

Hakluyt & Company Limited

Annual Report

Year Ended

30 June 2023

Company Number 03481321

Hakluyt & Company Limited

Company Information

Directors	Lord P C Deighton J V Tomlin-Russell V Chandra P A Dimitruk J C Mixter N P F Pierret D L Vieira T E Weston
Company secretary	S Fox
Registered number	03481321
Registered office	34 Upper Brook Street London W1K 7QS
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Hakluyt & Company Limited

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Hakluyt & Company Limited

Strategic Report for the Year Ended 30 June 2023

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2023.

Review and analysis of the business

The principal activity of Hakluyt & Company (“Hakluyt” or “the Group”), which remained unchanged through the year, is to advise decision-makers at client businesses on the opportunities and risks they face. Hakluyt’s clients trust the firm with their most important commercial issues, and value its discretion and independence of thought.

The Group made a very significant investment in recruitment in the 2022-23 financial year, of both executives and support staff. Average headcount grew by 28.1% from 135 to 173 over the course of the year and, as a result, while turnover again increased, profits fell as the cost of the extra personnel was absorbed. However, this investment in people is expected to be realised in 2023-24, with further growth in turnover and profits expected. Revenue continues to increase through the acquisition of new clients, the deepening of relationships with existing clients, and an extension of services and expertise offered. This also reflects the growing demand for high-level advisory support in an increasingly complex global business environment.

Financial performance and future developments

Group revenue increased by 8.7% from £104.1m to £113.1m. Operating profit (before taking into account the impact of foreign exchange from intercompany transactions) decreased by £1.5m (5.5%) from £27.5m to £26.0m, and dividends of £6.0m (2022 £4.6m) were paid to the owners.

The directors anticipate that revenues and profits will increase in the year to 30 June 2024, and the Group will continue to build its talent pool to meet the evolving needs of its global client base as effectively as possible.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business, as set out below.

Profit ratios:

Revenue growth	8.7% (2022 - 22.6%)
Gross profit margin	86.6% (2022 - 86.2%)
Operating profit margin (before intercompany foreign exchange impact)	23.0% (2022 - 26.5%)

Cash flow/working capital metrics:

Operating cash flow to operating profit	0.8 (2022 - 0.6)
Average length of outstanding trade debtors (days)	58 (2022 - 56)

Hakluyt & Company Limited

Strategic Report (continued) for the Year Ended 30 June 2023

Financial position at the reporting date

The statement of financial position shows that the Group's net assets at the year end have increased from £29.3m to £31.4m.

The Group generated cash from operations of £19.8m (2022 - £14.6m). In addition, it had borrowings at the year end of £14.0m (2022 - £8.1m). These credit facilities were utilised to cover its funding requirements, including the purchase of its own shares via the Hakluyt Employee Benefit Trust.

Principal risks and uncertainties

Management continually monitors the key risks facing the Group, as well as assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the Group at least annually. Among the principal risks and uncertainties are:

Going concern

The board is fully aware of the possible uncertainties arising from geopolitical and macroeconomic events and, while the Group's business has not been materially affected by these factors to date, the directors continue to assess the principal risks. They have modelled the possible impact of a downside scenario covering the next 12 months from the date of signing; the board further note that the credit facility that's in place extends beyond the going concern period and is not due for repayment until 2025. They have performed a series of stress tests to consider various combinations of impacts across a range of possible outcomes, including a material decline in sales and EBITDA. EBITDA, together with other covenants on borrowing facilities, are the key performance measures at this time. More information about these stress tests is given in note 2.3 to these financial statements.

The Group continues to perform strongly. Therefore, while risks remain, the board's belief is that the Group will be able to navigate any economic downturn successfully.

Ongoing performance, together with the results of the stress-testing exercise, suggest that the Group will be able to operate within its available cash facilities, enabling the directors – making informed judgements from relevant business data – to conclude as best as they are able to that the Group is a going concern for a period of not less than 12 months from the date of approval of these financial statements.

