

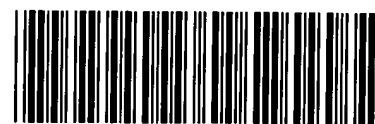
EGREMONT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



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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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EGREMONT GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

2018 was a great year for Egremont Group, with an 46% increase in turnover to £10.5m (2017: £5.7m) generated by a focus on nurturing lasting relationships with existing clients and developing new business via a productised service offering. Furthermore, enhanced visibility of the sales pipeline unlocked a 40% increase in headcount yet also substantially increased consultant time utilisation, consequently gross margin rose to 48.3% (2017: 40.2%). The company reported a pre-tax profit of £2.6m, which after taxation of £522k, resulted in a profit after taxation for the year of £2.1m (2017: £0.5m).

Following the continuation of several client contracts, Egremont Group is carrying strong momentum into 2019 and is confident the company will continue to grow into the future, within 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).

	2018	2017
Turnover	£10.5m	£5.7m
Gross margin	48.3%	40.2%
EBITDA % (ex dividends)	24.9%	9.1%

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


S Connolly
Director

Date: 8.5.19

EGREMONT GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his report and the financial statements for the year ended 31 December 2018.

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 £2,085,004 (2017: £513,628).

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 2018**

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: *8th May 2019*

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 2018, 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 2018 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.

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.

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.

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

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.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Group strategic report.

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.

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.



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: *15 May 2019*

EGREMONT GROUP LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	10,464,554	5,678,358
Cost of sales		(5,407,613)	(3,438,015)
GROSS PROFIT		5,056,941	2,240,343
Administrative expenses		(2,457,537)	(1,724,250)
OPERATING PROFIT	5	2,599,404	516,093
Interest receivable and similar income	9	7,602	2,167
Interest payable and expenses	10	-	(3,525)
PROFIT BEFORE TAX		2,607,006	514,735
Tax on profit	11	(522,002)	(1,107)
PROFIT AFTER TAX		2,085,004	513,628
Retained earnings at the beginning of the year		2,371,258	2,157,630
		2,371,258	2,157,630
Profit for the year attributable to the owners of the parent		2,085,004	513,628
Dividends declared and paid		(1,300,000)	(300,000)
RETAINED EARNINGS AT THE END OF THE YEAR		3,156,262	2,371,258

The notes on pages 11 to 22 form part of these financial statements.

EGREMONT GROUP LIMITED
REGISTERED NUMBER:04246721

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	33,393	-
		<u>33,393</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	1,425,288	2,092,678
Cash at bank and in hand	14	3,925,215	2,364,855
		<u>5,350,503</u>	<u>4,457,533</u>
Creditors: amounts falling due within one year	15	(2,227,484)	(2,086,125)
NET CURRENT ASSETS		<u>3,123,019</u>	<u>2,371,408</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,156,412</u>	<u>2,371,408</u>
PROVISIONS FOR LIABILITIES			
NET ASSETS		<u><u>3,156,412</u></u>	<u><u>2,371,408</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	150	150
Profit and loss account	18	3,156,262	2,371,258
		<u><u>3,156,412</u></u>	<u><u>2,371,408</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: 2.5.19

The notes on pages 11 to 22 form part of these financial statements.

EGREMONT GROUP LIMITED
REGISTERED NUMBER:04246721

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	12	33,393	-
		<u>33,393</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	1,587,194	2,508,239
Cash at bank and in hand	14	3,763,309	1,949,294
		<u>5,350,503</u>	<u>4,457,533</u>
Creditors: amounts falling due within one year	15	(2,227,484)	(2,086,125)
NET CURRENT ASSETS		<u>3,123,019</u>	<u>2,371,408</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,156,412</u>	<u>2,371,408</u>
NET ASSETS		<u><u>3,156,412</u></u>	<u><u>2,371,408</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	150	150
Profit and loss account brought forward		2,371,258	2,157,630
Profit for the year		2,085,004	513,628
Other changes in the profit and loss account		(1,300,000)	(300,000)
		<u>3,156,262</u>	<u>2,371,258</u>
Profit and loss account carried forward		<u><u>3,156,412</u></u>	<u><u>2,371,408</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: 8.5.19

The notes on pages 11 to 22 form part of these financial statements.

EGREMONT GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	2,085,004	513,628
ADJUSTMENTS FOR:		
Depreciation of tangible assets	5,422	-
Interest paid	-	3,525
Interest received	(7,602)	(2,167)
Taxation charge	522,002	(21,308)
Decrease in debtors	655,875	397,553
(Decrease) in creditors	(224,271)	(2,292,375)
Corporation tax (paid)	(144,857)	(656,975)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,891,573	(2,058,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(38,815)	-
Interest received	7,602	2,167
NET CASH FROM INVESTING ACTIVITIES	(31,213)	2,167
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,300,000)	(300,000)
Interest paid	-	(3,525)
NET CASH USED IN FINANCING ACTIVITIES	(1,300,000)	(303,525)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,560,360	(2,359,477)
Cash and cash equivalents at beginning of year	2,364,855	4,724,332
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	3,925,215	2,364,855
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	3,925,215	2,364,855
	3,925,215	2,364,855

The notes on pages 11 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The registered office is 33 Cavendish 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.3 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.

2.4 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 2018**

2. ACCOUNTING POLICIES (continued)

2.5 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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.

2.6 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.

2.7 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.

2.8 TANGIBLE FIXED ASSETS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.8 TANGIBLE FIXED ASSETS (CONTINUED)

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 7 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

2.9 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.

2.10 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.

2.11 CREDITORS

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

2.12 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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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.

