Registered number: 04246721

EGREMONT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Bishop Fleming

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 2019

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 33% reduction in turnover to £7.0m (2018: £10.5m) having seen some large client contracts in the previous year. The reduction in turnover in turn led to a decrease in gross margin to 42.4% (2018: 48.3%). The company reported a pre tax profit of £0.3m (2018: £2.6m).

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.

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.

COVID-19

Following the outbreak of the COVID-19 pandemic in early 2020 the director has considered the implications this could have upon the Group. The current coronavirus outbreak has caused a lot of uncertainty and volatility in the marketplace. The director is continuing to monitor developments in a rapidly changing business environment and will endeavour to take steps as are required to ensure the Group is able to continue to function for the forseeable future.

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).

	2019	2018
Turnover	£7.0m	£10.5m
Gross margin	42.4%	48.3%
EBITDA % (ex dividends)	3.7%	24.9%

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

S Connolly
Director
Date: 14 December 2020

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The director presents his report and the financial statements for the year ended 31 December 2019.

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 £309,054 (2018: £2,085,004).

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.

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: 14 December 2020

33 Cavendish Square
London
W1G 0PW

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2019, 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 2019 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.

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 3, 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.

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.

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

USE OF OUR REPORT

This report is made solely to the Company's members 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 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

15 December 2020

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	**6,969,189**	10,464,554
Cost of sales		**(4,013,405)**	(5,407,613)
GROSS PROFIT		**2,955,784**	5,056,941
Administrative expenses		**(2,718,036)**	(2,457,537)
OPERATING PROFIT	5	**237,748**	2,599,404
Interest receivable and similar income	9	**19,324**	7,602
PROFIT BEFORE TAX		**257,072**	2,607,006
Tax on profit	10	**51,982**	(522,002)
PROFIT AFTER TAX		**309,054**	2,085,004
Retained earnings at the beginning of the year		**3,156,262**	2,371,258
		3,156,262	2,371,258
Profit for the year attributable to the owners of the parent		**309,054**	2,085,004
Dividends declared and paid		**(300,000)**	(1,300,000)
RETAINED EARNINGS AT THE END OF THE YEAR		**3,165,316**	3,156,262

The notes on pages 12 to 23 form part of these financial statements.

EGREMONT GROUP LIMITED
REGISTERED NUMBER:04246721

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
FIXED ASSETS					
Intangible assets	11		**46,494**		-
Tangible assets	12		**45,878**		33,393
			92,372		33,393
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	**1,032,050**		1,425,288	
Cash at bank and in hand	14	**3,300,443**		3,925,215	
		4,332,493		5,350,503	
Creditors: amounts falling due within one year	15	**(1,259,399)**		(2,227,484)	
NET CURRENT ASSETS			**3,073,094**		3,123,019
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,165,466**		3,156,412
NET ASSETS			**3,165,466**		3,156,412
CAPITAL AND RESERVES					
Called up share capital	17		**150**		150
Profit and loss account	18		**3,165,316**		3,156,262
			3,165,466		3,156,412

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

S Connolly
Director

Date: 14 December 2020

The notes on pages 12 to 23 form part of these financial statements.

EGREMONT GROUP LIMITED
REGISTERED NUMBER:04246721

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
FIXED ASSETS					
Intangible assets	11		**46,494**		-
Tangible assets	12		**45,878**		33,393
			92,372		33,393
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	**1,061,944**		1,587,194	
Cash at bank and in hand	14	**3,270,549**		3,763,309	
		4,332,493		5,350,503	
Creditors: amounts falling due within one year	15	**(1,259,399)**		(2,227,484)	
NET CURRENT ASSETS			**3,073,094**		3,123,019
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,165,466**		3,156,412
NET ASSETS			**3,165,466**		3,156,412
CAPITAL AND RESERVES					
Called up share capital	17		**150**		150
Profit and loss account brought forward		**3,156,262**		2,371,258	
Profit for the year		**309,054**		2,085,004	
Other changes in the profit and loss account		**(300,000)**		(1,300,000)	
Profit and loss account carried forward			**3,165,316**		3,156,262
			3,165,466		3,156,412

