

**HOLDINGHAM GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2014**

TUESDAY



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## **HOLDINGHAM GROUP LIMITED**

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**HOLDINGHAM GROUP LIMITED**

**COMPANY INFORMATION**

**The Board of Directors**

Sir John Rose (Chairman)  
Keith Craig  
Robert Webb QC  
Matthew Williams

**Company Secretary**

Charles Olver

**Registered Office**

34 Upper Brook Street  
London  
W1K 7QS

**Auditor**

Chiene + Tait LLP  
Chartered Accountants  
& Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Bankers**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

**Solicitors**

Addleshaw Goddard  
Milton Gate  
60 Chiswell Street  
London  
EC1Y 4AG

# HOLDINGHAM GROUP LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 30 JUNE 2014

The directors have pleasure in presenting their report and the financial statements of the company and its subsidiary undertakings for the year ended 30 June 2014.

#### Principal activity

The principal activity of the company and group during the year was the research and supply of information for the use of commerce.

#### The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares of £0.10 each	
	At 30 June 2014	At 30 June 2013
Sir John Rose (Chairman)	3,392	1,562
Niall FitzGerald KBE	305	34,000
Keith Craig	98,508	98,508
Robert Webb QC	5,000	5,000
Matthew Williams	1,562	1,562

Niall FitzGerald KBE resigned on 31 July 2013.

#### Financial risk management objectives and policies

The company manages its cash and borrowing requirements to maximise interest income and minimise interest expenses, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

Investment of cash surpluses are made through banks which must fulfill credit rating criteria approved by the Board.

The Board satisfies itself as to the standing of potential clients. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### 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 group and of the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

**HOLDINGHAM GROUP LIMITED**

**THE DIRECTORS' REPORT *(continued)***

**YEAR ENDED 30 JUNE 2014**

**Directors' responsibilities *(continued)***

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.

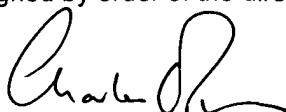
The directors confirm that:-

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditors**

Our auditors, Chiene + Tait, have advised us that as of 1 October 2014 they transferred their entire business to Chiene + Tait LLP. The Board has therefore appointed Chiene + Tait LLP as auditors with effect from 1 October 2014 and that appointment will fall to be confirmed at the Annual General Meeting.

Signed by order of the directors



**Charles Olver**  
Company Secretary

Approved by the directors on 29/10/ 2014

# HOLDINGHAM GROUP LIMITED

## STRATEGIC REPORT

### YEAR ENDED 30 JUNE 2014

The directors present their strategic report for Holdingham Group Limited (the Company) and its subsidiaries (the Group) for the year ended 30 June 2014.

#### REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

The Group continued its principal activities throughout the current year.

##### Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

Analysis using key performance indicators e.g.

##### Profit ratios:

Revenue Growth	13.3%	(2013: 8.2%)
Gross profit margin	88.3%	(2013: 88.2%)
Operating profit margin	24.6%	(2013: 22.7%)

##### Cash flow/working capital metrics:

Operating cash flow to operating profit	1.25	(2013: 1.20)
Debtor days	75.7	(2013: 75.8)

##### Other metrics:

Revenue per employee	£0.63m	(2013: £0.57m)
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#### Development and financial performance during the year

As reported in the Group's profit and loss account, Group revenue has shown a strong increase of 13.3% from £36.6m to £41.5m in the current period. Profit after tax has increased from £6.5m to £7.99m. The increase in the results is believed to be due to the continuing geographical expansion of the business (including the opening of an office in Tokyo in September 2013), increased staff resources and continual improvement both in the quality of relationships with clients and in the services offered by the Group in the period under review.

#### Financial position at the reporting date

The balance sheet shows that the Group's net assets at the year end has decreased from £16.5m to £15.3m. This is in part due to the repurchase by the Employee Benefit Trust of shares from current and former shareholders at a cost of £9m which has been undertaken to incentivise those employees continuing to contribute to the business by allowing them to acquire additional shares.

The Group generated cash from operations of £12.8m (2013: £9.3m). In addition, the Group had no borrowings at the year end (2013: nil). The Group utilised an overdraft facility within the year to facilitate its short term funding requirements following the purchase of its own shares via the Employee Benefit Trust.

#### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Management continually monitor the key risks facing the Group/Company together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the Group/Company are as follows:

- Quality control – the services provided by the business are of an extremely high standard. A reduction in the quality of the services to clients could adversely impact client relationships and therefore revenues. The Group manages this risk by having robust quality control processes and appropriate personnel in place.

