

**?WHAT IF! LIMITED**

**Directors' Report And Financial Statements**

**For the year ended 31 December 2011**



**Company Registration No 03293412 (England And Wales)**

# ?WHAT IF! LIMITED

## COMPANY INFORMATION

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### Directors

S Pajwani  
J Hoare  
R Price  
L Burrows  
A Sheikh

### Secretaries

J Hoare  
A Kingdon

### Company number

03293412

### Registered office

5th Floor  
89 New Bond Street  
London  
W1S 1DA

### Auditors

Kingston Smith LLP  
141 Wardour Street  
London  
W1F 0UT

### Bankers

HSBC Bank Plc  
Commercial Centre  
465 Bethnal Green Road  
London  
E2 9QW

Barclays Bank Plc  
Business Banking  
1 Churchill Place  
London  
E14 5HP

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# WHAT IF! LIMITED

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# ?WHAT IF? LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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The directors present their report and financial statements for the year ended 31 December 2011

### **Principal activities and review of the business**

The principal activity of the business continues to be that of innovating brands, products and services, transforming clients' innovation capability, and resolving clients' strategic innovation challenges

Turnover, at £15.0 million, was £0.6 million lower than the previous year principally reflecting the economic downturn

Both operating profits and margin are improved on the prior year, and the directors continue to increase investments in key personnel and advisory services

The company invested heavily during the year in strengthening its management team and commercial systems

The directors consider that the business is exposed to credit risk and, more significantly, credit delinquency since the majority of the company's revenues are derived from FTSE companies where there has been increasing pressure to extend payment terms

In addition, exchange fluctuations continue to pose a risk and the directors have implemented a hedging facility to reduce exposure

The company has no debt

The company monitors cash flows as part of its day to day control procedures. The board considers cashflow projections on a regular basis and ensures appropriate facilities are drawn upon as appropriate

### **Key performance indicators**

Our financial KPIs are turnover, operating margin and earnings before interest, tax, depreciation and amortisation (EBITDA), the latter being the best indicator of cash generation

The board considers that the 3.86% decrease in turnover (£0.602 million) was acceptable, given the prevailing economic conditions, and is confident that the company is optimally positioned to enjoy strong and sustainable growth

Other KPIs include reporting on the number of briefs, the ratio of successful conversion and the lead time from receiving a brief to starting work. The board considers this information to be commercially sensitive but continue to believe that the company performs above industry norms

### **Results and dividends**

The results for the year are set out on page 5

### **Future developments**

The Board has approved one principal investment in 2011, being the implementation of a new integrated business system to support greater integration across its business, including group companies, as well as enhance commercial focus across the organisation and provide the further foundation for ambitious growth plans

In order to respond to the current economic turmoil as well as the emergence of new thinking and attitudes amongst both businesses and consumers the directors continue to focus on the development of intellectual property, new products and services, which will be launched over the next 2 years

The Board also considers organisational innovation and business strategy to be two key areas of focus in 2011 and beyond

# ?WHAT IF! LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

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### Directors

The following directors have held office since 1 January 2011

S Pajwani  
J Hoare  
R Price  
L Burrows  
A Sheikh  
D Salmons

(Appointed 7 February 2012 and resigned 15 February 2012)

### Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

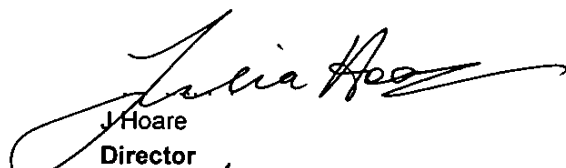
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

  
J Hoare  
Director  
22 August 2012

# ?WHAT IF! LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ?WHAT IF! LIMITED

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We have audited the financial statements of ?What If! Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## ?WHAT IF! LIMITED

### INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ?WHAT IF! LIMITED

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#### Matters on which we are required to report by exception