Hakluyt & Company Limited

Strategic Report (continued) for the Year Ended 30 June 2023

Principal risks and uncertainties (continued)

Quality control - the services provided by Hakluyt are of an extremely high standard. A reduction in quality could adversely affect client relationships, and therefore revenues. The company manages this risk by having robust quality control processes and appropriate personnel in place.

Loss of key personnel - management seeks to retain key personnel by offering a range of rewards and incentives. These include: providing leadership opportunities and other avenues for professional growth; appropriate remuneration that recognises strong performance; and maintaining and promoting an attractive culture in which to work.

Credit risk - including the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Hakluyt is mainly exposed to credit risk from sales. It is Group policy to assess the credit risk of new customers before entering into contracts with them. Credit risk also arises from cash, cash equivalents, and deposits with banks and financial institutions.

Liquidity risk - arises from the company's management of working capital, and the risk that it will encounter difficulty in meeting its financial obligations as they fall due. Management regularly monitors its liquidity position, and reviews forecasts for future cash flows to ensure that sufficient liquid resources are maintained.

Foreign exchange risk - arises when Hakluyt enters into transactions denominated in a currency other than the functional currency. There is a continued policy of transacting with clients primarily in GBP and USD, as well as, to a lesser degree, in Euros, Yen and other relevant currencies, in order to match revenues with costs in a particular currency. This mitigates the risk that the exchange rate may move unfavourably, resulting in adverse cash outflows.

Section 172 Statement

The directors are aware of their responsibilities to promote the success of Hakluyt in accordance with section 172 of the Companies Act 2006, which requires directors to take into consideration the interests of stakeholders and other matters in their decision-making. The Company Secretary provides support to the directors and management team to help ensure that sufficient consideration is given to these issues.

The directors and management team will:

- Continue to have regard for the interests of the Group's employees, customers, suppliers and shareholders, and the Group's reputation for good business conduct, when making decisions;
- Review the Group's principal stakeholders and how it engages with them, using information provided by the business and by direct engagement with stakeholders themselves; and
- Reflect on how the Group engages with its stakeholders and seek opportunities for improvement in the future.

Hakluyt & Company Limited

Strategic Report (continued) for the Year Ended 30 June 2023

Section 172 Statement (continued)

The key board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Promotion and development of employees	Shareholders, employees	Five employees were elected by their peers to become partners (thereby becoming shareholders) in the year. As the Group grows, so do its requirements. Accordingly, a range of other team members saw their roles develop, or received promotions, in the year. This included the creation of a new role within the firm – director – to provide a clearer development and progression path for executives, and to support the recruitment of senior talent. Sir Oliver Robbins KCMG CB joined as the firm's first director in March 2023, following a distinguished career in the UK civil service and in banking. The firm also appointed a new head of learning and development to offer more systematic coaching and support to employees at all levels of the business.
Opening of new offices	Shareholders, employees, customers	Hakluyt opened new offices in Abu Dhabi and Toronto, allowing it to serve its clients in those regions better. Hakluyt has also entered into leases to expand its offices in five other locations.
Elections to the board of directors	Shareholders, employees	Hakluyt elected Don Vieira to its board of directors, with effect from 1 November 2022. He brings extensive venture capital and business leadership experience to the board. Three partners were also elected to the board at the same time, providing representation for the three geographical regions of operation (Americas, EMEA and Asia-Pacific).
Strengthening Hakluyt's International Advisory Board	Shareholders, employees	Hakluyt continued to expand the expertise and breadth of experience on its International Advisory Board, with the appointment of Professor Dr Paul Achleitner in July 2022 and Baroness Shriti Vadera in February 2023. Dr Achleitner has worked with some of the most influential businesses in the DACH region, including as chair of Deutsche Bank's supervisory board and CFO of Allianz. Shriti Vadera's career has spanned government and the private sector. She has been a government minister and chaired Santander UK, and is the current chair of Prudential Plc.