**HOLDINGHAM GROUP LIMITED**

**STRATEGIC REPORT**

**YEAR ENDED 30 JUNE 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS (Contd)**

- Loss of key personnel – the loss of a significant number of key personnel would present significant operational difficulties for the Group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

**APPROVAL**

This report was approved by the board on 29 October 2014 and signed on its behalf by:

**Keith Craig**  
Chief Executive Officer





We have audited the financial statements of Holdingham Group Limited for the year ended 30 June 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Statement of Recognised Gains and Losses, the Group Cash Flow Statement, the Group and Parent Company Reconciliation of Movement in Shareholder Funds 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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume any 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 & 3, 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 group's and the parent 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 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:

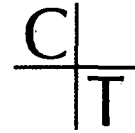
- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
HOLDINGHAM GROUP LIMITED (continued)**



**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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**JEREMY CHITTLEBURGH BSC CA (Senior Statutory Auditor)**  
For and on behalf of  
**CHIENE + TAIT LLP**  
Chartered Accountants & Statutory Auditor

61 Dublin Street  
Edinburgh  
EH3 6NL

20 / 11 / 2014

**HOLDINGHAM GROUP LIMITED****CONSOLIDATED PROFIT and LOSS ACCOUNT****For the year ended 30 June 2014**

	<b>Note</b>	<b>2014</b> £	<b>2013</b> £
<b>Turnover</b>	2	41,458,953	36,599,698
Cost of sales		(4,850,695)	(4,306,231)
		<u>36,608,258</u>	<u>32,293,467</u>
<b>Gross profit</b>			
Administrative expenses		(26,414,494)	(23,997,207)
		<u>10,193,764</u>	<u>8,296,260</u>
<b>Group operating profit</b>	3		
Interest receivable		3,379	81,309
		<u>10,197,143</u>	<u>8,377,569</u>
<b>Profit on ordinary activities before taxation</b>			
Taxation on profit on ordinary activities	6	(2,209,182)	(1,835,274)
		<u>7,987,961</u>	<u>6,542,295</u>
<b>Profit for the financial year</b>	24	<u>=====</u>	<u>=====</u>

All of the activities of the group are classed as continuing.

The notes on pages 13 to 26 form part of these financial statements.

**HOLDINGHAM GROUP LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**As at 30 June 2014**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	7,987,961	6,542,295
Unrealised surplus on revaluation of long leasehold property	-	2,651,440
	-----	-----
<b>Total Recognised Profit for the financial year</b>	<b>7,987,961</b>	<b>9,193,735</b>
	=====	=====

The notes on pages 13 to 26 form part of these financial statements

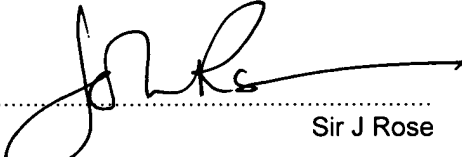
**HOLDINGHAM GROUP LIMITED**

**CONSOLIDATED BALANCE SHEET**

**As at 30 June 2014**

	Note	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		6,794,801		6,475,177
Investments	10		157,487		157,487
			<u>6,952,288</u>		<u>6,632,664</u>
<b>Current assets</b>					
Work in progress	12	105,862		146,873	
Debtors	13	10,808,129		9,904,720	
Cash at bank and in hand		11,993,625		12,149,850	
		<u>22,907,616</u>		<u>22,201,443</u>	
<b>Creditors:</b> Amounts falling due within one year	14	(14,536,107)		(12,309,473)	
<b>Net current assets</b>			<u>8,371,509</u>		<u>9,891,970</u>
<b>Total assets less current liabilities</b>			15,323,797		16,524,634
<b>Creditors:</b> Amounts falling due after more than one year	15		(9,406)		(9,406)
<b>Net assets</b>			<u>15,314,391</u>		<u>16,515,228</u>
<b>Capital and reserves</b>					
Called up equity share capital	19		59,500		59,500
Share premium account	20		1,335,900		1,335,900
Capital redemption reserve	22		19,700		19,700
Revaluation reserve	23		2,651,440		2,651,440
Profit and loss account	24		28,446,285		22,412,626
			<u>32,512,825</u>		<u>26,479,166</u>
Own shares – Employee Benefit Trust	21		(17,198,434)		(9,963,938)
<b>Shareholders' funds</b>	25		<u>15,314,391</u>		<u>16,515,228</u>

Approved by the Board of Directors and signed on its behalf by:

  
 .....  
 Sir J Rose

29 October 2014

**Company Registration Number - 03481321**

The notes on pages 13 to 26 form part of these financial statements.

