

Holdingham Group Limited

Report and Financial Statements

Year Ended

30 June 2017

Company Number 03481321

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Holdingham Group Limited

Report and financial statements for the year ended 30 June 2017

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Directors

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

Secretary and registered office

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

Company number

03481321

Auditors

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

Holdingham Group Limited

Strategic report for the year ended 30 June 2017

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2017.

Review and analysis of the business

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

Key performance indicators

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

Analysis using key performance indicators

Profit ratios:

Revenue Growth	22.3 %	(2016 - 3.1%)
Gross profit margin	86.1 %	(2016 - 88.6%)
Operating profit margin	22.7 %	(2016 - 23.9%)

Cash flow/working capital metrics:

Operating cash flow to operating profit	1.5 x	(2016 - 1.3)
Debtor days	60	(2016 - 91)

Other metrics:

Revenue per employee	£0.78m	(2016 - £0.66m)
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Development and financial performance

As reported in the Group's income statement, Group revenue has shown an increase of 22.3 % from £ 46.1 m to £ 56.4 m in the current period. The increase in the revenues is believed to be due to the continuing geographical expansion of the business and improvement in the quality of relationships with clients and in the services offered by the Group in the period under review. Profit after tax has increased slightly from £ 8.5 m to £ 8.7 m. This small increase is due to the costs of investment in people, systems and network in the year as well as a higher tax charge arising from profits earned in jurisdictions with higher corporation tax rates than the UK.

Financial position at the reporting date

The balance sheet shows that the Group's net assets at the year-end have increased from £ 12.6 m to £ 13.2 m due to the increase in retained profits and value of the assets on the balance sheet.

The Group generated cash from operations of £18.0 m (2016 - £15.0m). In addition, the Group had no borrowings at the year-end (2016 - Nil). The Group utilised an overdraft facility within the year to facilitate its short term funding requirements following the purchase of its own shares via the Employee Benefit Trust.

Holdingham Group Limited

Strategic report for the year ended 30 June 2017 (*continued*)

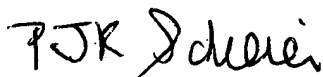
Principal risks and uncertainties facing the business

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

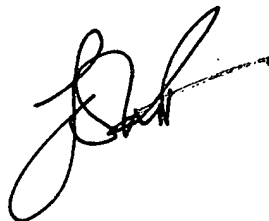
The principal risks and uncertainties facing the Group/Company are as follows:

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

This report was approved by the board on 16/1/18 and signed on its behalf by:



P Schreier
Chief Executive Officer



Holdingham Group Limited

Report of the directors for the year ended 30 June 2017

The directors present their report together with the audited financial statements for the year ended 30 June 2017.

Principal activity

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

Directors

The directors of the company during the year were:

	Ordinary shares of £0.10 each	
	2017	2016
Sir J Rose (Chairman)	3,392	3,392
R Webb QC	3,134	4,067
M Williams	1,562	1,562
P Schreier	3,870	2,258
P Deighton	-	-

Financial risk management objectives and policies

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expenses, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

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

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

Financial instruments

Credit risk

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

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

Liquidity risk

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

Foreign exchange risk

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

Holdingham Group Limited

Report of the directors for the year ended 30 June 2017 (*continued*)

Likely future developments in the business of the company

The Group anticipates trading to continue growing in FY18. There are no key structural changes envisaged and the Group will continue to invest in developing the infrastructure from which it operates as detailed in note 22.

Holdingham Group Limited

Report of the directors for the year ended 30 June 2017 (*continued*)

Directors' responsibilities.

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

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

In preparing these financial statements, the directors are required to:

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

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

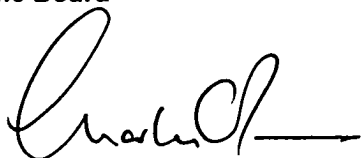
Auditors

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

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

By order of the Board

C Olver



Secretary

Date 16 / 1 / 18

Holdingham Group Limited

Independent auditor's report to the members of Holdingham Group Limited

Opinion

We have audited the financial statements of Holdingham Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2017 which comprise the Statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Holdingham Group Limited

Independent auditor's report

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report

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

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

Responsibilities of Directors

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

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

Holdingham Group Limited

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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