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

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

*Kingston Smith LLP*

Ian Graham (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP

*31/8/12*

Chartered Accountants  
Statutory Auditor

141 Wardour Street  
London  
W1F 0UT

## ?WHAT IF! LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	14,986,536	15,588,187
Cost of sales		(8,491,044)	(8,563,998)
<b>Gross profit</b>		<b>6,495,492</b>	<b>7,024,189</b>
Administrative expenses		(6,132,458)	(6,691,971)
<b>Operating profit</b>	<b>3</b>	<b>363,034</b>	<b>332,218</b>
Other interest receivable and similar income	4	2,239	14,885
Interest payable and similar charges	5	-	(206)
<b>Profit on ordinary activities before taxation</b>		<b>365,273</b>	<b>346,897</b>
Tax on profit on ordinary activities	6	17,369	(71,361)
<b>Profit for the year</b>	<b>15</b>	<b>382,642</b>	<b>275,536</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

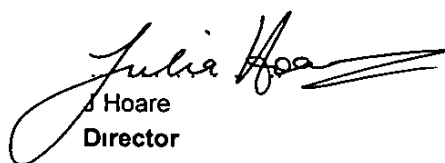
There are no recognised gains and losses other than those passing through the profit and loss account

# ?WHAT IF! LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
<b>Fixed assets</b>					
Tangible assets	7	371,084		552,911	
Investments	8	1,100		1,100	
		<u>372,184</u>		<u>554,011</u>	
<b>Current assets</b>					
Stocks	9	126,214		166,548	
Deferred tax asset	10	89,921		72,552	
Debtors amounts falling due within one year	10	6,217,768		6,030,645	
Debtors amounts falling due after more than one year	10	200,000		200,000	
Cash at bank and in hand		722,855		714,884	
		<u>7,356,758</u>		<u>7,184,629</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,123,706)</u>		<u>(3,675,633)</u>	
<b>Net current assets</b>		<u>4,233,052</u>		<u>3,508,996</u>	
<b>Total assets less current liabilities</b>		<u>4,605,236</u>		<u>4,063,007</u>	
<b>Provisions for liabilities</b>	12	<u>(131,000)</u>		<u>(106,000)</u>	
		<u>4,474,236</u>		<u>3,957,007</u>	
<b>Capital and reserves</b>					
Called up share capital	14	1,100		1,100	
Share premium account	15	259,900		259,900	
Other reserves	15	386,368		251,781	
Profit and loss account	15	3,826,868		3,444,226	
<b>Shareholders' funds</b>	16	<u>4,474,236</u>		<u>3,957,007</u>	

Approved by the Board and authorised for issue on 22 August 2012

  
J Hoare  
Director

Company Registration No. 03293412

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	Over 2 years
Plant and machinery	33 3% straight line
Software	33 3%
Fixtures, fittings & equipment	20% to 33 3% straight line

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

#### **1.7 Stock and work in progress**

Stocks are valued at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

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### 1 Accounting policies

(continued)

#### 1.8 Revenue recognition

Fee income represents revenue earned under a wide variety of contracts to provide the company's primary service. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

#### 1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of ?What If! Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 2 Turnover

#### Geographical market

	Turnover 2011 £	2010 £
United Kingdom	7,792,999	8,261,739
Europe	5,694,884	5,611,747
North America	1,049,058	935,291
Asia	149,865	623,527
South America	-	155,883
Australia	299,730	-
	<u>14,986,536</u>	<u>15,588,187</u>

### 3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	288,065	96,149
Loss on disposal of tangible assets	-	386
Operating lease rentals	637,648	624,426
Auditors' remuneration (including expenses and benefits in kind)	24,000	28,000
and after crediting		
Profit on disposal of tangible assets	(3,633)	-
Profit on foreign exchange transactions	(90,482)	(3,649)
	<u>(94,115)</u>	<u>(3,263)</u>