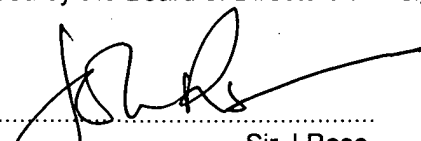
**HOLDINGHAM GROUP LIMITED**

**COMPANY BALANCE SHEET**

**As at 30 June 2014**

	Note	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9	6,386,236		5,958,625	
Investments	11	538,557		538,557	
		<u>6,924,793</u>		<u>6,497,182</u>	
<b>Current assets</b>					
Work In Progress	12	71,417		86,113	
Debtors	13	11,006,323		7,934,534	
Cash at bank and in hand		7,666,714		9,008,712	
		<u>18,744,454</u>		<u>17,029,359</u>	
<b>Creditors:</b> Amounts due within one year	14	(10,714,321)		(8,781,875)	
<b>Net current assets</b>		<u>8,030,133</u>		<u>8,247,484</u>	
<b>Total assets less current liabilities</b>		<u>14,954,926</u>		<u>14,744,666</u>	
<b>Creditors:</b> Amounts due after more than one year	15	(9,406)		(9,406)	
<b>Net assets</b>		<u>14,945,520</u>		<u>14,735,260</u>	
<b>Capital and reserves</b>					
Called up share capital	19	59,500		59,500	
Share premium account	20	1,335,900		1,335,900	
Capital redemption reserve	22	19,700		19,700	
Revaluation reserve	23	2,651,440		2,651,440	
Profit and loss account	24	28,077,414		20,632,658	
		<u>32,143,954</u>		<u>24,699,198</u>	
Own shares – Employee Benefit Trust	21	(17,198,434)		(9,963,938)	
<b>Shareholders' funds</b>	25	<u>14,945,520</u>		<u>14,735,260</u>	

Approved by the Board of Directors and signed on its behalf by:

  
 .....  
 Sir J Rose  
29 October 2014

**Company Registration Number - 03481321**

The notes on pages 13 to 26 form part of these financial statements.

**HOLDINGHAM GROUP LIMITED****CONSOLIDATED CASH FLOW STATEMENT****For the year ended 30 June 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Net cash inflow from operating activities</b>	26(i)	12,783,748	9,294,817
<b>Returns on investments and servicing of finance</b>			
Interest received		30,379	92,066
<b>Taxation</b>		(1,697,131)	(2,151,473)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(734,215)	(1,824,056)
<b>Equity dividends paid</b>		(2,079,291)	(1,671,008)
<b>Cash inflow before financing</b>		8,303,490	3,740,346
<b>Management of liquid resources</b>			
Amounts withdrawn from/(placed on) deposit		-	1
<b>Financing</b>			
Net purchase of shares by Employee Benefit Trust		(8,459,715)	(4,243,848)
<b>Decrease in cash</b>	26(ii)	<u>(156,225)</u> =====	<u>(503,501)</u> =====

The notes on pages 13 to 26 form part of these financial statements

# **HOLDINGHAM GROUP LIMITED**

## **NOTES to the FINANCIAL STATEMENTS**

### **For the year ended 30 June 2014**

#### **1. Accounting policies**

##### **Accounting convention**

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company for the year ended 30 June 2014 and of its subsidiary companies, Holdingham Group (Asia) Pte Limited, Holdingham Group (North America) Limited, Chai Consulting Limited (Guernsey) and Holdingham Group Japan KK for the same period.

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual profit and loss account for the parent company. The profit for the year dealt with in the financial statements of the company was £9,399,177 (2013: £6,115,587).

##### **Going Concern**

The financial statements have been prepared on a going concern basis. The directors have assessed the Group and Parent Company's ability to continue as a going concern and have reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### **Turnover**

Turnover represents the amounts derived from the provision of research and information supply services which fall within the company's ordinary activities stated net of value added tax.

##### **Tangible fixed assets**

All fixed assets are initially recorded at cost.

##### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	Shorter of life of lease or 10% Straight line
Office Equipment	-	25% Straight line
Furniture and Fittings	-	20% Straight line
Computer Equipment	-	33% Straight line

Depreciation is not charged on long leasehold property as the charge would be immaterial due to the length of the useful economic life of the property and the estimated residual value.

In accordance with Financial Reporting Standard 15 an impairment review under Financial Reporting Standard 11 is performed on the long leasehold property. During the previous year, the directors obtained a valuation of the property as part of this review and agreed that it was appropriate to reflect this value within the financial statements as detailed in notes 8 and 9.

##### **Work in progress**

Work in progress is valued on the basis of the lower of direct costs and net realisable value.

##### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

## **HOLDINGHAM GROUP LIMITED**

### **NOTES to the FINANCIAL STATEMENTS (Contd)**

#### **For the year ended 30 June 2014**

##### **1. Accounting policies (Contd)**

###### **Pension costs**

The company contributes to various Personal Pension Plans including a group scheme. The annual contributions payable are charged to the profit and loss account.

###### **Deferred taxation**

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounting purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

###### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or where appropriate at the forward contract rate. For transactions in foreign currencies where no foreign currency bank account exists, these are recorded at the rate ruling at the date of the transaction.

###### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

###### **Investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

###### **Share-based payments**

In accordance with FRS 20 the company reflects the economic cost of awarding shares and options to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period.