Date 16/1/18

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

Holdingham Group Limited

Consolidated statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £	2016 £
Turnover		56,364,012	46,096,976
Cost of sales		(7,842,681)	(5,252,546)
Gross profit		48,521,331	40,844,430
Administrative expenses		(36,204,961)	(29,833,186)
Operating profit	7	12,316,370	11,011,244
Interest receivable		3,942	9
Profit on ordinary activities before taxation		12,320,312	11,011,253
Taxation on profit from ordinary activities	8	(3,639,930)	(2,547,435)
Profit for the financial year		8,680,382	8,463,818
Currency translation differences		278,651	-
Other comprehensive Income for the year		278,651	-
Total Comprehensive Income for the year		8,959,033	8,463,818

All amounts relate to continuing activities.

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Consolidated balance sheet at 30 June 2017

Company number 03481321	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	10		9,211,075		6,558,392
Intangible assets	11		118,950		476,210
Investments	12		187,854		125,854
			<u>9,517,879</u>		<u>7,160,456</u>
Current assets					
Stocks	13	495,244		318,279	
Debtors	14	12,764,565		14,404,573	
Cash at bank and in hand		7,283,116		5,423,255	
		<u>20,542,925</u>		<u>20,146,107</u>	
Creditors: amounts falling due within one year	15	(16,808,089)		(14,730,629)	
Net current assets			<u>3,734,836</u>		<u>5,415,478</u>
Total assets less current liabilities			<u>13,252,715</u>		<u>12,575,934</u>
Creditors: amounts falling due after more than one year	16		(19,406)		(19,406)
			<u>13,233,309</u>		<u>12,556,528</u>
Capital and reserves					
Called up share capital	19		49,500		49,500
Share premium account			1,335,900		1,335,900
Capital redemption reserve			19,700		19,700
Revaluation reserve			5,337,234		2,651,440
Profit and loss account			47,989,542		40,635,311
Shareholders' funds			<u>54,731,876</u>		<u>44,691,851</u>
Own shares - Employee Benefit Trust	20		(41,498,567)		(32,135,323)
Shareholders' funds			<u>13,233,309</u>		<u>12,556,528</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16/11/2018.


Sir J. Rose
Director

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Consolidated statement of changes in equity for the year ended 30 June 2017

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
1 July 2016	49,500	1,335,900	19,700	2,651,440	40,635,311	(32,135,323)	12,556,528
Comprehensive income for the year	-	-	-	-	8,680,382	-	8,680,382
Profit for the year	-	-	-	-	278,651	-	278,651
Foreign exchange translation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	8,959,033	-	8,959,033
Contributions by and distributions to owners	-	-	-	-	-	-	-
Revaluation of leasehold improvements	-	-	-	2,685,794	-	-	2,685,794
Dividends	-	-	-	-	(2,319,375)	-	(2,319,375)
Loss on sale of own shares - EBT	-	-	-	-	(1,285,197)	-	(1,285,197)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,999,770	-	1,999,770
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(9,363,244)	(9,363,244)
Total contributions by and distributions to owners	-	-	-	2,685,794	(1,604,802)	(9,363,244)	(8,282,252)
30 June 2017	49,500	1,335,900	19,700	5,337,234	47,989,542	(41,498,567)	13,233,309

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Consolidated statement of changes in equity for the year ended 30 June 2016 (continued)

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

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Consolidated statement of cash flows for the year ended 30 June 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		8,680,382	8,463,818
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	10	452,530	374,394
Amortisation and impairment of intangible assets	11	488,460	183,157
Net interest payable		(3,942)	(9)
Taxation expense	8	3,639,930	2,547,435
Decrease in trade and other debtors		1,664,839	186,808
Decrease in work in progress		(176,965)	(212,416)
Increase in trade and other creditors		1,024,888	2,065,162
Foreign exchange		235,581	(12,716)
Equity Share based payments		1,999,770	1,400,000
Cash from operations		18,005,473	14,995,633
Taxation paid		(2,614,678)	(3,989,649)
Net cash generated from operating activities		15,390,786	11,005,984
Cash flows from investing activities			
Purchases of tangible fixed assets	10	(373,851)	(326,773)
Purchases of intangible assets	11	(131,200)	(659,367)
Interest received		3,942	9
(Purchase)/Sale of current asset investments	12	(62,000)	31,633
Net cash from investing activities		(563,109)	(954,498)
Cash flows from financing activities			
Equity dividends paid	9	(2,319,375)	(2,688,022)
Net purchase of shares by Employee Benefit Trust		(10,648,441)	(8,496,175)
Net cash used in financing activities		(12,967,816)	(11,184,197)
Net (decrease) in cash and cash equivalents		1,859,861	(1,132,711)
Cash and cash equivalents at beginning of year		5,423,255	6,555,966
Cash and cash equivalents at end of year		7,283,116	5,423,255