Hakluyt & Company Limited

Strategic Report (continued) for the Year Ended 30 June 2023

Section 172 Statement (continued)

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Deepening capabilities in key areas	Shareholders, employees, customers	Following growing client demand for support on geopolitical developments as well as digital and cyber risk, Hakluyt appointed Sir Robin Niblett KCMG as a senior adviser. Sir Robin was previously the director and chief executive of Chatham House. He is a distinguished fellow of the Asia Society Policy Institute, a senior adviser to the Center for Strategic & International Studies (CSIS), and co-chair of the World Economic Forum's Global Future Council on Geopolitics. The firm also recruited new talent and seconded an existing team member to bolster its digital and cyber capabilities in the US.
Hakluyt Capital	Shareholders, employees	Hakluyt Capital completed two rounds of fundraising for its first fund, Hakluyt Capital I LP, which targets high-growth businesses. It made four investments during the year. For more details on how this impacts the group, see note 3.
Continued award of equity as a long-term incentive to members of our support team	Shareholders, employees	The Support Staff Long Term Incentive Plan, which benefits tenured and high-performing members of the business support team who embody and amplify our values, continued this financial year. Four additional employees were given the opportunity to acquire equity in the company under this scheme. We expect other team members to benefit in the future.
Increase in outside interests and partnerships	Employees	During the year, Hakluyt announced a strategic partnership with Sesame Workshop, the non-profit organisation behind Sesame Street. Hakluyt supports a wide range of social impact partners around the world, including the Opportunity Network in New York, KidsFam in Tokyo, the Singapore Repertory Theatre, St Jude's Childcare Centres in India, and LookUK. The firm also provides support and advice to several of the world's most prominent cultural and academic institutions, and continued to finance an academic exchange programme between Toyo Bunko in Japan and the British Museum in London.

Hakluyt & Company Limited

Strategic Report (continued) for the Year Ended 30 June 2023

Section 172 Statement (continued)

Significant events/decisions	Key s172 matter(s) affected	Actions and impact
Staff survey	Employees	A Group-wide staff survey was undertaken, and management and the board have reviewed the outputs. The survey underlined that employee morale remains high. The response rate was 87%, and more than 90% of those who responded said that they understand and are motivated by Hakluyt's purpose; are proud to work for it; and enjoy doing so.
Conflict in Ukraine and Middle East	Shareholders, employees, customers and suppliers	The board continued to monitor business performance and liquidity closely. Hakluyt continued to meet its commitments to suppliers, customers and employees throughout the period.

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

DocuSigned by:


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V Chandra
Director

Date: 15 December 2023

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) for the Year Ended 30 June 2023

Hakluyt's Carbon Footprint

Hakluyt continues to take its responsibility to reduce its carbon footprint seriously. Hakluyt's market-based carbon footprint from July 2022 to June 2023 was 3,983.47 tCO₂e (2022 – 1,756.52 tCO₂e), which includes global emissions resulting from: the combustion of gas, purchased electricity, business travel, employee commuting, and homeworking. The breakdown of emissions is presented below.

Year	2023		2022	
	UK	Global (inc. UK)	UK	Global (inc. UK)
Geographical Scope				
<i>Mandatory Disclosures at UK level</i>				
Scope 1: Emissions from the combustion of gas (tCO ₂ e)	-	3.55	-	1.81
Scope 1: Emissions from the consumption of fuel for the purposes of transport (tCO ₂ e)	-	-	-	-
Scope 2: Location-based emissions from purchased electricity (tCO ₂ e)	39.67	134.60	30.79	86.39
Scope 3: Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (tCO ₂ e)			-	-
Total gross CO₂e based on the above categories (tCO₂e)	39.67	138.15	30.79	88.20
Total energy consumption used to calculate above Scope 1 & Scope 2 emissions (kWh)	191,561	463,138	159,224	311,331
Intensity Ratio: tCO₂e gross figure above / £100,000 revenue	0.08	0.12	0.06	0.08
<i>Optional Disclosures</i>				
Scope 2: Market-based emissions from purchased electricity (tCO ₂ e)	0.00	90.10	0.00	55.60
Scope 3: Emissions from business travel which the Group does not own or control, and is not responsible for purchasing the fuel, e.g. flights and taxis (tCO ₂ e)		3,797.02		1,631.82
Scope 3: Emissions from employees commuting and home-working (tCO ₂ e)	41.20	92.80	37.95	67.28
Total emissions (tCO₂e) (location-based emissions)	4,027.97		1,787.31	
Total emissions (tCO₂e) (market-based emissions)	3,983.47		1,756.52	