The calculation of the fair values of the share options issued by the company has been based upon the Black-Scholes pricing model together with a number of subjective assumptions, the most significant of which is that the expected volatility of the company's shares will be 40%.

###### **Employee Benefit Trust**

The assets and liabilities of the Holdingham Group Employee Benefit Trust are included in the financial statements. Any assets of the Employee Benefit Trust cease to be recognised on the balance sheet when the assets vest unconditionally in beneficiaries. The cost of company shares held by the Employee Benefit Trust at the year end is shown as a deduction against shareholders' funds.



**HOLDINGHAM GROUP LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd)****For the year ended 30 June 2014****2. Turnover****Geographical Segments**

The directors are of the opinion that disclosure of segmental information would be prejudicial to the group's interests, and consequently such information has not been disclosed.

**3. Operating profit**

	<b>2014</b>	<b>2013</b>
	£	£
This is stated after charging:		
Depreciation of own fixed assets	414,590	386,710
Operating lease/rental – property	1,055,532	869,553
Auditor's remuneration		
– as auditors	16,000	14,250
– for other services	10,706	45,468
Net (gain)/loss on foreign currency translation	325,401	(38,383)
	=====	=====

**4. Particulars of employees**

The aggregate payroll costs were:	<b>2014</b>	<b>2013</b>
	£	£
Wages and salaries	12,955,382	11,714,604
Social security costs	1,604,899	1,180,942
Other pension costs	611,735	621,775
Equity-settled share based payments	1,350,209	1,297,535
	-----	-----
	16,522,225	14,814,856
	=====	=====
	No.	No.
The average number of employees during the year:	66	64
	=====	=====

**5. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2014</b>	<b>2013</b>
	£	£
Remuneration receivable	1,464,505	1,327,618
Value of company pension contributions to money purchase schemes	26,667	22,000
	-----	-----
	1,491,172	1,349,618
	=====	=====

**Remuneration of highest paid director:**

	<b>2014</b>	<b>2013</b>
	£	£
Total remuneration (excluding pension contributions)	1,225,898	1,175,618
Value of company pension contributions to money purchase schemes	26,667	22,000
	-----	-----
	1,252,565	1,197,618
	=====	=====

**HOLDINGHAM GROUP LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd)**

**For the year ended 30 June 2014**

**5. Directors' remuneration (Contd)**

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2014</b>	<b>2013</b>
	No	No
Money purchase schemes	1	1
	==	==

The number of directors who exercised share options during the year were as follows:

	<b>2014</b>	<b>2013</b>
	No	No
Directors who exercised share options	-	-
	==	==

**6. Tax on profit on ordinary activities**

	<b>2014</b>	<b>2013</b>
	£	£
<b>(a) Analysis of charge in the year</b>		
Current tax:		
UK Corporation tax based on the results for the year at 23%/21% (2013: 24%/23%)	2,090,767	1,266,610
Under provision in prior year	(16,923)	76,714
	-----	-----
Total current tax	2,073,844	1,343,324
Deferred tax:		
Origination and reversal of timing differences – current year	119,828	476,192
Origination and reversal of timing differences – prior year	15,510	15,758
	-----	-----
Tax in profit on ordinary activities	2,209,182	1,835,274
	=====	=====
<b>(b) Factors affecting current tax charge</b>		
Profit on ordinary activities before taxation	10,197,143	8,377,569
	=====	=====
Profit on ordinary activities by rate of tax	2,294,497	1,989,730
Expenses not deductible for tax purposes	120,758	179,426
Equity-settled share-based payments	225,061	252,359
Losses brought forward	-	(13,619)
Losses carried forward	133,352	-
Capital allowances for period in excess of depreciation	(13,280)	22,704
Other timing differences	(42,331)	(520,511)
Employee share deductions	(426,301)	(403,082)
Adjustment to tax charge in respect of previous periods	(16,923)	76,714
Double tax relief	(158,686)	-
Tax rate differences	(42,303)	(240,397)
	-----	-----
	2,073,844	1,343,324
	=====	=====

**HOLDINGHAM GROUP LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd)**

**For the year ended 30 June 2014**

**7. Dividends**

<b>Equity dividends</b>	<b>2014 £</b>	<b>2013 £</b>
Interim dividend paid of £2.66 per share (2013: £1.68 per share)	1,384,753	922,474
Second interim dividend paid of £1.64 per share (2013: £1.44 per share)	694,538	748,534
	<u>2,079,291</u>	<u>1,671,008</u>
	=====	=====

The directors proposed an interim dividend in July 2014 of £2.96 (2013: £2.66) per share.

