

EGREMONT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



EGREMONT GROUP LIMITED

COMPANY INFORMATION

DIRECTOR S Connolly

COMPANY SECRETARY C E T Kennedy

REGISTERED NUMBER 04246721

REGISTERED OFFICE 33 Cavendish Square
London
W1G 0PW

INDEPENDENT AUDITORS Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

EGREMONT GROUP LIMITED

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**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

INTRODUCTION

Egremont Group are an award-winning management consultancy whose mission is to “support blue chip organisations transform their business by providing clarity on their challenges, alongside the capability to become changeable in a constantly changing world”. The company offers five main services; Business Transformation, Strategy Execution, Operating Model & Organisation Design, Performance Improvement and Leadership & Culture Change. Typically a combination of these elements are provided to a client to help deliver the results they need, fast. This focus on delivering superior client returns is underpinned by the four core values; Courage, Curiosity, Care and Collaboration.

BUSINESS REVIEW

Performance during the year was robust, despite a 58% fall in turnover to £5.7m (2016: £13.7m) having completed several large client contracts at the end of the previous year. Whilst this in turn led to a fall in gross margin to 40.2% (2016: 45.6%) due to a reduction in consultant time utilisation, the run rate for Q4 2017 was back up to 2016 levels after the start of various new large contracts, thus the forecast for 2018 is strong. The company reported a pre-tax profit of £0.5m, which after taxation of £1k, resulted in a profit after taxation for the year of £0.5m (2016: £3m).

Given our track record of strong performance in a fluctuating consulting market, we are confident the company will continue to trade successfully in the future, continuing to grow our market share in an increasingly competitive sector.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has a structured approach to risk management and is exposed to commercial, financial and operational risks which the company seeks to mitigate through its management policies.

Commercial Risk

As with all consultancy firms there is a risk that the company will be unable to acquire and retain key client relationships. Whilst the loss of a key account is a risk, our focus on exceeding client expectations and investing in developing long-term relationships continues to actively mitigate this eventuality.

Financial Risk

By virtue of its international client base, the company is by nature exposed to movements in foreign currency fluctuations, specifically USD. Whilst currency hedging is not actively pursued, an internal control process has been established by virtue of expanding our US operation, thus significantly increasing our USD cost base, in turn offsetting our net exposure to the currency risk.

FINANCIAL KEY PERFORMANCE INDICATORS

The company is highly focussed and uses a variety of KPI's and management information to monitor and manage overall business performance. These include indicators such as turnover, gross margin and EBITDA (ex dividends).

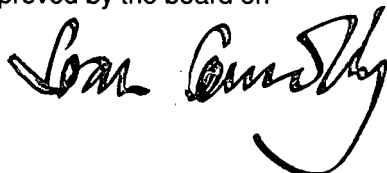
	2017	2016
Turnover	£5.7m	£13.7m
Gross margin	40.2%	45.6%
EBITDA % (ex dividends)	9.1%	33.9%

This report was approved by the board on

16.8.18

and signed on its behalf.

S Connolly
Director



**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The director presents his report and the financial statements for the year ended 31 December 2017.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £513,628 (2016: £2,999,966).

Dividends of £300,000 were proposed to the shareholders on 2nd February 2018

DIRECTOR

The director who served during the year was:

S Connolly

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

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

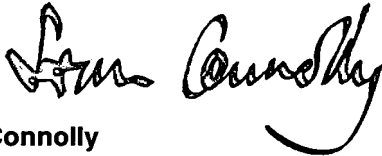
EGREMONT GROUP LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S Connolly
Director

Date: 16.8.18

33 Cavendish Square
London
W1G 0PW

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGREMONT GROUP LIMITED

OPINION

We have audited the financial statements of Egremont Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of income and retained earnings, the Group and Company Statements of financial position, the Group Statement of cash flows and the related notes, 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 31 December 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's 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 director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGREMONT GROUP LIMITED
(CONTINUED)**

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

We have nothing to report in this regard.

OPINION 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 Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's 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 Group strategic report or the 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 director's 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 Director's responsibilities statement on page 2, the director is 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 director 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 director is 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGREMONT GROUP LIMITED
(CONTINUED)**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.