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) (continued) for the Year Ended 30 June 2023

Basis of calculation / methodology

The above figures were calculated in line with the Greenhouse Gas Protocol, with emissions factors from the UK government being used for UK emissions and from the Environmental Protection Agency and the International Energy Agency for global emissions.

In determining the organisational boundary to use for carbon accounting, an operational control approach was selected. Under this approach, 100% of the greenhouse gas emissions from operations over which Hakluyt has control have been accounted for.

Where possible, calculations were made using actual activity data. Where actual activity data was not available (often occurring where Hakluyt uses serviced offices), appropriate estimates were made. The 2023 review was performed in conjunction with BRODIE, a recognised sustainability consultancy. The 2022 review was also performed in conjunction with BRODIE.

Commentary on the data

Our footprint has increased compared to last year, which was to be expected as COVID-19 restrictions have eased further and headcount and office space have increased.

Our business travel footprint has increased significantly. This increase in business travel emissions can be attributed to two factors:

- An increase in the distance travelled compared to the previous year: The distance covered by business travel last year was known to be lower than usual, due to COVID-19 travel restrictions limiting business travel for some of the year. As COVID-19 travel restrictions have been almost entirely removed for this full reporting year, Hakluyt's business travel has increased.
- Improved data quality from our travel providers which has allowed us to reduce our reliance on data assumptions.

Action taken to increase energy efficiency and reduce emissions

Over the course of the reporting period, Hakluyt has engaged in activities to improve the Group's energy efficiency and reduce its carbon emissions, including, but not limited to:

- Hakluyt continued to use a renewable energy supply for both of the Group's London offices, which are the first and third largest users of energy across the Group's offices.
- Hakluyt has moved into an office in Sydney where the electricity supply is 100% renewable energy, and as such the market-based emissions for this office are now zero.

In future periods, Hakluyt will continue to implement initiatives to reduce its carbon emissions. In particular, Hakluyt is looking to:

- Refurbish the London offices in early 2024, including improving the buildings' energy efficiency by installing LED lighting and replacing the 4-Pipe HVAC system with a VRF system.
- Additionally, the Group is exploring options to further improve energy efficiency through window replacements in London.

Hakluyt & Company Limited

Streamlined Energy and Carbon Reporting (SECR) (continued) for the Year Ended 30 June 2023

Offsetting

Hakluyt has decided to offset its carbon footprint for FY23 by purchasing 3,983 tCO₂e of carbon credits. These credits are derived from two wind energy projects in Chile.

Hakluyt has ensured the credibility and integrity of its offset portfolio by selecting projects that are approved by recognised standards.

Carbon offset project selection FY23

Project type	Location	Standard	Credits purchased
Renewable energy generation	Ovalle, Chile	Gold Standard VER	3,983

Hakluyt & Company Limited

Directors' Report for the Year Ended 30 June 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 the Group, 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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group, and to 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 the Group, and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Principal activity, results and dividends, and future developments

Detail on Hakluyt's business, its principal activity, results, dividends and future developments are included in the Strategic Report, set out above.