**8. Tangible fixed assets (Group)**

	<b>Long Leasehold Property £</b>	<b>Short Leasehold Property £</b>	<b>Office Equipment £</b>	<b>Furniture &amp; Fittings £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 July 2013	4,860,227	1,068,112	183,233	354,891	827,406	7,293,869
Additions	637,818	-	21,845	23,224	51,327	734,214
	<u>5,498,045</u>	<u>1,068,112</u>	<u>205,078</u>	<u>378,115</u>	<u>878,733</u>	<u>8,028,083</u>
	=====	=====	=====	=====	=====	=====
<b>Depreciation</b>						
At 1 July 2013	-	76,174	100,784	135,341	506,393	818,692
Charge for the year	-	144,085	29,640	63,916	176,949	414,590
	<u>-</u>	<u>220,259</u>	<u>130,424</u>	<u>199,257</u>	<u>683,342</u>	<u>1,233,282</u>
	=====	=====	=====	=====	=====	=====
<b>Net book value</b>						
<b>At 30 June 2014</b>	<u>5,498,045</u>	<u>847,853</u>	<u>74,654</u>	<u>178,858</u>	<u>195,391</u>	<u>6,794,801</u>
	=====	=====	=====	=====	=====	=====
At 30 June 2013	<u>4,860,227</u>	<u>991,938</u>	<u>82,449</u>	<u>219,550</u>	<u>321,013</u>	<u>6,475,177</u>
	=====	=====	=====	=====	=====	=====

On 31 May 2013 the long leasehold property was valued at £5,650,000 by Piers Saunders MRICS and Rupert De Barr FRICS (RICS registered valuers) for Cushman & Wakefield LLP. The basis of valuation is open market value, being market value with the special assumption that all proposed refurbishment works have been completed. The directors are satisfied that this value is an appropriate value. The historical cost of the long leasehold properties at 30 June 2014 was £3,059,847 (2013: £2,422,029).

**HOLDINGHAM GROUP LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd)**

**For the year ended 30 June 2014**

**9. Tangible fixed assets (Company)**

	Long Leasehold Property £	Short Leasehold Property £	Office Equipment £	Furniture & Fittings £	Computer Equipment £	Total £
<b>Cost or valuation</b>						
At 1 July 2013	4,860,227	738,968	131,956	245,622	749,601	6,726,374
Additions	637,818	-	21,846	23,782	22,559	706,005
<b>At 30 June 2014</b>	<b>5,498,045</b>	<b>738,968</b>	<b>153,802</b>	<b>269,404</b>	<b>772,160</b>	<b>7,432,379</b>
<b>Depreciation</b>						
At 1 July 2013	-	50,237	93,038	128,309	496,165	767,749
Charge for year	-	73,759	17,538	29,286	157,811	278,394
<b>At 30 June 2014</b>	<b>-</b>	<b>123,996</b>	<b>110,576</b>	<b>157,595</b>	<b>653,976</b>	<b>1,046,143</b>
<b>Net book value</b>						
<b>At 30 June 2014</b>	<b>5,498,045</b>	<b>614,972</b>	<b>43,226</b>	<b>111,809</b>	<b>118,184</b>	<b>6,386,236</b>
At 30 June 2013	4,860,227	688,731	38,918	117,313	253,436	5,958,625

On 31 May 2013 the long leasehold property was valued at £5,650,000 by Piers Saunders MRICS and Rupert De Barr FRICS (RICS registered valuers) for Cushman & Wakefield LLP. The basis of valuation is open market value, being market value with the special assumption that all proposed refurbishment works have been completed. The directors are satisfied that this value is an appropriate value, however. The historical cost of the long leasehold properties at 30 June 2014 was £3,059,847 (2013: £2,422,029).

**10. Investments (Group)**

	Unlisted Investments £	Manuscripts and Antiques £	Total £
<b>Cost</b>			
At 1 July 2013 and 30 June 2014	82,190	75,297	157,487
<b>Net book value</b>			
<b>At 30 June 2014</b>	<b>82,190</b>	<b>75,297</b>	<b>157,487</b>
At 30 June 2013	82,190	75,297	157,487

# HOLDINGHAM GROUP LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd)

**For the year ended 30 June 2014**

### 11. Investments (Company)

	Shareholdings in Group Companies £	Unlisted Investments £	Manuscripts and Antiques £	Total £
<b>Cost</b>				
At 1 July 2013	381,070	82,190	75,297	538,557
At 30 June 2014	381,070	82,190	75,297	538,557
<b>Net book value At 30 June 2014</b>	381,070	82,190	75,297	538,557
At 30 June 2013	381,070	82,190	75,297	538,557

Investments in subsidiaries during the year consisted of 100% of the issued share capital of Holdingham Group (Asia) Pte. Ltd., a company incorporated in Singapore, Holdingham Group (North America) Limited, a company incorporated in the USA, Chai Consulting Limited, a company incorporated in Guernsey and Holdingham Group Japan KK, a company incorporated in Japan. Holdingham Group Japan KK was incorporated on 9 May 2013 and commenced trading on 14 August 2013.