4. TURNOVER

	2018 £	2017 £
Consultancy	10,464,554	5,678,358
	<u>10,464,554</u>	<u>5,678,358</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	4,583,954	3,135,806
Rest of Europe	45,417	238,995
Rest of the World	5,835,183	2,303,557
	<u>10,464,554</u>	<u>5,678,358</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	66,757	-
Exchange differences	(63,792)	25,421
	<u>2,962</u>	<u>25,421</u>

EGREMONT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. AUDITORS' REMUNERATION

**FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN
RESPECT OF:**

Audit of the Group's annual financial statements	11,075	10,750
Taxation compliance services	2,575	2,500
	13,650	13,250

7. EMPLOYEES

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

The total compensation paid to key management personnel during the year was £1,215,580 (2017: £726,319).

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

	2018 No.	2017 No.
Employees	27	19

8. DIRECTOR'S REMUNERATION

	2018 £	2017 £
Director's emoluments	100,000	99,833
Company contributions to defined contribution pension schemes	114	698
	100,114	100,531

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

EGREMONT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	7,602	2,167
	<u>7,602</u>	<u>2,167</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Other interest payable	-	3,525
	<u>-</u>	<u>3,525</u>

11. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	287,247	106,406
Adjustments in respect of previous periods	(7,775)	101,725
	<u>279,472</u>	<u>208,131</u>
FOREIGN TAX		
Foreign tax on income for the year	242,530	-
Foreign tax in respect of prior periods	-	(207,024)
	<u>242,530</u>	<u>(207,024)</u>
TOTAL CURRENT TAX	<u>522,002</u>	<u>1,107</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>522,002</u>	<u>1,107</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	2,607,006	514,735
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	495,331	99,069
EFFECTS OF:		
Expenses not deductible for tax purposes	2,382	4,136
Fixed asset timing adjustments	(2,062)	-
Adjustments to tax charge in respect of prior periods	(7,775)	(105,299)
Foreign tax credits	30,496	-
Deferred tax not recognised	3,249	2,827
Changes in provisions leading to an increase (decrease) in the tax charge	381	374
TOTAL TAX CHARGE FOR THE YEAR	522,002	1,107

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. TANGIBLE FIXED ASSETS

Group and Company

	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION			
Additions	13,779	25,036	38,815
At 31 December 2018	13,779	25,036	38,815
DEPRECIATION			
Charge for the year on owned assets	750	4,672	5,422
At 31 December 2018	750	4,672	5,422
NET BOOK VALUE			
At 31 December 2018	13,029	20,364	33,393
At 31 December 2017	-	-	-

EGREMONT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. DEBTORS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,242,295	1,908,410	1,242,295	1,908,410
Amounts owed by group undertakings	-	-	161,907	415,561
Other debtors	104,967	172,978	104,966	172,978
Prepayments and accrued income	78,026	11,290	78,026	11,290
	<u>1,425,288</u>	<u>2,092,678</u>	<u>1,587,194</u>	<u>2,508,239</u>

14. CASH AND CASH EQUIVALENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	3,925,215	2,364,855	3,763,309	1,949,294
	<u>3,925,215</u>	<u>2,364,855</u>	<u>3,763,309</u>	<u>1,949,294</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	243,115	239,916	243,115	239,916
Corporation tax	475,560	109,931	475,560	109,931
Other taxation and social security	95,260	158,556	95,260	158,556
Other creditors	767,949	1,174,382	767,949	1,174,382
Accruals and deferred income	645,600	403,340	645,600	403,340
	<u>2,227,484</u>	<u>2,086,125</u>	<u>2,227,484</u>	<u>2,086,125</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. FINANCIAL INSTRUMENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	3,925,215	2,364,855	3,763,309	1,949,294
Financial assets that are debt instruments measured at amortised cost	1,347,262	2,081,388	1,509,168	2,496,949
	<u>5,272,477</u>	<u>4,446,243</u>	<u>5,272,477</u>	<u>4,446,243</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(1,818,570)	(1,817,638)	(1,818,570)	(1,817,638)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise Trade debtors, Amounts owed by group undertakings, Other debtors and Accrued income.

Financial liabilities measured at amortised cost comprise Trade creditors, Other creditors and Accruals.

17. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
150,000 (2017: 150,000) Ordinary shares of £0.001 each	150	150

18. RESERVES**Profit and loss account**

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

19. SHARE BASED PAYMENTS

During the year, the company issued 50,002 share options to 19 of its employees under an Enterprise Management Incentive scheme. Options are exercisable on the exit of the current shareholders, as a result of a share or asset sale. Options are exercisable at £6.12 or £6.59, depending on the specific circumstances of the exit.

The share options remain exercisable whilst the option holder is under the employment of the company and expire after 10 years from the date of issue. During the year, 5 option holders ceased to be employed by the company and therefore forfeited a total of 5,047 share options. As a result, 44,995 share options were exercisable at the year end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. 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 £60,956 (2017: £39,091). Contributions totalling £11,074 (2017: £29,895) were payable to the fund at the reporting date and are included in creditors.

21. RELATED PARTY TRANSACTIONS

Included within other creditors is an amount of £756,875 (2017: £1,048,898) owed by the company to the director and close family members. No interest is charged on this balance and there is no fixed date for repayment.

The director and close family received dividends in the year totalling £1,300,000 (2017: 300,000).

During the year, close family members of the director were employed by the company. Remunerations totalling £124,076 (2017: £84,862) were paid to these close family members in relation to their employment.

During the year, £10,000 was paid to a company controlled by a close family member of the director.