Fleur Lewis FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date: *17 August 2018*

EGREMONT GROUP LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

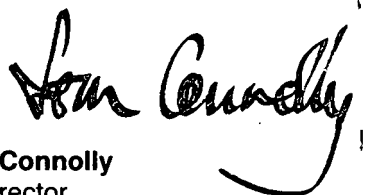
	Note	2017 £	2016 £
Turnover	4	5,678,358	13,670,715
Cost of sales		(3,392,895)	(7,437,606)
GROSS PROFIT		2,285,463	6,233,109
Administrative expenses		(1,769,370)	(1,610,665)
OPERATING PROFIT	5	516,093	4,622,444
Interest receivable and similar income	9	2,167	5,808
Interest payable and expenses	10	(3,525)	-
PROFIT BEFORE TAX		514,735	4,628,252
Tax on profit	11	(1,107)	(1,628,286)
PROFIT AFTER TAX		513,628	2,999,966
Retained earnings at the beginning of the year		2,157,630	2,626,397
		2,157,630	2,626,397
Profit for the year attributable to the owners of the parent		513,628	2,999,966
Dividends declared and paid		(300,000)	(3,468,733)
RETAINED EARNINGS AT THE END OF THE YEAR		2,371,258	2,157,630

The notes on pages 11 to 20 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	2,092,678	2,467,816
Cash at bank and in hand	14	2,364,855	4,724,332
		<u>4,457,533</u>	<u>7,192,148</u>
Creditors: amounts falling due within one year	15	(2,086,125)	(5,034,368)
NET CURRENT ASSETS		<u>2,371,408</u>	<u>2,157,780</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,371,408</u>	<u>2,157,780</u>
NET ASSETS		<u><u>2,371,408</u></u>	<u><u>2,157,780</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	150	150
Profit and loss account	17	2,371,258	2,157,630
		<u>2,371,408</u>	<u>2,157,780</u>

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



S Connolly
Director

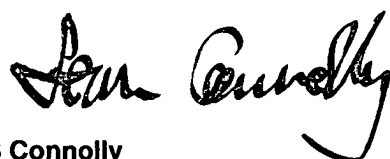
Date: 16.8.18

The notes on pages 11 to 20 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	2,508,239	2,467,816
Cash at bank and in hand	14	1,949,294	4,724,332
		<u>4,457,533</u>	<u>7,192,148</u>
Creditors: amounts falling due within one year	15	(2,086,125)	(5,034,368)
NET CURRENT ASSETS		<u>2,371,408</u>	<u>2,157,780</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,371,408</u>	<u>2,157,780</u>
NET ASSETS		<u><u>2,371,408</u></u>	<u><u>2,157,780</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	150	150
Profit and loss account brought forward		2,157,630	2,626,397
Profit for the year		513,628	2,999,966
Other changes in the profit and loss account		(300,000)	(3,468,733)
Profit and loss account carried forward		<u>2,371,258</u>	<u>2,157,630</u>
		<u><u>2,371,408</u></u>	<u><u>2,157,780</u></u>

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



S Connolly
Director

Date: 16.8.18

The notes on pages 11 to 20 form part of these financial statements.

EGREMONT GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operations	513,628	2,999,966
ADJUSTMENTS FOR:		
Interest paid	3,525	-
Interest received	(2,167)	(5,808)
Taxation charge	1,107	1,628,286
Decrease in debtors	397,553	1,289,027
(Decrease)/increase in creditors	(2,292,375)	929,149
Corporation tax (paid)	(679,390)	(862,487)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(2,058,119)	5,978,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,167	5,808
NET CASH FROM INVESTING ACTIVITIES	2,167	5,808
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(300,000)	(3,468,733)
Interest paid	(3,525)	-
NET CASH USED IN FINANCING ACTIVITIES	(303,525)	(3,468,733)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,359,477)	2,515,208
Cash and cash equivalents at beginning of year	4,724,332	2,209,124
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	2,364,855	4,724,332
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	2,364,855	4,724,332
	2,364,855	4,724,332

The notes on pages 11 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The registered office is 33 Cevendish Square, London, W1G 0PW.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 December 2016.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.4 DEBTORS

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

2.5 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.6 FINANCIAL INSTRUMENTS

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

2.7 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.8 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.9 FINANCE COSTS

Finance costs are charged to the Consolidated statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.12 INTEREST INCOME

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.13 TAXATION

Tax is recognised in the Consolidated statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not deem there to be estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

EGREMONT GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****4. TURNOVER**

	2017 £	2016 £
Consultancy	5,678,358	13,670,715
	<u>5,678,358</u>	<u>13,670,715</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	3,135,806	2,979,129
Rest of Europe	238,995	697,036
Rest of the World	2,303,557	9,994,550
	<u>5,678,358</u>	<u>13,670,715</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	10,750	7,900
Exchange differences	25,421	-
Defined contribution pension cost	6,792	293,630
	<u>42,963</u>	<u>301,530</u>

6. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	10,750	7,900

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	2,409,286	2,948,699	2,409,286	2,948,699
Social security costs	40,084	-	40,084	-
Cost of defined contribution scheme	6,792	293,630	6,792	293,630
	<u>2,456,162</u>	<u>3,242,329</u>	<u>2,456,162</u>	<u>3,242,329</u>

The total compensation paid to key management personnel during the year was £726,319.