In addition, the company also owns 100% of the issued share capital of Voyager Business Consulting Limited, Hakluyt & Company Limited and Pelorus Research Limited. These companies are all incorporated and registered in England and Wales and were all dormant throughout the year to 30 June 2014.

### 12. Work in Progress

	2014		2013	
	Group £	Company £	Group £	Company £
Work in progress	105,862	71,417	146,873	86,113

### 13. Debtors

	2014		2013	
	Group £	Company £	Group £	Company £
Trade debtors	8,605,669	5,736,141	7,602,993	4,149,829
Amounts owed by group undertakings	-	3,746,009	-	2,059,979
S455 tax recoverable	225,000	225,000	225,000	225,000
Other debtors	324,589	1,998	365,538	836
Prepayments and accrued income	1,417,169	1,061,473	1,340,149	1,127,850
Deferred tax asset (note 16)	235,702	235,702	371,040	371,040
	10,808,129	11,006,323	9,904,720	7,934,534

# HOLDINGHAM GROUP LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd)

**For the year ended 30 June 2014**

### 14. Creditors: Amounts falling due within one year

	2014		2013	
	Group £	Company £	Group £	Company £
Trade creditors	1,109,907	1,044,746	1,471,341	1,271,577
Amounts owed to group undertakings	-	5,230	-	30,751
Corporation tax	1,276,524	1,147,109	899,811	83,220
Other taxes and social security costs	693,411	667,645	644,071	615,967
Other creditors	85,179	79,516	1,224	1,224
Accruals and deferred income	11,371,086	7,770,075	9,293,026	6,779,136
	<u>14,536,107</u>	<u>10,714,321</u>	<u>12,309,473</u>	<u>8,781,875</u>
	=====	=====	=====	=====

### 15. Creditors: Amounts falling due after more than one year

	2014		2013	
	No.	£	No.	£
<b>Preference share capital – authorised, issued and fully paid</b>				
10% £0.10 non-redeemable preference shares				
At 1 July 2013 and 30 June 2014	94,060	9,406	94,060	9,406
	=====	=====	=====	=====

The 10% preference shares of £0.10 are non-redeemable. Shareholders are entitled to a dividend at 10p per annum payable on 31 July each year and the shares have accordingly been classified as a financial liability. These shares do not carry any voting rights. On winding up of the company, non-redeemable preference shareholders will receive £64 per share prior to any repayment to Ordinary shareholders. The holders of the preference shares have waived their right to receive the dividend.

### 16. Deferred tax

	2014		2013	
	Group £	Company £	Group £	Company £
The deferred tax included in the balance sheet is as follows:				
Provision for deferred tax	(235,702)	(235,702)	(371,040)	(371,040)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The movement in the deferred taxation account during the year was:

Balance brought forward	(371,040)	(371,040)	(862,990)	(862,990)
Profit and loss account movement arising during prior year	15,510	15,510	15,758	15,758
Profit and loss account movement arising during the year	119,828	119,828	476,192	476,192
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Balance carried forward	(235,702)	(235,702)	(371,040)	(371,040)
	=====	=====	=====	=====

**HOLDINGHAM GROUP LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd)****For the year ended 30 June 2014****16. Deferred tax (Contd)**

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	<b>Group</b> £	<b>2014</b> <b>Company</b> £	<b>Group</b> £	<b>2013</b> <b>Company</b> £
Excess of taxation allowances over depreciation on fixed assets	100,992	100,992	54,568	54,568
Short term timing differences	(336,694)	(336,694)	(425,608)	(425,608)
	<u>(235,702)</u>	<u>(235,702)</u>	<u>(371,040)</u>	<u>(371,040)</u>
	=====	=====	=====	=====

**17. Pensions**

The company contributes to various Personal Pension Plans including a group scheme. The pension cost charge represents contributions payable by the company to the Plans and amounted to £611,735 (2013: £621,775). At 30 June 2014 pension contributions of £282,383 were outstanding (2013: £423,886).

**18. Commitments under operating leases**

At 30 June 2014 the group and company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land and Buildings</b> <b>Group</b> £	<b>2014</b> <b>Land and Buildings</b> <b>Company</b> £	<b>Land and Buildings</b> <b>Group</b> £	<b>2013</b> <b>Land and Buildings</b> <b>Company</b> £
Operating leases which expire				
In less than one year	707,137	571,000	-	-
Within 1 to 2 years	-	-	571,000	571,000
Within 2 to 5 years	-	-	138,283	-
Over 5 years	212,475	24,000	234,919	24,000
	<u>919,612</u>	<u>595,000</u>	<u>920,202</u>	<u>571,000</u>
	=====	=====	=====	=====

The company's operating lease for land and buildings relates to rent for premises in London. The group operating lease commitment includes the rent of serviced office and other accommodation in Singapore and the USA.