Hakluyt & Company Limited

Directors' Report (continued) for the Year Ended 30 June 2023

Directors

The directors who served during the year and their shareholding in the Company are set out below:

	Ordinary shares of £0.001 each 2023	Ordinary shares of £0.001 each 2022
Lord P C Deighton (Chairman)	195,191	195,191
P A Dimitruk	5,643	5,643
J V Tomlin-Russell	10,638	10,638
D L Vieira (appointed 1 November 2022)	5,643	-
L G Fagen (resigned 31 December 2022)	-	5,643
V Chandra	454,338	454,338
H Morrow (resigned 21 September 2022)	139,000	129,614
J C Mixter (appointed 21 September 2022)	92,352	86,095
N P F Pierret (appointed 21 September 2022)	211,133	204,876
T E Weston (appointed 21 September 2022)	620,425	775,575
N J Barnes (resigned 21 September 2022)	555,093	592,100

Financial risk management objectives and policies, and financial instruments

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

Investment of cash surpluses are made through banks which must fulfil 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.

Further information about the financial risks the business faces, and its responses, is included in the principal risks and uncertainties section of the Strategic Report, above.

Political contributions

The Group has not made any political donations in the period (2022 - £Nil).

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Directors' Report (continued) for the Year Ended 30 June 2023

Engagement with employees and disabled employees

Hakluyt seeks to engage all employees in both its short- and long-term goals. The company encourages the involvement of its employees in its management through regular team meetings and online briefings. The company has also conducted, and responded to, staff surveys.

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitude and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position, and to provide appropriate training to achieve this aim.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information, and to establish that the company and the Group's auditor is aware of that information.

Post-balance sheet events

Since the year end, an additional term loan of £9.0m with Lloyds Bank plc was entered into on 19 September 2023. The term loan carries interest at 1.50% over SONIA. It is secured by a fixed and floating charge over the assets of the company.

Also since the year end, the investment in Viz.ai Inc was sold by Hakluyt & Company Limited to Hakluyt Capital I LP on 19 September 2023 for consideration of £1,261,434. There was no profit or loss recognised on sale.

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit, and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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V Chandra
Director

Date: 15 December 2023

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited

Opinion on the 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 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hakluyt & Company Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, UK tax legislation, applicable accounting standards and other applicable laws and regulations that may have a material effect on the financial statements.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. These were assessed during the audit process.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management override of control, revenue cut-off and the recognition and recoverability of accrued and deferred income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- On a sample basis, we assessed the recoverability of the accrued income recognised by reference to post year end recovery and agreement to underlying delivery rates;
- On a sample basis, we performed a review of cut-off transactions pre and post year end as well as a review of post year end credit notes to ensure revenue was recognised in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Hakluyt & Company Limited

Independent Auditor's Report to the Members of Hakluyt & Company Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Stuart Godfrey

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Stuart M Godfrey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 15 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hakluyt & Company Limited

Consolidated Profit and Loss Account for the Year Ended 30 June 2023

	Note	2023 £	2022 £
Turnover	4	113,084,453	104,051,965
Cost of sales		(15,118,788)	(14,367,229)
Gross profit		<u>97,965,665</u>	<u>89,684,736</u>
Administrative expenses (excluding foreign exchange on intercompany balances)		(71,919,269)	(62,150,426)
Intercompany foreign exchange losses		(43,443)	(3,301,710)
Operating profit	5	<u>26,002,953</u>	<u>24,232,600</u>
Interest receivable and similar income	10	65,419	1,605
Interest payable and similar expenses	11	(842,047)	(262,176)
Profit before tax		<u>25,226,325</u>	<u>23,972,029</u>
Tax on profit	12	(7,014,583)	(4,680,683)
Profit for the financial year		<u><u>18,211,742</u></u>	<u><u>19,291,346</u></u>
Profit for the year attributable to:			
Owners of the parent		18,211,742	19,291,346
		<u><u>18,211,742</u></u>	<u><u>19,291,346</u></u>