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Company balance sheet at 30 June 2017

Company number 03481321	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	10		8,952,595		6,154,268
Intangible assets	11		118,950		476,210
Investments	12		1,468,253		1,406,924
			10,539,798		8,037,402
Current assets					
Stocks	13	392,141		189,531	
Debtors	14	9,823,366		10,425,565	
Cash at bank and in hand		3,907,355		3,200,311	
		14,122,862		13,815,407	
Creditors: amounts falling due within one year	15	(17,260,400)		(12,992,450)	
Net current assets			(3,137,538)		822,957
Total assets less current liabilities					
			7,402,260		8,860,359
Creditors: amounts falling due after more than one year	16		(19,406)		(19,406)
			7,382,854		8,840,953
Capital and reserves					
Called up share capital	19		49,500		49,500
Share premium account			1,335,900		1,335,900
Capital redemption reserve			19,700		19,700
Revaluation reserve			5,337,234		2,651,440
Profit and loss account			42,139,087		36,919,736
Shareholders' funds			48,881,421		40,976,276
Own shares - Employee Benefit Trust	20		(41,498,567)		(32,135,323)
Shareholders' funds			7,382,854		8,840,953

The financial statements were approved by the Board of Directors and authorised for issue on 16/11/18

Sir J Rose
Director

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual profit and loss account for the parent company. The profit for the year dealt within the financial statements of the company was £6,824,153 (2016 - £5,170,950).

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Company statement of changes in equity for the year ended 30 June 2017

	Share capital £	Share premium £	Capital redemption reserves £	Revaluation reserve £	Profit and loss account £	Own shares - Employee Benefit Trust £	Total equity £
1 July 2016	49,500	1,335,900	19,700	2,651,440	36,919,736	(32,135,323)	8,840,953
Comprehensive income for the year	-	-	-	-	6,824,153	-	6,824,153
Profit for the year	-	-	-	-	6,824,153	-	6,824,153
Total comprehensive income for the year	-	-	-	-	6,824,153	-	6,824,153
Contributions by and distributions to owners	-	-	-	2,685,794	-	-	2,685,794
Revaluation of leasehold improvements	-	-	-	2,685,794	-	-	2,685,794
Dividends	-	-	-	-	(2,319,375)	-	(2,319,375)
Loss on sale of own shares - EBT	-	-	-	-	(1,285,197)	-	(1,285,197)
Recognition of equity settled share based payments and contributions	-	-	-	-	1,999,770	-	1,999,770
Movement on own shares – Employee Benefit Trust	-	-	-	-	-	(9,363,244)	(9,363,244)
Total contributions by and distributions to owners	-	-	-	2,685,794	(1,604,802)	(9,363,244)	(8,282,252)
30 June 2017	49,500	1,335,900	19,700	5,337,234	42,139,087	(41,498,567)	7,382,854

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Company statement of changes in equity for the year ended 30 June 2016 *(continued)*

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

The notes on pages 17 to 31 form part of these financial statements.

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017

1 Accounting policies

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

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

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company for the year ended 30 June 2017 and of its subsidiary companies, Holdingham Group (Asia) Pte Limited, Holdingham Group (North America) Limited, Holdingham Group (Australia) PTY Limited and Holdingham Group Japan KK for the same period.

Going concern

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

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

1 Accounting policies (*continued*)

Turnover

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

Turnover is recognised on the following basis:

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

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Leasehold improvements	-	Shorter of life of lease or 10% straight line
Office equipment	-	25% straight line
Furniture and fittings	-	20% straight line
Computer equipment	-	33% straight line

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

In accordance with FRS 102 an impairment review is performed on the long leasehold property. During the previous year, the directors obtained a valuation of the property as part of this review and agreed that it was appropriate to reflect this value within the financial statements as detailed in note 10.

