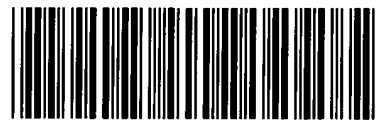


# ?What If! Limited

## Annual Report and Financial Statements

For the year ended 31 December 2016

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# ?What If! Limited

## Company Information

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<b>Directors</b>	J Hoare D Allan A Whatley
<b>Secretary</b>	A Kingdon
<b>Company number</b>	03293412
<b>Registered office</b>	5th Floor 89 New Bond Street London W1S 1DA
<b>Auditors</b>	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
<b>Business address</b>	The Glassworks 3/4 Ashland Place London W1U 4AH
<b>Bankers</b>	HSBC Bank Plc Commercial Centre 465 Bethnal Green Road London E2 9QW

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# ?What If! Limited

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# ?What If! Limited

## Strategic Report

For the year ended 31 December 2016

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The directors present the strategic report and financial statements for the year ended 31 December 2016.

### **Fair review of the business**

Turnover for the year was £11.52 million (2015: £12.26 million).

Operating profit for the year was £0.50 million (2015: £0.14 million).

The Company consolidated its position and despite a reduction in headcount and revenue, operating margins improved significantly in the year.

During the year the Company continued to invest heavily in strengthening its management team and commercial systems.

### **Principal risks and uncertainties**

The directors consider that the economic environment is improving but the fragility of the recovery remains a concern; also the full impact of Brexit has yet to be determined, however the Company continues to have a broad FTSE client base and strong client relationships.

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.

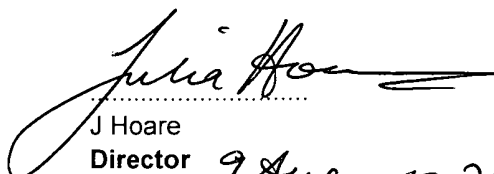
### **Key performance indicators**

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 the results 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.

On behalf of the board

  
J Hoare  
Director 9 August 2017

# ?What If! Limited

## Directors' Report

For the year ended 31 December 2016

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The directors present their annual report and financial statements for the year ended 31 December 2016.

### Principal activities

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.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Hoare  
D Allan  
A Whatley

### Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £200,000 (2015: £200,000). The directors do not recommend payment of a final dividend.

### Future developments

The Company continues to develop its global presence and invest in supporting our international client base. 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. The Board also considers organisational innovation and business strategy to be two key areas of focus in 2016 and beyond.

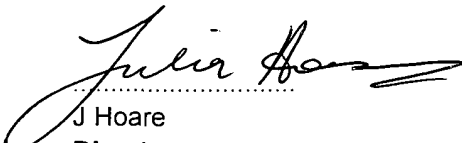
### Auditors

In accordance with the company's articles, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put at a General Meeting.

### Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually 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 9 August 2017

# ?What If! Limited

## Directors' Responsibilities Statement

For the year ended 31 December 2016

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The directors are responsible for preparing the Annual 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.

# ?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 2016 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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), including Financial Reporting Standard 102.

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.

#### **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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## ?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

Chartered Accountants  
Statutory Auditor

.....10/8/17.....

Charlotte Building  
17 Gresse Street  
London  
W1T 1QL



# ?What If! Limited

## Profit and Loss Account

For the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	3	11,524,863	12,256,559
Cost of sales		(6,719,910)	(6,976,465)
<b>Gross profit</b>		4,804,953	5,280,094
Administrative expenses		(4,309,395)	(5,143,323)
<b>Operating profit</b>	4	495,558	136,771
Interest receivable and similar income	8	37,085	32,812
Interest payable and similar charges	9	(35,092)	-
<b>Profit before taxation</b>		497,551	169,583
Taxation	10	(198,320)	242,258
<b>Profit for the financial year</b>		299,231	411,841
<b>Total comprehensive income for the year</b>		299,231	411,841

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

## ?What If! Limited

### Statement of Comprehensive Income

For the year ended 31 December 2016

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	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Profit for the year</b>	299,231	411,841
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>299,231</u>	<u>411,841</u>