### 4 Investment income

	2011 £	2010 £
Bank interest	2,239	14,885
	<u>2,239</u>	<u>14,885</u>

### 5 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	-	206
	<u>-</u>	<u>206</u>

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>6 Taxation</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Foreign corporation tax</b>		
Foreign withholding tax	-	17,615
<b>Current tax charge</b>	-	17,615
<b>Deferred tax</b>		
Deferred tax (credit)/charge	(17,369)	53,746
	<u>(17,369)</u>	<u>71,361</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	<u>365,273</u>	<u>346,897</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	<u>96,797</u>	<u>97,131</u>
Effects of		
Non deductible expenses	39,888	61,339
Capital allowances in excess of depreciation	76,337	(20,443)
Group relief	(164,312)	(91,861)
Foreign tax adjustments	(10,775)	498
Chargeable disposals	(963)	108
Other tax adjustments	(36,972)	(29,157)
	<u>(96,797)</u>	<u>(79,516)</u>
<b>Current tax charge</b>	<u>-</u>	<u>17,615</u>

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 7 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2011	385,560	987,534	182,071	1,555,165
Additions	9,153	91,952	1,500	102,605
Disposals	-	(824,203)	(34,028)	(858,231)
At 31 December 2011	394,713	255,283	149,543	799,539
<b>Depreciation</b>				
At 1 January 2011 - as revised	-	855,877	146,377	1,002,254
On disposals	-	(827,835)	(34,029)	(861,864)
Charge for the year	187,506	79,820	20,739	288,065
At 31 December 2011	187,506	107,862	133,087	428,455
<b>Net book value</b>				
At 31 December 2011	207,207	147,421	16,456	371,084
At 31 December 2010	385,560	131,657	35,694	552,911

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 8 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2011 & at 31 December 2011	1,100
<b>Net book value</b>	
At 31 December 2011	1,100
At 31 December 2010	1,100

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
<b>Subsidiary undertakings</b>				
?What If! Inventors Limited	England & Wales	Ordinary	100 00	
?What If! Training Limited	England & Wales	Ordinary	100 00	

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
	<b>Principal activity</b>		
?What If! Inventors Limited	Dormant	1,000	-
?What If! Training Limited	Dormant	100	-

### 9 Work in progress

	2011 £	2010 £
Work in progress	126,214	166,548

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>10 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,216,318	2,916,554
Amounts owed by parent and fellow subsidiary undertakings	3,503,903	2,532,319
Corporation tax	76,476	208,490
Other debtors	210,243	218,310
Prepayments and accrued income	410,828	354,972
Deferred tax asset (see note 12)	89,921	72,552
	<u>6,507,689</u>	<u>6,303,197</u>

Amounts falling due after more than one year and included in the debtors above are

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Other debtors	<u>200,000</u>	<u>200,000</u>

<b>11 Creditors' amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,209,533	1,228,641
Taxes and social security costs	594,408	470,773
Other creditors	58,862	93,350
Accruals and deferred income	1,260,903	1,882,869
	<u>3,123,706</u>	<u>3,675,633</u>

# ?WHAT IF! LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 12 Provisions for liabilities

	Other £
Balance at 1 January 2011	106,000
Profit and loss account	25,000
	<hr/>
Balance at 31 December 2011	131,000
	<hr/>

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2011 £
Balance at 1 January 2011	(72,552)
Profit and loss account	(17,369)
	<hr/>
Balance at 31 December 2011	(89,921)
	<hr/>

	2011 £	2010 £
Decelerated capital allowances	(89,921)	(72,552)
	<hr/>	<hr/>

### 13 Pension and other post-retirement benefit commitments

#### Defined contribution

Amounts outstanding at the year end and included in other creditors £49,888 (2010 £44,563)

	2011 £	2010 £
Contributions payable by the company for the year	268,282	276,269
	<hr/>	<hr/>

# ?WHAT IFI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

14 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
1,100 Ordinary shares of £1 each	1,100	1,100

### Share options

Certain employees from the company hold options to subscribe for shares in the Holding parent company at prices ranging from £0.92 to £5.00. The number of shares subject to options, the periods in which they were granted and the period in which they may be exercised are given below.