Work in progress

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

Operating lease agreements

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

Pension costs

The company contributes to various Personal Pension Plans including a group scheme. The annual contributions payable are charged to the profit and loss account.

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

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

Foreign currencies

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

Financial instruments

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

Investments

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

Share-based payments

In accordance with FRS 102 the company reflects the economic cost of awarding shares and options to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period.

The calculation of the fair values of the share options issued by the company has been based upon the Black-Scholes pricing model together with a number of subjective assumptions.

Employee Benefit Trust

The assets and liabilities of the Holdingham Group Employee Benefit Trust are included in the financial statements. Any assets of the Employee Benefit Trust cease to be recognised on the balance sheet when the assets vest unconditionally in beneficiaries. The cost of company shares held by the Employee Benefit Trust at the year end is shown as a deduction against shareholders' funds.

Intangible assets

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

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

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

Holdingham Group Limited

**Notes forming part of the financial statements
for the year ended 30 June 2017 (continued)**

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

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

- The directors have derived the functional currencies of overseas subsidiaries with reference to the transactions undertaken within each entity.
- Whilst there is a level of judgement in valuing the leasehold property, an expert has been consulted to ascertain the correct valuation of the leasehold property.
- The directors have impaired a portion of the intangible asset as it is no longer deemed fit for purpose and will be replaced in the foreseeable future.

3 Turnover

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

4 Employees

	2017	2016
	£	£
Staff costs consist of:		
Wages and salaries	16,960,253	14,352,599
Social security costs	2,005,175	1,801,746
Other pension costs	629,274	589,731
Equity-settled share based payments	1,999,770	1,400,000
	21,594,472	18,144,076

The average number of employees during the year were as below:

	Number	Number
Fee Earning staff	42	41
Non-fee Earners	30	29
Total	72	70

5 Directors' remuneration

	2017	2016
	£	£
Directors' remuneration consist of:		
Remuneration receivable	1,089,581	1,796,260
Amounts receivable under long-term incentive schemes	500,000	-
Company contributions to money purchase pension schemes	25,000	103,304
Amounts paid to third parties in respect of directors' services	-	28,525
	1,614,581	1,928,089

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (*continued*)

5 Directors' remuneration (*continued*)

	2017 £	2016 £
<i>Highest paid director</i>		
Total remuneration (excluding pension contributions)	1,279,081	1,328,147
	<u>1,279,081</u>	<u>1,328,147</u>

There was 1 director in the group's defined contribution pension scheme (2016 - 1).

The directors received the dividends in aggregate, on the same terms as the other shareholders, of £140,043 (2016 - £320,575).

During the year none of the directors received shares under the long term incentive schemes (2016 - none).
During the year, 1 director exercised 1,612 shares (2016 - none).

6 Key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £4,640,480 (2016: £4,843,715).

7 Operating profit

	2017 £	2016 £
This has been arrived at after charging:		
Depreciation of tangible assets	452,529	374,394
Amortisation of intangible assets	299,967	183,157
Impairment of intangible assets	188,493	-
Operating lease expense	1,373,164	1,201,023
Fees payable to the entity's auditor and its associates for the audit of the LLP's annual accounts	56,000	43,500
Fees payable to the entity's auditor and its associates for other services to the group:		
- for other services	73,350	50,300
Defined contribution pension cost	629,274	589,731
Exchange differences	8,004	350,129

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

8 Taxation on profit from ordinary activities

a) Analysis of charge in the year

	2017 £	2016 £
<i>Current tax:</i>		
UK corporation tax based on the results for the year at 20% (2016 – 20%)	3,706,529	2,421,916
Adjustment to prior period	11,574	8,158
Total current tax	3,718,103	2,430,074
<i>Deferred tax:</i>		
Origination and reversal of timing differences:		
- current year	(78,173)	117,361
Tax on profit on ordinary activities	3,639,930	2,547,435

b) Factors affecting current tax charge

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

	2017 £	2016 £
Profit on ordinary activities before tax	12,320,312	11,011,253
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 20.0% (2016 – 20.0%)	2,437,057	2,202,250
Effect of:		
Fixed asset differences	36,594	-
Expenses not deductible for tax purposes	994,331	556,587
Short term timing differences	-	(32,317)
Other timing differences	(123,442)	62,422
Other permanent differences	(508,329)	(257,300)
Difference between UK and overseas tax rates	673,832	254,941
Deferred tax movement	22,721	(28,699)
Prior year adjustment	11,574	8,158
R&D deduction	(10,414)	(218,607)
Deferred tax not recognised	106,006	-
Total tax charge for the year	3,639,930	2,547,435