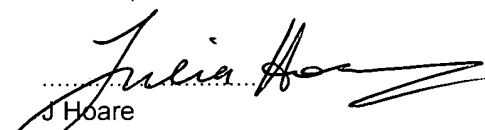
# ?What If! Limited

## Balance-Sheet

As at 31 December 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12	152,608		257,848	
Investments	13	1,100		1,100	
		<u>153,708</u>		<u>258,948</u>	
<b>Current assets</b>					
Stocks	15	299,050		151,948	
Debtors	16	9,010,046		8,512,067	
Cash at bank and in hand		92,324		74,182	
		<u>9,401,420</u>		<u>8,738,197</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(3,639,170)</u>		<u>(3,213,429)</u>	
Net current assets		5,762,250		5,524,768	
<b>Total assets less current liabilities</b>		5,915,958		5,783,716	
<b>Provisions for liabilities</b>	20	<u>(260,011)</u>		<u>(227,000)</u>	
<b>Net assets</b>		<u>5,655,947</u>		<u>5,556,716</u>	
<b>Capital and reserves</b>					
Called up share capital	21	1,100		1,100	
Share premium account		259,900		259,900	
Other reserves	23	739,499		993,567	
Profit and loss reserves		4,655,448		4,302,149	
<b>Total equity</b>		<u>5,655,947</u>		<u>5,556,716</u>	

The financial statements were approved by the board of directors and authorised for issue on 9 August 2017 and are signed on its behalf by:

  
J Hoare  
Director

Company Registration No. 03293412

# ?What If! Limited

## Statement of Changes in Equity

For the year ended 31 December 2016

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		1,100	259,900	501,109	4,090,308	4,852,417
<b>Period ended 31 December 2015:</b>						
Profit and total comprehensive income for the year		-	-	-	411,841	411,841
Dividends	11	-	-	-	(200,000)	(200,000)
Transfers		-	-	492,458	-	492,458
<b>Balance at 31 December 2015</b>		1,100	259,900	993,567	4,302,149	5,556,716
<b>Period ended 31 December 2016:</b>						
Profit and total comprehensive income for the year		-	-	-	299,231	299,231
Dividends	11	-	-	-	(200,000)	(200,000)
Transfer		-	-	(254,068)	254,068	-
<b>Balance at 31 December 2016</b>		1,100	259,900	739,499	4,655,448	5,655,947

# ?What If! Limited

## Notes to the Financial Statements

For the year ended 31 December 2016

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### 1 Accounting policies

#### Company information

?What If! Limited is a company limited by shares incorporated in England and Wales. The registered office is 5th Floor, 89 New Bond Street, London, W1S 1DA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, as the company is a subsidiary, and the share-based payment arrangement concerns equity instruments of another group entity. The equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of Section 33 "Related party disclosure" in relation to compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

?What If! Limited is a wholly owned subsidiary of ?What If! Holdings Limited and the results of ?What If! Limited are included in the consolidated financial statements of ?What If! Holdings Limited which are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 1 Accounting policies

(Continued)

#### 1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over 2-5 years
Plant and machinery	33.3% straight line
Fixtures, fittings & equipment	20% to 33.3% straight line
Software	33.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1 Accounting policies**

**(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Stocks**

Stocks consist of work in progress, which represents unbilled third-party direct costs and is valued at the lower of cost and net realisable value.

**1.7 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

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### 1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# ?What If! Limited

## Notes-to-the Financial Statements (Continued)

For the year ended 31 December 2016

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

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### 1 Accounting policies

(Continued)

#### 1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

# ?What If! Limited

## Notes-to-the Financial Statements (Continued)

For the year ended 31 December 2016

### 2 Judgements 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Deferred Tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. See note 19 for the carrying amount and further details.

#### Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment and note 1.3 for the useful economic lives for each class of asset.

#### Revenue Recognition

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review.

#### Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Services	11,524,863	12,256,559

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 3 Turnover and other revenue

(Continued)

#### Other significant revenue

Interest income	37,085	32,812
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#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	7,625,647	9,878,387
Europe	3,592,110	2,187,528
North America	60,786	60,821
Asia	196,550	19,823
South America	14,595	-
Middle East	35,175	110,000
	<u>11,524,863</u>	<u>12,256,559</u>

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(207,709)	8,142
Fees payable to the company's auditors for the audit of the company's financial statements	16,000	16,000
Depreciation of owned tangible fixed assets	161,696	203,255
Loss on disposal of tangible fixed assets	-	(1,150)
Cost of stocks recognised as an expense	2,125,377	2,236,763
Operating lease charges	551,568	760,007

### 5 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the company's financial statements	<u>16,000</u>	<u>16,000</u>

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Directors	3	2
Fee earning employees	54	66
Administrative employees	23	28
	<u>80</u>	<u>96</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	5,408,720	6,144,050
Social security costs	681,297	757,191
Pension costs	244,131	408,672
	<u>6,334,148</u>	<u>7,309,913</u>

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	371,862	484,505
Company pension contributions to defined contribution schemes	13,408	88,350
	<u>385,270</u>	<u>572,855</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 3).