Date of grant	Number of shares			Exercise period	Exercise price (p)
	1 Jan 2011	Issued in the year	Lapsed in the year	31 Dec 2011	
01/04/05	20,000	-	(20,000)	-	3 years 120
04/01/06	8,000	-	-	8,000	3 years 120
04/01/06	30,000	-	(30,000)	-	3 years 334
24/04/06	62,000	-	(55,000)	7,000	2-5 years 334
01/10/07	163,000	-	(139,000)	24,000	5 years 469
23/02/09	129,032	-	-	129,032	5 years 92
10/03/09	74,000	-	(20,000)	54,000	5 years 120
10/03/09	15,000	-	(8,000)	7,000	5 years 469
10/03/09	15,000	-	(15,000)	-	5 years 500
19/01/10	16,000	-	-	16,000	5 years 121
19/01/10	130,000	-	-	130,000	5 years 162
19/01/10	20,000	-	-	20,000	5 years 469
19/01/10	8,000	-	-	8,000	5 years 500
10/03/10	135,000	-	-	135,000	5 years 121
11/04/11	-	75,000	-	75,000	5 years 391
11/04/11	-	75,000	-	75,000	5 years 391
	825,032	150,000	(287,000)	688,032	

The charge to the profit and loss account in 2011 was £134,587 (2010: £167,080). The fair value has been calculated using the Black-Scholes option pricing model. In respect of options granted in 2011 the inputs into the model were as follows:

	2011
Weighted average share price	271p
Exercise price	92p-500p
Expected volatility	35.00%
Expected life	5 years
Risk-free rate	2.81%
Expected dividend yield	1.00%

# ?WHAT IFI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

### 14 Share capital

(continued)

Expected volatility was determined with reference to the total value of equity per internal market calculations. The expected life used in the model has been calculated, based on management's best estimate, for the effects of non-transferability and behavioural considerations. The weighted average remaining contractual life of the share options outstanding at the end of the period is five years. The weighted average fair value at measurement date for the options granted during the year was £0.2457. There are no market based conditions included in the valuation.

### 15 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	259,900	251,781	3,444,226
Profit for the year	-	-	382,642
Movement during the year	-	134,587	-
Balance at 31 December 2011	259,900	386,368	3,826,868

#### Other reserves

##### Share option reserve

Balance at 1 January 2011	251,781
Charge for the year	134,587
Balance at 31 December 2011	386,368

### 16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	382,642	275,536
Movements on other reserves	134,587	167,080
Net addition to shareholders' funds	517,229	442,616
Opening shareholders' funds	3,957,007	3,514,391
Closing shareholders' funds	4,474,236	3,957,007

## WHAT IF? LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 17 Contingent liabilities

The company has given a cross guarantee to HSBC Plc on facilities provided to three other companies within the group. The group's indebtedness to its bankers under this arrangement as at 31 December 2011 amounted to £nil (2010: £nil).

The company has a debenture in respect of HSBC Plc, which is secured by a fixed and floating charge over the assets of the company.

#### 18 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012:

	<b>Land and buildings</b>	
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within one year	-	14,499
Between two and five years	27,110	86,302
In over five years	457,215	457,215
	<u>484,325</u>	<u>558,016</u>

#### 19 Directors' remuneration

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	871,277	810,718
Company pension contributions to defined contribution schemes	40,340	31,334
	<u>911,617</u>	<u>842,052</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2010: 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	261,042	314,557
Company pension contributions to defined contribution schemes	14,429	12,716

## ?WHAT IF! LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 20 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Directors	5	4
Employees	109	114
	<u>114</u>	<u>118</u>

##### Employment costs

	2011 £	2010 £
Wages and salaries	7,336,435	7,371,144
Social security costs	950,197	823,677
Other pension costs	268,282	276,269
Costs of share option scheme	134,587	167,080
	<u>8,689,501</u>	<u>8,638,170</u>

#### 21 Control

The ultimate controlling party is ?What If! Holdings Limited by virtue of its 100% shareholding in ?What If! Limited. ?What If! Holdings Limited is a company registered in England and Wales.

#### 22 Related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

There were balances due from the directors of the parent company ?What If! Holdings Limited at the year end. The balance outstanding to D Allan was £385 (2010: £121) and the balance outstanding to M Kingdon was £899 (2010: £nil).