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

	2017 No.	2016 No.
Employees	<u>19</u>	<u>23</u>

8. DIRECTOR'S REMUNERATION

	2017 £	2016 £
Director's emoluments	139,833	140,000
Company contributions to defined contribution pension schemes	698	42,127
	<u>140,531</u>	<u>182,127</u>

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

9. INTEREST RECEIVABLE

	2017 £	2016 £
Other interest receivable	2,167	5,808
	<u>2,167</u>	<u>5,808</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Other interest payable	3,525	-
	<u>3,525</u>	<u>-</u>

11. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Current tax on profits for the year	106,406	238,173
Adjustments in respect of previous periods	101,725	-
	<u>208,131</u>	<u>238,173</u>

FOREIGN TAX

Foreign tax on income for the year	-	1,390,113
Foreign tax in respect of prior periods	(207,024)	-
	<u>(207,024)</u>	<u>1,390,113</u>

TOTAL CURRENT TAX

1,107 1,628,286

TAXATION ON PROFIT ON ORDINARY ACTIVITIES

1,107 1,628,286

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>514,735</u>	<u>4,628,252</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	99,069	925,650
EFFECTS OF:		
Expenses not deductible for tax purposes	4,136	-
Capital allowances for year in excess of depreciation	-	116
Adjustments to tax charge in respect of prior periods	(105,299)	-
Double taxation relief	-	589,161
Deferred tax not recognised	2,827	-
Changes in provisions leading to an increase (decrease) in the tax charge	374	-
Difference in foreign tax rates	-	113,359
TOTAL TAX CHARGE FOR THE YEAR	<u><u>1,107</u></u>	<u><u>1,628,286</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly the company's profits for the accounting year are taxed at an effective rate of 19.25% (2016: 20%).

The Finance Act 2016 was substantively enacted on 15 September 2016. This Act included provisions reducing the main rate of UK corporation tax to 17% from 1 April 2020. Accordingly, the relevant deferred tax balances have been measured using the future Corporation tax rate of 17%.

12. DIVIDENDS

	2017 £	2016 £
Dividends paid	300,000	3,468,733
	<u><u>300,000</u></u>	<u><u>3,468,733</u></u>

EGREMONT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. DEBTORS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,908,410	2,218,645	1,908,410	2,218,645
Amounts owed by group undertakings	-	-	415,561	-
Other debtors	172,978	249,171	172,978	249,171
Prepayments and accrued income	11,290	-	11,290	-
	<u>2,092,678</u>	<u>2,467,816</u>	<u>2,508,239</u>	<u>2,467,816</u>

14. CASH AND CASH EQUIVALENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	2,364,855	4,724,332	1,949,294	4,724,332
	<u>2,364,855</u>	<u>4,724,332</u>	<u>1,949,294</u>	<u>4,724,332</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	239,916	382,488	239,916	382,488
Corporation tax	109,931	765,799	109,931	765,799
Other taxation and social security	158,556	127,268	158,556	127,268
Other creditors	1,174,382	3,758,813	1,174,382	3,758,813
Accruals and deferred income	403,340	-	403,340	-
	<u>2,086,125</u>	<u>5,034,368</u>	<u>2,086,125</u>	<u>5,034,368</u>

16. SHARE CAPITAL

	2017 £	2016 £
ALLOTTED, CALLED UP AND FULLY PAID		
150,000 Ordinary shares of £0.001 each	<u>150</u>	<u>150</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. RESERVES

Profit and loss account

The profit and loss reserve reflects cumulative profits and losses net of distributions to shareholders.

18. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £39,091 (2016: £293,630). Contributions totalling £29,895 were payable to the fund at the reporting date and are included in creditors.

19. RELATED PARTY TRANSACTIONS

Included within creditors is an amount of £1,048,898 (2016: 2,603,304) owed by the company to the director, via his directors' loan account. No interest is charged on this balance and there is no fixed date for repayment.

The director received dividends in the year totalling £300,000 (2016: 3,468,733).