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

Remuneration for qualifying services	172,715	281,880
Company pension contributions to defined contribution schemes	9,104	24,173
	<u>181,819</u>	<u>306,053</u>

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 8 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	1	-
Interest receivable from group companies	37,084	32,812
	<u>          </u>	<u>          </u>
Total income	37,085	32,812
	<u>          </u>	<u>          </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1	-
	<u>          </u>	<u>          </u>

### 9 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	35,092	-
	<u>          </u>	<u>          </u>

### 10 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	47,996	-
Adjustments in respect of prior periods	93,518	-
	<u>          </u>	<u>          </u>
Total current tax	141,514	-
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	56,806	(242,258)
	<u>          </u>	<u>          </u>
Total tax charge	198,320	(242,258)
	<u>          </u>	<u>          </u>

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 10 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	497,551	169,583
<i>Expected tax charge based on a corporation tax rate of 20.00% (2015 - 20.00%)</i>	99,510	33,917
Tax effect of expenses that are not deductible in determining taxable profit	34,641	46,978
Tax effect of utilisation of tax losses not previously recognised	(45,383)	(45,876)
Adjustments in respect of prior years	93,518	-
Group relief	(8,362)	(33,152)
Other permanent differences	(470)	(831)
Movements in provisions	3,428	(1,036)
Movements in deferred tax balances	56,806	(242,258)
Capital allowances	(35,368)	-
Tax charge for the year	198,320	(242,258)

### 11 Dividends

	2016 £	2015 £
Final paid	200,000	200,000
	200,000	200,000

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 12 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Software	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2016	285,611	292,573	159,381	6,583	744,148
Additions	8,031	43,975	-	4,450	56,456
At 31 December 2016	293,642	336,548	159,381	11,033	800,604
<b>Depreciation and impairment</b>					
At 1 January 2016	142,669	208,609	131,855	3,167	486,300
Depreciation charged in the year	59,698	73,076	26,230	2,692	161,696
At 31 December 2016	202,367	281,685	158,085	5,859	647,996
<b>Carrying amount</b>					
At 31 December 2016	91,275	54,863	1,296	5,174	152,608
At 31 December 2015	142,942	83,964	27,526	3,416	257,848

### 13 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	28	1,100	1,100

The company has no designated any financial assets that are not classified as financial assets at fair value through profit or loss.

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2016 & 31 December 2016	1,100
<b>Carrying amount</b>	
At 31 December 2016	1,100
At 31 December 2015	1,100



# ?What If! Limited

## Notes-to-the Financial Statements (Continued)

For the year ended 31 December 2016

### 14 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	8,501,223	7,065,575
Equity instruments measured at cost less impairment	1,100	1,100
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,274,591	2,879,878
	<u>          </u>	<u>          </u>

### 15 Stocks

	2016 £	2015 £
Work in progress	299,050	151,948
	<u>          </u>	<u>          </u>

### 16 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,525,073	1,039,678
Corporation tax recoverable	-	93,224
Amounts due from fellow group undertakings	5,360,926	5,817,078
Other debtors	277,121	208,819
Prepayments and accrued income	598,195	1,047,731
	<u>          </u>	<u>          </u>
	8,761,315	8,206,530
Deferred tax asset (note 19)	248,731	305,537
	<u>          </u>	<u>          </u>
	9,010,046	8,512,067
	<u>          </u>	<u>          </u>

Trade debtors disclosed above are measured at amortised cost.