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	2023 £	2022 £
Profit for the financial year	18,211,742	19,291,346
Other comprehensive income		
Unrealised surplus on revaluation of tangible fixed assets	-	345,000
Currency translation differences	(2,193,558)	5,794,172
Deferred tax on leasehold property revaluations	-	(86,250)
Other comprehensive (loss)/income for the year	(2,193,558)	6,052,922
Total comprehensive income for the year	<u>16,018,184</u>	<u>25,344,268</u>

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Registered number:03481321

**Consolidated Statement of Financial Position
as at 30 June 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	2,718,833	3,066,494
Tangible assets	15	11,484,048	9,830,809
Investments	16	2,275,686	1,554,345
		<u>16,478,567</u>	<u>14,451,648</u>
Current assets			
Debtors: amounts falling due after more than one year	17	2,720,976	-
Debtors: amounts falling due within one year	17	43,197,217	50,376,662
Cash at bank and in hand	18	21,484,452	18,147,752
		<u>67,402,645</u>	<u>68,524,414</u>
Creditors: amounts falling due within one year	19	(37,088,163)	(52,672,255)
Net current assets		<u>30,314,482</u>	<u>15,852,159</u>
Total assets less current liabilities		<u>46,793,049</u>	<u>30,303,807</u>
Creditors: amounts falling due after more than one year	20	(14,058,406)	(39,406)
Provisions for liabilities			
Deferred taxation	23	(1,310,444)	(943,898)
		<u>(1,310,444)</u>	<u>(943,898)</u>
Net assets		<u><u>31,424,199</u></u>	<u><u>29,320,503</u></u>

Hakluyt & Company Limited

Registered number:03481321

**Consolidated Statement of Financial Position (continued)
as at 30 June 2023**

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	24	10,839	29,500
Share premium account	26	6,760,595	1,335,900
Revaluation reserve	26	4,858,158	4,858,158
Capital redemption reserve	26	19,700	19,700
Profit and loss account	26	116,884,290	106,808,206
Equity attributable to owners of the parent company		<u>128,533,582</u>	<u>113,051,464</u>
Own shares - Employee Benefit Trust		(97,109,383)	(83,730,961)
Shareholders' funds		<u><u>31,424,199</u></u>	<u><u>29,320,503</u></u>

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

DocuSigned by:



96401E38268B434

V Chandra

Director

Date: 15 December 2023

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Registered number:03481321

**Company Statement of Financial Position
as at 30 June 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	2,718,833	3,066,494
Tangible assets	15	9,214,420	9,191,722
Investments	16	3,638,599	2,917,258
		<u>15,571,852</u>	<u>15,175,474</u>
Current assets			
Debtors: amounts falling due after more than one year	17	2,720,976	-
Debtors: amounts falling due within one year	17	40,826,309	36,136,527
Cash at bank and in hand	18	6,337,731	4,068,858
		<u>49,885,016</u>	<u>40,205,385</u>
Creditors: amounts falling due within one year	19	(50,853,957)	(50,841,317)
Net current liabilities		<u>(968,941)</u>	<u>(10,635,932)</u>
Total assets less current liabilities		<u>14,602,911</u>	<u>4,539,542</u>
Creditors: amounts falling due after more than one year	20	(14,058,406)	(39,406)
Provisions for liabilities			
Deferred taxation	23	(2,184,672)	(1,762,815)
		<u>(2,184,672)</u>	<u>(1,762,815)</u>
Net (liabilities)/assets		<u><u>(1,640,167)</u></u>	<u><u>2,737,321</u></u>

Hakluyt & Company Limited

Registered number:03481321

**Company Statement of Financial Position (continued)
as at 30 June 2023**

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	24	10,839	29,500
Share premium account	26	6,760,595	1,335,900
Revaluation reserve	26	4,858,158	4,858,158
Capital redemption reserve	26	19,700	19,700
Profit and loss account carried forward		83,819,924	80,225,024
		<u>95,469,216</u>	<u>86,468,282</u>
Own shares - Employee Benefit Trust		(97,109,383)	(83,730,961)
Shareholders' (deficit)/funds		<u>(1,640,167)</u>	<u>2,737,321</u>