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

S Connolly
Director

Date: 14 December 2020

The notes on pages 12 to 23 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**309,054**	2,085,004
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**4,531**	-
Depreciation of tangible assets	**14,548**	5,422
Interest received	**(19,324)**	(7,602)
Taxation charge	**(51,982)**	522,002
Decrease in debtors	**464,857**	655,875
(Decrease) in creditors	**(514,068)**	(224,271)
Corporation tax (paid)	**(473,654)**	(144,857)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(266,038)**	2,891,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	**(51,025)**	-
Purchase of tangible fixed assets	**(27,033)**	(38,815)
Interest received	**19,324**	7,602
NET CASH FROM INVESTING ACTIVITIES	**(58,734)**	(31,213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(300,000)**	(1,300,000)
NET CASH USED IN FINANCING ACTIVITIES	**(300,000)**	(1,300,000)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(624,772)**	1,560,360
Cash and cash equivalents at beginning of year	**3,925,215**	2,364,855
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**3,300,443**	3,925,215
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**3,300,443**	3,925,215
	3,300,443	3,925,215

The notes on pages 12 to 23 form part of these financial statements.

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.

2.3 GOING CONCERN

Following the outbreak of the COVID-19 pandemic in early 2020 the Director has considered the implications this could have upon the ongoing operations of the Group. The current coronavirus outbreak has caused a lot of uncertainty and volatility in the marketplace. The director considers that a number of risks arise from this situation.

The Director is continuing to monitor developments in a rapidly changing business environment and will endeavour to take steps as are required to ensure the Group is able to continue to function for the foreseeable future. As such, the Director does not anticipate any material change to the current business model as a result of COVID-19. In light of this, the Director considers it appropriate for the financial statements to be prepared on a going concern basis.

2. ACCOUNTING POLICIES (continued)

2.4 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.

2.5 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.

2. ACCOUNTING POLICIES (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	10	years

2.10 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.

2. ACCOUNTING POLICIES (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 ordinary shares.

2.15 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.

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

	2019	2018
	£	£
Consultancy	**6,969,189**	10,464,554
	6,969,189	10,464,554

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	**5,577,445**	4,583,954
Rest of Europe	**297,644**	45,417
Rest of the World	**1,094,100**	5,835,183
	6,969,189	10,464,554

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Research & development charged as an expense	**10,685**	66,757
Exchange differences	**2,719**	(63,792)

6. AUDITORS' REMUNERATION

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

Audit of the Group's annual financial statements	**11,500**	11,075
Taxation compliance services	**2,675**	2,575
	14,175	13,650

7. EMPLOYEES

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

The total compensation paid to key management personnel during the year was £1,600,446 (2018: £1,215,580).

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

	2019	2018
	No.	No.
Employees	**30**	27

8. DIRECTOR'S REMUNERATION

	2019	2018
	£	£
Director's emoluments	**142,491**	100,000
Company contributions to defined contribution pension schemes	**-**	114
	142,491	100,114

During the year retirement benefits were accruing to no directors (2018: 1) in respect of defined contribution pension schemes.

9. INTEREST RECEIVABLE

	2019	2018
	£	£
Other interest receivable	**19,324**	7,602
	19,324	7,602

10. TAXATION

	2019	2018
	£	£
CORPORATION TAX		
Current tax on profits for the year	-	287,247
Adjustments in respect of previous periods	21,526	(7,775)
	21,526	279,472
FOREIGN TAX		
Foreign tax on income for the year	745	242,530
Adjustments in respect of previous periods	(74,253)	-
	(73,508)	242,530
TOTAL CURRENT TAX	(51,982)	522,002
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(51,982)	522,002

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	257,072	2,607,006
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	48,844	495,331
EFFECTS OF:		
Expenses not deductible for tax purposes	5,237	2,382
Fixed asset timing adjustments	-	(2,062)
Utilisation of tax losses	(13,880)	-
Adjustments to tax charge in respect of prior periods	(52,727)	(7,775)
Additional deduction for R&D expenditure	(29,581)	-
Foreign tax credits	745	30,496
Deferred tax not recognised	(9,502)	3,249
Changes in provisions leading to an increase (decrease) in the tax charge	(1,118)	381
TOTAL TAX CHARGE FOR THE YEAR	(51,982)	522,002