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 17 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Loans and overdrafts	18	1,617,657	937,308
Trade creditors		412,294	711,311
Corporation tax		47,996	-
Other taxation and social security		470,889	333,551
Other creditors		44,549	50,381
Accruals and deferred income		1,045,785	1,180,878
		<u>3,639,170</u>	<u>3,213,429</u>

### 18 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	1,617,657	937,308
	<u>1,617,657</u>	<u>937,308</u>
Payable within one year	1,617,657	937,308
	<u>1,617,657</u>	<u>937,308</u>

### 19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2016 £	Assets 2015 £
<b>Balances:</b>		
Accelerated capital allowances	121,812	130,308
Tax losses	126,919	175,229
	<u>248,731</u>	<u>305,537</u>
<b>Movements in the year:</b>		<b>2016 £</b>
Asset at 1 January 2016		(305,537)
Charge to profit or loss		56,806
Asset at 31 December 2016		<u>(248,731)</u>

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 19 Deferred taxation

(Continued)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

### 20 Provisions for liabilities

	2016 £	2015 £
Provisions	260,011	227,000
Movement on provisions:		Provisions £
At 1 January 2016		227,000
Additional provisions in the year		33,011
At 31 December 2016		260,011

Included within provisions, is an amount of £40,000 (2015: £40,000) in relation to design fees. These fees had not been invoiced at the year end date, therefore the amount has been provided for.

Included within provisions, is an amount of £66,000 (2015: £66,000) in relation to contractual obligations which are dependent upon certain targets being met.

There is also a provision for dilapidations of £154,011 (2015: £121,000) in relation to the leasehold property.

### 21 Share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid		
1,100 Ordinary shares of £1 each	1,100	1,100

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

# ?What If! Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

### 22 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £244,131 (2015 - £408,672).

A creditor in relation to the pension contributions of £33,630 (2015: £49,486) was outstanding at year end.

### 23 Other reserves

	Share options reserve £	Capital contribution reserve £	Total £
At 1 January 2015 & 31 December 2015	501,109	492,458	993,567
Other movements	(254,068)	-	(254,068)
At 31 December 2016	247,041	492,458	739,499

During the year ?What If! Holdings Limited made a capital contribution of £nil (2015: £492,458) to the company.

During the year, an amount of £254,068 (2015: £nil) was transferred from the share options reserve to the profit and loss reserve in relation to the share options that had fully vested but did not get exercised as they were cancelled. These share options were cancelled due to the individuals ceasing to be employees of the company.

### 24 Financial commitments, guarantees and contingent liabilities

The company has given a cross guarantee to HSBC Plc on facilities provided to two other companies within the group. The group's indebtedness to its bankers under this arrangement as at 31 December 2016 amounted to £1,490,634 (2015: £836,490).

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

### 25 Related party transactions

As permitted by FRS 102 Section 33 "related party disclosures", the financial statements do not disclose transactions with the immediate parent company and fellow subsidiaries on the basis that group accounts are prepared.

# ?What If! Limited

## Notes-to-the Financial Statements (Continued)

For the year ended 31 December 2016

### 25 Related party transactions

(Continued)

During the year sales totalling £nil (2015: £19,445) were made to Irrigo Limited, with a debtor balance outstanding at the year end of £nil (2015: £nil). Irrigo Limited is related to the company because D Allan (shareholder of ?What If! Limited's parent company, ?What If! Holdings Limited) has significant influence over the company through a shareholding and directorship in Irrigo Limited.

During the year sales totalling £4,829 (2015: £5,211) were made to Void Technologies Limited, with a debtor balance outstanding at the year end of £516 (2015: £778). Void Technologies Limited is related to the company because D Allan (shareholder of ?What If! Limited's parent company, ?What If! Holdings Limited) has significant influence over the company through a directorship in Void Technologies Limited.

No amounts were written off or provided for during the year in respect of any of the amounts above.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	548,585	544,552
Between two and five years	92,085	640,670
	<u>640,670</u>	<u>1,185,222</u>

### 27 Controlling party

The immediate and ultimate parent company 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.

There is no ultimate controlling party.

## ?What If! Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2016

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#### 28 Subsidiaries

These financial statements are separate company financial statements for ?What If! Limited.

Separate company financial statements are required to be prepared by law. Consolidated financial statements for the ?What If! Group are prepared and publicly available.

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
?What If! Inventors Limited England & Wales	Dormant	Ordinary	100.00	
?What If! Training Limited England & Wales	Dormant	Ordinary	100.00	

The investments in subsidiaries are all stated at cost.