,135)	(19,038)
Tax rate differences	(6,715)	-
Current tax charge for the period	1,465,334	789,313

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 June 2007

8 Dividends

	2007	2006
	£	£
First interim dividend paid of £0 65 (2006 £0 55) per 10p share	399,316	361,383
Second interim dividend paid of £1 25 (2006 £0 95) per 10p share	780,000	550,041
	1,179,316	911,424

No final dividend has been recommended for the year ended 30 June 2007

9 Tangible fixed assets – Company and Group

	Leasehold Property	Office Equipment	Furniture & Fittings	Computer Equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2006	1,853,309	55,121	93,843	156,667	2,158,940
Additions during the year	277,846	16,770	5,025	31,720	331,361
At 30 June 2007	2,131,155	71,891	98,868	188,387	2,490,301
Depreciation					
At 1 July 2006	5,268	36,018	67,019	109,084	217,389
Charge for the year	21,822	8,671	7,106	34,574	72,173
At 30 June 2007	27,090	44,689	74,125	143,658	289,562
Net book value					
At 30 June 2007	2,104,065	27,202	24,743	44,729	2,200,739
At 30 June 2006	1,848,041	19,103	26,824	47,583	1,941,551

10. Investments	Manuscripts and antique office furniture £
Group	
Value at 1 July 2006	78,567
Write off during the year	(3,270)
Value at 30 June 2007	75,297

Company	Manuscripts and antique office furniture £	Shareholding in group company £	Total £
Value at 1 July 2006	78,567	1	78,568
Write off during the year	(3,270)	-	(3,270)
Value at 30 June 2007	75,297	1	75,298

Investments in subsidiaries represent 100% of the issued share capital of Intelligence-Based Consulting Limited (formerly Latlong Limited), a company incorporated in Great Britain

The principal activity of Intelligence-Based Consulting Limited is the research and supply of information to corporate clients

	2007 £	2006 £
Intelligence-Based Consulting Limited		
Aggregate capital and reserves	356,797	-
Profit for the year	356,796	-

11. Stock and work in progress	Company and Group 2007 £	2006 £
Work in progress	139,291	77,881

12. Debtors	Company and Group 2007 £	2006 £
Trade debtors	3,356,172	2,973,602
Other debtors	505,857	569,764
Amounts due by group undertakings	-	2,421
Prepayments and accrued income	498,698	215,736
Deferred Taxation	115,791	58,657
	4,476,518	3,820,180

13. Deferred taxation

The deferred tax included in the balance sheet is as follows

	Company and Group 2007 £	Company and Group 2006 £
Included in debtors (note 12)	115,791	58,657

The movement in the deferred taxation account during the year was

	Company and Group 2007 £	Company and Group 2006 £
Balance brought forward	58,657	(11,510)
Profit and loss account movement arising during the year	57,134	70,167
Balance carried forward	115,791	58,657

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

	Company and Group 2007 £	Company and Group 2006 £
Excess of taxations allowances over depreciation on fixed assets	20,911	2,450
Short term timing differences	94,880	56,207
	115,791	58,657

14 Creditors Amounts falling due within one year

	Company 2007 £	Company 2006 £	Group 2007 £	Group 2006 £
Trade creditors	520,007	311,974	520,007	311,974
Amounts due to group undertakings	500,142	-	-	-
Corporation tax	552,313	680,126	695,658	680,126
Other taxation and social security	438,523	473,976	438,523	473,976
Other creditors	244,831	20	244,831	19
Accruals and deferred income	4,297,445	3,437,314	4,297,445	3,437,314
	6,553,261	4,903,410	6,196,464	4,903,409

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 June 2007

15. Creditors Amounts falling due after more than one year	Company and Group 2007 £	Company and Group 2006 £
Trade Creditors	3,500	7,000
Other creditors	-	44,817
	3,500	51,817

16. Pensions

The company operates various Personal Pension Plans including two group schemes The pension cost charge represents contributions payable by the company to the funds and amounted to £244,270 (2006 £569,841) At 30 June 2007 pension contributions of £60,686 were outstanding (2006 £119,549)

17. Other provisions	Company and Group 2007 £	Company and Group 2006 £
Employers' NI on unapproved share options.		
Balance brought forward	67,385	33,745
Movement for year	92,847	33,640
	160,232	67,385

In accordance with UITF Abstract 25 "National Insurance contributions on share option gains", the company has made provision for National Insurance contributions on outstanding unapproved share options that are expected to be exercised

18. Commitments under operating leases

At 30 June 2007 the company and group had annual commitments under non-cancellable operating leases as set out below

	2007 Land & Buildings £	2007 Other Items £	2006 Land & Buildings £	2006 Other Items £
Operating leases which expire				
Within 2 to 5 years	-	3,220	-	3,220
After more than 5 years	86,388	-	86,388	
	86,388	3,220	86,388	3,220

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 June 2007

19 Related party transactions

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

20. Share capital	Authorised 2006 and 2007 £	Allotted, called up and fully paid 2007 £	Restated 2006 £
1,000,000 ordinary shares of 10p each	100,000		
689,060 ordinary shares of £0 10 each		68,906	68,906
296,025 (2006 230,360) allocated under share option schemes		382,201	115,831
		451,107	184,737

21. Share premium account

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

22. Employee Benefit Trust	Company and Group 2007 £	2006 £
Other reserves – Employee Benefit Trust	5,397	2,490
Own shares – Employee Benefit Trust	(1,148,398)	(2,007,436)
	(1,143,001)	(2,004,946)

The Hakluyt Employee Benefit Trust holds shares solely for distribution to employees At 30 June 2007 the Trust held 65,060 shares (2006 110,870 shares)