Holdingham Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (continued)

9 Dividends

	2017 £	2016 £
Equity dividends		
Interim dividends paid of £1.23 per share (2016 - £1.91 per share)	383,519	699,813
Second interim dividend paid of £3.56 per share (2016 - £2.78 per share)	935,689	892,786
Third interim dividend paid of £3.87 per share (2016 - £3.47 per share)	1,000,167	1,095,423
	<u>2,319,375</u>	<u>2,688,022</u>

10 Tangible assets

Group	Long leasehold property £	Short leasehold property £	Office equipment £	Furniture and fittings £	Computer equipment £	Total £
<i>Cost of valuation</i>						
At 1 July 2016	5,498,045	1,116,024	237,108	630,483	1,098,299	8,579,959
Foreign exchange	-	42,090	13,137	29,621	16,498	101,346
Additions	-	294,001	6,083	10,186	63,581	373,851
Revaluation	2,685,793	-	-	-	-	2,685,793
Disposals	-	-	-	-	(192)	(192)
At 30 June 2017	<u>8,183,838</u>	<u>1,452,115</u>	<u>256,328</u>	<u>670,290</u>	<u>1,178,186</u>	<u>11,740,757</u>
<i>Depreciation</i>						
At 1 July 2016	-	511,482	204,250	345,849	959,986	2,021,567
Foreign exchange	-	26,760	5,693	12,055	11,078	55,586
Charge in the year	-	161,370	38,237	141,042	111,880	452,529
At 30 June 2017	-	<u>699,612</u>	<u>248,180</u>	<u>498,946</u>	<u>1,082,944</u>	<u>2,529,682</u>
<i>Net book value</i>						
At 30 June 2017	<u>8,183,838</u>	<u>752,503</u>	<u>8,148</u>	<u>171,344</u>	<u>95,242</u>	<u>9,211,075</u>
At 30 June 2016	<u>5,498,045</u>	<u>604,542</u>	<u>32,858</u>	<u>284,634</u>	<u>138,303</u>	<u>6,558,392</u>

Holdingham Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (*continued*)

10 Tangible assets (*continued*)

Company	Long leasehold property £	Short leasehold property £	Office equipment £	Furniture and fittings £	Computer equipment £	Total £
<i>Cost of valuation</i>						
At 1 July 2016	5,498,045	770,313	178,572	278,908	920,945	7,646,783
Additions	-	294,001	3,582	7,475	53,677	358,735
Disposals	-	-	-	-	(192)	(192)
Revaluation	2,685,793	-	-	-	-	2,685,793
	<u>8,183,838</u>	<u>1,064,314</u>	<u>182,154</u>	<u>286,383</u>	<u>974,430</u>	<u>10,691,119</u>
<i>Depreciation</i>						
At 1 July 2016	-	274,826	153,092	221,567	843,030	1,492,515
Charge in the year	-	83,871	27,756	54,614	79,768	246,009
	<u>-</u>	<u>358,697</u>	<u>180,848</u>	<u>276,181</u>	<u>922,798</u>	<u>1,738,524</u>
<i>Net book value</i>						
At 30 June 2017	<u>8,183,838</u>	<u>705,617</u>	<u>1,306</u>	<u>10,202</u>	<u>51,632</u>	<u>8,952,595</u>
At 30 June 2016	<u>5,498,045</u>	<u>495,487</u>	<u>25,480</u>	<u>57,341</u>	<u>77,915</u>	<u>6,154,268</u>

Holdingham Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (*continued*)

11 Intangible assets

Group and Company	Development costs £'000
<i>Cost or valuation</i>	
At 1 July 2016	659,367
Additions	131,200
Impairment	(188,493)
At 30 June 2017	602,074
<i>Amortisation</i>	
At 1 July 2016	183,157
Provision for year	299,967
At 30 June 2017	483,124
Net Book Value at 30 June 2017	118,950
Net Book Value at 30 June 2016	476,210