**HOLDINGHAM GROUP LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd)**

**For the year ended 30 June 2014**

**19. Share capital**

**Allotted, called up and fully paid:**

	<b>2014</b>		<b>2013</b>	
	No.	£	No.	£
Ordinary shares of £0.10 each	595,000	59,500	595,000	59,500
	=====	=====	=====	=====

**20. Share premium account**

	<b>2014</b>	<b>2013</b>
	£	£
Share premium account	1,335,900	1,335,900
	=====	=====

**21. Employee Benefit Trust (Group and Company)**

	<b>2014</b>	<b>2013</b>
	£	£
Own shares – Employee Benefit Trust	17,198,434	9,963,938
	=====	=====

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 109,792 (2013: 67,863) shares in the company and distributed 27,632 (2013: 34,780) shares to employees. At 30 June 2014 the Trust held 161,151 ordinary shares of £0.10 each and 94,060 preference shares of £0.10 each (2013: 78,991 ordinary shares and 94,060 preference shares) which had not vested in the employees and in accordance with the provisions of UITF 38 the cost of those shares held is deducted from shareholders' funds.

**22. Capital redemption reserve**

	<b>2014</b>	<b>2013</b>
	£	£
Capital redemption reserve	19,700	19,700
	=====	=====

**23. Revaluation reserve**

	<b>2014</b>	<b>2013</b>
	£	£
At 1 July 2013	2,651,440	-
Revaluation of properties	-	2,651,440
	=====	=====
At 30 June 2014	2,651,440	2,651,440
	=====	=====



**HOLDINGHAM GROUP LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd)**

**For the year ended 30 June 2014**

**24. Profit and loss account**

	<b>Group</b>	<b>2014</b>	<b>Group</b>	<b>2013</b>
	<b>£</b>	<b>Company</b>	<b>£</b>	<b>Company</b>
		<b>£</b>		<b>£</b>
Balance at 1 July 2013	22,412,626	20,632,658	17,637,056	16,283,796
Profit for the year	7,987,961	9,399,177	6,542,295	6,115,587
First interim dividend paid	(1,384,753)	(1,384,753)	(922,474)	(922,474)
Second interim dividend paid	(694,538)	(694,538)	(748,534)	(748,534)
Loss on sale of own shares – EBT	(1,225,220)	(875,339)	(1,393,252)	(1,158,252)
	-----	-----	-----	-----
	27,096,076	27,077,205	21,115,091	19,570,123
Recognition of equity settled share based payments and contributions	1,350,209	1,000,209	1,297,535	1,062,535
	-----	-----	-----	-----
Balance carried forward at 30 June 2014	28,446,285	28,077,414	22,412,626	20,632,658
	=====	=====	=====	=====

**25. Reconciliation of movements in shareholders' funds**

	<b>Group</b>	<b>2014</b>	<b>Group</b>	<b>2013</b>
	<b>£</b>	<b>Company</b>	<b>£</b>	<b>Company</b>
		<b>£</b>		<b>£</b>
Profit for the year	7,987,961	9,399,177	6,542,295	6,115,587
First interim dividend paid	(1,384,753)	(1,384,753)	(922,474)	(922,474)
Second interim dividend paid	(694,538)	(694,538)	(748,534)	(748,534)
Loss on sale of own shares – EBT	(1,225,220)	(875,339)	(1,393,252)	(1,158,252)
Recognition of equity settled share based payments and contributions	1,350,209	1,000,209	1,297,535	1,062,535
Revaluation of properties	-	-	2,651,440	2,651,440
	-----	-----	-----	-----
	6,033,659	7,444,756	7,427,010	7,000,302
Movement on own shares – Employee Benefit Trust (below)	(7,234,496)	(7,234,496)	(2,850,596)	(2,850,596)
	-----	-----	-----	-----
Net addition to shareholders' funds	(1,200,837)	210,260	4,576,414	4,149,706
Opening shareholders' funds	16,515,228	14,735,260	11,938,814	10,585,554
	-----	-----	-----	-----
Closing shareholders' funds	15,314,391	14,945,520	16,515,228	14,735,260
	=====	=====	=====	=====

**Movement on own shares – Employee Benefit Trust**

	<b>Group</b>	<b>2014</b>	<b>Group</b>	<b>2013</b>
	<b>£</b>	<b>Company</b>	<b>£</b>	<b>Company</b>
		<b>£</b>		<b>£</b>
Purchase of own shares	(9,003,091)	(9,003,091)	(4,642,730)	(4,642,730)
Sale of own shares	543,375	893,256	398,882	633,882
Loss on sale of own shares	1,225,220	875,339	1,393,252	1,158,252
	-----	-----	-----	-----
Movement in year	(7,234,496)	(7,234,496)	(2,850,596)	(2,850,596)
Balance brought forward	(9,963,938)	(9,963,938)	(7,113,342)	(7,113,342)
	-----	-----	-----	-----
Balance carried forward	(17,198,434)	(17,198,434)	(9,963,938)	(9,963,938)
	=====	=====	=====	=====