23. Capital redemption reserve	2007 £	2006 £
Capital redemption reserve	19,700	19,700

24 Profit and loss account	Company 2007 £	Company 2006 £	Group 2007 £	Group 2006 £
Balance brought forward as previously reported	3,119,987	2,074,758	3,119,987	2,074,758
Prior year adjustment – FRS 20	(115,831)	(29,173)	(115,831)	(29,173)
	3,004,156	2,045,585	3,004,156	2,045,585
Profit for the financial year prior to FRS 20	2,300,368	1,956,653	2,657,164	1,956,653
Impact of FRS 20 – share options	(266,370)	(86,658)	(266,370)	(86,658)
Profit prior to dividends	2,033,998	1,869,995	2,390,794	1,869,995
First interim dividend paid	(399,316)	(361,383)	(399,316)	(361,383)
Second interim dividend paid	(780,000)	(550,041)	(780,000)	(550,041)
Balance carried forward	3,858,838	3,004,156	4,215,634	3,004,156
FRS20 - share options	382,201	115,831	382,201	115,831
Distributable reserves	4,241,039	3,119,987	4,597,835	3,119,987

25. Reconciliation of movements in shareholders' funds	Company 2007 £	Company 2006 £	Group 2007 £	Group 2006 £
Profit for the financial year	2,033,998	1,869,995	2,390,794	1,869,995
First interim dividend paid of £0 65 (2006 £0 55) per share	(399,316)	(361,383)	(399,316)	(361,383)
Second interim dividend paid of £1 25 (2006 £0 95) per share	(780,000)	(550,041)	(780,000)	(550,041)
Shares allotted under share option schemes	266,370	86,658	266,370	86,658
Other reserves – EBT	2,907	2,490	2,907	2,490
Own Shares – EBT	859,038	(2,007,436)	859,038	(2,007,436)
Net addition/(reduction) to shareholders' funds	1,982,997	(959,717)	2,339,793	(959,717)
Opening shareholders funds	2,539,547	3,499,264	2,539,547	3,499,264
Closing shareholders funds	4,522,544	2,539,547	4,879,340	2,539,547

26. Reconciliation of operating profit to net cash inflow from operating activities	2007 £	2006 £
Operating profit	3,495,942	2,556,000
Depreciation	72,173	44,429
Write off of investments	3,270	-
Allocation of share options	266,370	86,658
Increase in stocks	(61,410)	(23,917)
Increase in debtors	(97,428)	(1,671,072)
Increase in creditors	1,229,205	2,946,054
Increase in provisions	92,847	33,640
Net cash inflow from operating activities	5,000,969	3,971,792

27. Reconciliation of net cash flow to movement in net funds	2007 £	2006 £
Increase in cash in the period	2,703,712	222,582
Change in net funds	2,703,712	222,582
Net funds at 1 July 2006	1,643,979	1,421,397
Net funds at 30 June 2007	4,347,691	1,643,979

28. Analysis of changes in net funds	At 1 July 2006 £	Cash flows £	At 30 June 2007 £
Cash in hand and at bank	1,643,979	2,703,712	4,347,691

29. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2006 - £263,745)

30. Equity settled share-based payment transactions

Certain employees hold options to subscribe for shares in the company at prices ranging from £5 80 to £15 00 under share options granted up until 30 June 2007

The remaining options outstanding under approved schemes at 30 June 2007 are shown below

Number of shares 2007	Number of shares 2006	Option exercise price	Date granted	Option exercise period
7,240	7,240	£5 80	May 2003	Feb 2003 – Feb 2010
15,380	15,380	£8 08	Dec 2004	Sep 2004 – Sep 2012
31,547	31,547	£12 24	Apr 2006	Dec 2005 – Dec 2013
13,333	-	£15 00	Sep 2006	Jul 2006 – Jul 2014
5,333	-	£15 00	Feb 2007	Jul 2006 – Jul 2014
15,666	-	£15 00	May 2007	Apr 2007 – Apr 2015
88,499	54,167			

30 Equity settled share-based payment transactions (Contd.)

The remaining options outstanding under unapproved schemes at 30 June 2007 are shown below

Number of shares 2007	2006	Option exercise price	Date granted	Option exercise period
27,760	27,760	£5 80	May 2003	Feb 2003 – Feb 2010
44,370	44,370	£8 08	Dec 2004	Sep 2004 – Sep 2012
10,000	10,000	£9 68	Jan 2005	Dec 2004 – Dec 2012
94,063	94,063	£12 24	Apr 2006	Dec 2005 – Dec 2013
1,867	-	£15 00	Sep 2006	Jul 2006 – Jul 2014
4,133	-	£15 00	Feb 2007	Jul 2006 – Jul 2014
25,333	-	£15 00	May 2007	Apr 2007 – Apr 2015
207,526	176,193			

The model inputs were

	2007	2006
• Share price at grant date	£5 80-£18 75	£5 80-£15 30
• Exercise price	£5 80-£15 00	£5 80-£12 24
• Expected volatility	40%	40%
• Expected life	3 years	3 years
• Risk-free interest rate	4 44%-5 64%	3 52%-4 68%
• Dividend yield	5 87%-9 47%	7 19%-10 34%

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

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

Further details of the two share option plans are as follows

	Number of options	2007 Weighted average exercise price	Number of options	2006 Weighted average exercise price
Outstanding at start of year	230,360	£10 07	144,700	£6 72
Granted	65,665	£15 00	131,075	£12 24
Forfeited	-	-	7,200	£9 68
Exercised	-	-	38,215	£7 16
Outstanding at end of year	296,025	£11 77	230,360	£10 07
Exercisable at end of year	35,000	£5 80	35,000	£5 80

The weighted average remaining contractual life of share options outstanding at 30 June 2007 was 5 9 years (2006 5 4 years)