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

12 Investments

Group	Unlisted investments £	Manuscripts and antiques £	Total £
Cost			
At 1 July 2016 and 30 June 2017	50,557	75,297	125,854
Additions	50,000	12,000	62,000
Disposals	-	-	-
At 30 June 2017	50,000	12,000	62,000
Net book value			
At 30 June 2017	100,557	87,297	187,854
At 30 June 2016	50,557	75,297	125,854

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

12 Investments (continued)

Company	Shareholdings in group companies £	Unlisted investments £	Manuscripts and antiques £	Total £
Cost				
At 1 July 2016	1,281,070	50,557	74,626	1,406,924
Additions	-	50,000	12,000	61,329
At 30 June 2017	1,281,070	100,557	86,626	1,468,253
Disposals	-	-	-	-
At 30 June 2017	-	-	-	-
Net book value				
At 30 June 2017	1,281,070	100,557	86,626	1,468,253
At 30 June 2016	1,281,070	50,557	75,297	1,406,924

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

In addition, the company also owns 100% of the issued share capital of Voyager Business Consulting Limited, Hakluyt & Company Limited and Pelorus Research Limited. These companies are all incorporated and registered in England and Wales and were all dormant throughout the year to 30 June 2017.

Holdingham Group Limited

Notes forming part of the financial statements
for the year ended 30 June 2017 (continued)

13 Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Work in progress	<u>495,244</u>	<u>318,279</u>	<u>392,141</u>	<u>189,531</u>

14 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	9,315,805	11,483,777	5,611,021	6,443,898
Amounts owed by group undertakings	-	-	2,267,704	2,505,585
Corporation tax	-	53,252	-	-
Other debtors	561,971	529,080	39,071	46,009
Prepayments and accrued income	2,764,608	2,294,456	1,768,543	1,386,065
Deferred tax asset (note 17)	122,181	44,008	137,027	44,008
	<u>12,764,565</u>	<u>14,404,573</u>	<u>9,823,366</u>	<u>10,425,565</u>

15 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	924,095	837,716	789,833	628,782
Amounts owed to group undertakings	-	-	5,671,082	1,903,467
Corporation tax	1,071,978	-	1,330,436	569,079
Other taxes and social security costs	376,150	659,613	358,926	558,855
Other creditors	1,700,586	2,235,910	1,674,574	2,166,369
Accruals and deferred income	12,735,280	10,997,390	7,435,549	7,165,898
	<u>16,808,089</u>	<u>14,730,629</u>	<u>17,260,400</u>	<u>12,992,450</u>

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

16 Creditors: amounts falling due after more than one year

	Group Number	Group £	Company Number	Company £
<i>Preference share capital - authorised, issued and fully paid</i>				
10% £0.10 non-redeemable preference shares				
At 1 July 2016	194,060	19,406	194,060	19,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	194,060	19,406	194,060	19,406
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The 10% preference shares of £0.10 are non-redeemable. Shareholders are entitled to a dividend at 10p per annum payable on 31 July each year and the shares have accordingly been classified as a financial liability. These shares do not carry any voting rights. On winding up of the company, non-redeemable preference shareholders will receive £64 per share (£95 per share for shares issued in the year ended 30 June 2017) prior to any repayment to Ordinary shareholders. The holders of the preference shares have waived their right to receive the dividend.

17 Deferred tax

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
The deferred tax included in the balance sheet is as follows:				
Provision for deferred tax	(122,181)	(44,008)	(137,027)	(44,008)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
The movement in the deferred taxation account during the year was:				
Balance brought forward	(44,008)	(161,369)	(44,008)	(161,369)
Profit and loss account movement arising during the year	(78,173)	117,361	(93,019)	117,361
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance carried forward	(122,181)	(44,008)	(137,027)	(44,008)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Excess of taxation allowances over depreciation on fixed assets	-	-	-	-
Short term timing	(122,181)	(44,008)	(137,027)	(44,008)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(122,181)	(44,008)	(137,027)	(44,008)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

18 Pensions

The company contributes to various Personal Pension Plans including a group scheme. The pension cost charge represents contributions payable by the company to the Plans and amounted to £629,274 (2016 - £589,731). At 30 June 2017 pension contributions of £Nil were outstanding (2016 - £Nil).