# HOLDINGHAM GROUP LIMITED

## NOTES to the FINANCIAL STATEMENTS (Contd)

### For the year ended 30 June 2014

#### 26. Notes to the cash flow statement

##### (i) Reconciliation of operating profit to net cash inflow from operating activities

	2014 £	2013 £
Operating profit	10,193,764	8,296,260
Depreciation	414,590	386,710
Decrease/(increase) in work in progress	41,011	(48,860)
Increase in debtors	(1,065,747)	(626,171)
(Decrease)/increase in creditors	1,849,921	(10,657)
Equity share based payments	1,350,209	1,297,535
Net cash inflow from operating activities	12,783,748 =====	9,294,817 =====

##### (ii) Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash	(156,225)	(503,501)
Change in net funds	(156,225)	(503,501)
Opening net funds	12,149,850	12,653,351
Closing net funds	11,993,625 =====	12,149,850 =====

	At 1 July 2013 £	Cash Flows £	At 30 June 2014 £
(iii) Analysis of changes in net funds			
Cash at bank and in hand	6,149,850	5,843,775	11,993,625
Short-term deposits	6,000,000	(6,000,000)	-
Total	12,149,850 =====	(156,225) =====	11,993,625 =====

#### 27. Capital commitments

Amounts of £nil were contracted for but not provided in the financial statements at 30 June 2014 (2013 - £789,773).

**HOLDINGHAM GROUP LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd)****For the year ended 30 June 2014****28. Equity settled share based payment transactions**

Certain employees hold options to subscribe for shares in the company at prices ranging from £0.00 to £41.00 under share options granted up until 30 June 2014.

The remaining options outstanding under approved schemes at 30 June 2014 are shown below:

<b>Number of shares</b>		<b>Option exercise</b>		<b>Date granted</b>	<b>Option exercise period</b>
<b>2014</b>	<b>2013</b>	<b>price</b>			
-	1,633	£12.24		Apr 2006	Dec 2008 - Dec 2013
4,266	4,266	£15.00		May 2007	Apr 2010 - Apr 2015
-	4,000	£18.80		Nov 2007	Nov 2010 - Nov 2015
846	1,646	£26.00		Nov 2008	Nov 2011 - Nov 2016
3,168	3,985	£0.00		Mar 2010	Mar 2013 - Mar 2018
-	2,900	£0.00		Oct 2010	Sep 2013 - Sep 2018
2,440	2,440	£0.00		Aug 2011	Aug 2014 - Aug 2019
-----	-----				
10,720	20,870				
=====	=====				

The remaining options outstanding under unapproved schemes at 30 June 2014 are shown below:

<b>Number of shares</b>		<b>Option exercise</b>		<b>Date granted</b>	<b>Option exercise period</b>
<b>2014</b>	<b>2013</b>	<b>price</b>			
10,666	10,666	£15.00 - £18.75		May 2007	May 2007 - Apr 2015
-	2,745	£18.80 - £23.50		Nov 2007	Nov 2007 - Nov 2015
610	610	£32.80 - £41.00		Dec 2009	Dec 2012 - Dec 2017
2,646	2,646	£32.80 - £41.00		Sep 2010	Sep 2013 - Sep 2018
510	510	£39.20 - £41.00		Nov 2010	Nov 2013 - Nov 2018
510	510	£39.20 - £41.00		Dec 2010	Dec 2013 - Dec 2018
-----	-----				
14,942	17,687				
=====	=====				

The options granted in both the year to 30 June 2014 and 30 June 2013 were issued at nil cost. Consequently there was therefore no requirement in either year to apply a mathematical model to their valuation.

**HOLDINGHAM GROUP LIMITED****NOTES to the FINANCIAL STATEMENTS (Contd)****For the year ended 30 June 2014****28. Equity settled share based payment transactions (contd)**

Further details of the two share option plans are as follows:

	<b>2014</b>		<b>2013</b>	
	<b>Number of options</b>	<b>Weighted average</b>	<b>Number of options</b>	<b>Weighted average</b>
Outstanding at start of year	38,557	£14.53	54,866	£13.97
Granted	14,518	£18.74	12,301	£0.00
Forfeited	914	£0.00	-	£0.00
Exercised	26,499	£16.59	28,610	£7.20
Outstanding at end of year	25,662	£15.30	38,557	£14.53
Exercisable at end of year	23,222	£16.91	29,551	£14.67

The weighted average remaining contractual life of share options outstanding at 30 June 2014 was 2.2 years (2013: 3.1 years).

**29. Ultimate controlling party**

There is no ultimate controlling party.

**30. Post balance sheet event**

Subsequent to the year end, new articles of association were adopted in July 2014.

In addition, a new set of arrangements for the sale and purchase of shares in Holdingham Group Limited were implemented along with a new funding arrangement to support the share transactions.