11. INTANGIBLE ASSETS

Group and Company

	Trademarks	Computer software	Total
	£	£	£
COST			
Additions	**40,575**	**10,450**	**51,025**
At 31 December 2019	**40,575**	**10,450**	**51,025**
AMORTISATION			
Charge for the year on owned assets	**3,924**	**607**	**4,531**
At 31 December 2019	**3,924**	**607**	**4,531**
NET BOOK VALUE			
At 31 December 2019	**36,651**	**9,843**	**46,494**
At 31 December 2018	-	-	-

12. TANGIBLE FIXED ASSETS

Group and Company

	Fixtures and fittings	Computer equipment	Total
	£	£	£
COST OR VALUATION			
At 1 January 2019	**13,779**	**25,036**	**38,815**
Additions	**4,178**	**22,855**	**27,033**
At 31 December 2019	**17,957**	**47,891**	**65,848**
DEPRECIATION			
At 1 January 2019	**750**	**4,672**	**5,422**
Charge for the year on owned assets	**2,466**	**12,082**	**14,548**
At 31 December 2019	**3,216**	**16,754**	**19,970**
NET BOOK VALUE			
At 31 December 2019	**14,741**	**31,137**	**45,878**
At 31 December 2018	13,029	20,364	33,393

13. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	**829,676**	1,242,295	**829,676**	1,242,295
Amounts owed by group undertakings	**-**	-	**29,894**	161,907
Other debtors	**165,509**	104,967	**165,509**	104,966
Prepayments and accrued income	**36,865**	78,026	**36,865**	78,026
	1,032,050	1,425,288	**1,061,944**	1,587,194

14. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	**3,300,443**	3,925,215	**3,270,549**	3,763,309
	3,300,443	3,925,215	**3,270,549**	3,763,309

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	**66,715**	243,115	**66,715**	243,115
Corporation tax	**21,543**	475,560	**21,543**	475,560
Other taxation and social security	**125,309**	95,260	**125,309**	95,260
Other creditors	**896,315**	767,949	**896,315**	767,949
Accruals and deferred income	**149,517**	645,600	**149,517**	645,600
	1,259,399	2,227,484	**1,259,399**	2,227,484

16. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	**3,300,443**	3,925,215	**3,270,549**	3,763,309
Financial assets that are debt instruments measured at amortised cost	**942,557**	1,347,262	**912,663**	1,509,168
	4,243,000	5,272,477	**4,183,212**	5,272,477
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	**(1,364,742)**	(2,389,391)	**(1,394,636)**	(2,227,484)

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

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
150,000 (2018: 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

The company operates an Enterprise Management Incentive scheme for twenty-five employees (2018: Fourteen). Options are exercisable on the exit of the current shareholders, as a result of a share or asset sale. 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 prior year, the company issued 50,002 share options to 19 of its employees. Options are exercisable at £6.12 or £6.59, depending on the specific circumstances of the exit. At the year end 7 option holders had ceased to be employed by the company and therefore forfeited a total of 10,736 share options. As a result, 39,266 share options were exercisable at the year end.

During the year, the company issued a further 17,950 share options to 17 of its employees. Options are exercisable at £7.31 or £7.87, depending on the specific circumstances of the exit. At the year end 3 option holders had ceased to be employed by the company and therefore forfeited a total of 3,350 share options. As a result, 14,600 share options were exercisable at the year end.

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 £123,060 (2018: £60,956) Contributions totalling £69,678 (2018: £11,074) were payable to the fund at the reporting date and are included in creditors.

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019	Group 2018	**Company 2019**	Company 2018
	£	£	**£**	£
Not later than 1 year	**92,887**	221,707	**92,887**	221,707
Later than 1 year and not later than 5 years	**-**	92,887	**-**	92,887
	92,887	314,594	**92,887**	314,594

22. RELATED PARTY TRANSACTIONS

Included within other creditors is an amount of £826,637 (2018: £756,875) 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 £300,000 (2018: 1,300,000).

During the year, close family members of the director were employed by the company. Remunerations totalling £64,861 (2018: £124,076) were paid to these close family members in relation to their employment.

During the year, £10,000 (2018: £10,000) was paid to a company controlled by a close family member of the director.

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