19 Share capital

	2017 Number	Allotted, called up and fully paid 2016 Number	2017 £	2016 £
Ordinary shares of £0.10 each	495,000	495,000	49,500	49,500

20 Employee Benefit Trust (Group and Company)

	2017 £	2016 £
Own shares - Employee Benefit Trust	41,498,567	32,135,323

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 72,361 (2016 - 74,324) shares in the company and distributed 17,387 (2016 - 18,986) shares to employees. At 30 June 2017 the Trust held 238,170 ordinary shares of £0.10 each and 194,060 preference shares of £0.10 each (2016 - 183,196 ordinary shares and 194,060 preference shares) which had not vested in the employees and in accordance with the provisions of FRS 102 the cost of those shares held is deducted from shareholders' funds.

21 Commitments under operating leases

As at 30 June 2017, the group and company had annual commitments under non-cancellable operating leases as set out below:

	Group Land and buildings 2017 £	Group Land and buildings 2016 £	Company Land and buildings 2017 £	Company Land and buildings 2016 £
Operating leases which expire:				
Not later than one year	1,344,143	1,194,744	758,825	595,000
Within one to two years	3,533,832	1,165,510	3,035,300	96,000
Over five years	2,610,540	138,148	2,630,652	138,148
	7,488,515	2,498,402	6,424,777	829,148

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

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

22 Capital commitments and other commitments

Amounts of £655,723 were contracted for but not provided in the financial statements at 30 June 2017 (2016 - £400,000) in relation to the UK entity.

Under arrangements entered into, amounts owed in relation to share transactions amounted to £7,977,658 (within one year, total committed over five years £17,953,011) which are due for payment post year end.

23 Equity settled share based payment transactions

Certain employees hold options to subscribe for shares in the company at prices ranging from £0.00 to £41.00 under share options granted up until 30 June 2017.

The remaining options outstanding under approved schemes at 30 June 2017 are shown below:

Number of shares 2017	2016	Option exercise price	Date granted	Option exercise period
-	846	£26.00	November 2008	November 2011 - November 2016
268	268	£0.00	March 2010	March 2013 - March 2018
2,440	2,440	£0.00	August 2011	August 2015 - August 2019
2,708	3,554			

The remaining options outstanding under unapproved schemes at 30 June 2017 are shown below:

Number of shares 2017	2016	Option exercise price	Date granted	Option exercise period
-	4,842	£15.00 - £18.75	May 2007	May 2007 - April 2015
610	610	£32.80 - £41.00	December 2009	December 2012 - December 2017
-	1,267	£32.80 - £41.01	September 2010	September 2013 - September 2018
510	510	£39.20 - £49.00	December 2010	December 2013 - December 2018
396	-	£126.00 - £126.00	June 2017	June 2017 - December 2022
198	-	£155.00 - £155.00	June 2017	June 2017 - December 2022
142	-	£176.00 - £176.00	June 2017	June 2017 - December 2023
1,856	7,229			

The options granted in both the year to 30 June 2017 and 30 June 2016 have an immaterial value and no charge has been recorded in the financial statements in relation to these.

Holdingham Group Limited

Notes forming part of the financial statements for the year ended 30 June 2017 (continued)

23 Equity settled share based payment transactions (continued)

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

	2017 Weighted average exercise price (pence)	2017 Number	2016 Weighted average exercise price (pence)	2016 Number
Outstanding at start of year	16.34	10,778	17.26	17,886
Granted	11.38	9,276	-	7,731
Forfeited	26.00	841	24.13	1,879
Exercised	7.79	14,649	6.74	12,960
Outstanding at end of year	32.99	4,564	16.34	10,778
Exercisable at end of year	32.42	1,388	16.34	10,778

The weighted average remaining contractual life of share options outstanding at 30 June 2017 was 1.7 years (2016 - 2.0 years).

24 Ultimate controlling party

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

25 Financial instruments

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

	Group 2017 £'000	Group 2016 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	23,102,359	27,900,205
Financial liabilities		
Financial liabilities measured at amortised cost	15,755,517	14,517,270

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

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

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