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual Statement of Comprehensive Income for the parent company. The profit for the year of the parent company was £9,537,000 (2022 - £18,026,691)

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

DocuSigned by:


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V Chandra
Director

Date: 15 December 2023

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Own shares - EBT	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 July 2022	29,500	1,335,900	19,700	4,858,158	(83,730,961)	106,808,206	29,320,503
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	18,211,742	18,211,742
Currency translation differences	-	-	-	-	-	(2,193,558)	(2,193,558)
Total comprehensive income for the year	-	-	-	-	-	16,018,184	16,018,184
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(5,984,374)	(5,984,374)
Profit on sale of own shares - EBT	-	-	-	-	-	42,274	42,274
Shares issued during the year	339	5,424,695	-	-	-	-	5,425,034
Reclassification of own shares	(19,000)	-	-	-	-	-	(19,000)
Movement on own shares - Employee Benefit Trust	-	-	-	-	(13,378,422)	-	(13,378,422)
Total transactions with owners	(18,661)	5,424,695	-	-	(13,378,422)	(5,942,100)	(13,914,488)
At 30 June 2023	10,839	6,760,595	19,700	4,858,158	(97,109,383)	116,884,290	31,424,199

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Own shares - EBT	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 July 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	87,374,328	15,220,198
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	19,291,346	19,291,346
Currency translation differences	-	-	-	-	-	5,794,172	5,794,172
Revaluation of leasehold property	-	-	-	(86,250)	-	-	(86,250)
Gain on revaluation of other fixed assets	-	-	-	345,000	-	-	345,000
Total comprehensive income for the year	-	-	-	258,750	-	25,085,518	25,344,268
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(4,570,703)	(4,570,703)
Loss on sale of own shares - EBT	-	-	-	-	-	(1,080,937)	(1,080,937)
Movement on own shares - Employee Benefit Trust	-	-	-	-	(5,592,323)	-	(5,592,323)
Total transactions with owners	-	-	-	-	(5,592,323)	(5,651,640)	(11,243,963)
At 30 June 2022	29,500	1,335,900	19,700	4,858,158	(83,730,961)	106,808,206	29,320,503

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Own shares - EBT	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 July 2022	29,500	1,335,900	19,700	4,858,158	(83,730,961)	80,225,024	2,737,321
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	9,537,000	9,537,000
Total comprehensive income for the year	-	-	-	-	-	9,537,000	9,537,000
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(5,984,374)	(5,984,374)
Profit on sale of own shares - EBT	-	-	-	-	-	42,274	42,274
Shares issued during the year	339	5,424,695	-	-	-	-	5,425,034
Reclassification of own shares	(19,000)	-	-	-	-	-	(19,000)
Movement on own shares - Employee Benefit Trust	-	-	-	-	(13,378,422)	-	(13,378,422)
Total transactions with owners	(18,661)	5,424,695	-	-	(13,378,422)	(5,942,100)	(13,914,488)
At 30 June 2023	10,839	6,760,595	19,700	4,858,158	(97,109,383)	83,819,924	(1,640,167)

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Own shares - EBT	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 July 2021	29,500	1,335,900	19,700	4,599,408	(78,138,638)	67,849,973	(4,304,157)
Comprehensive income/(loss) for the year							
Profit for the year	-	-	-	-	-	18,026,691	18,026,691
Revaluation of leasehold property	-	-	-	(86,250)	-	-	(86,250)
Surplus on revaluation of other fixed assets	-	-	-	345,000	-	-	345,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,750</u>	<u>-</u>	<u>18,026,691</u>	<u>18,285,441</u>
Total comprehensive income for the year							
Contributions by and distributions to owners							
Loss on sale of own shares - EBT	-	-	-	-	-	(4,570,703)	(4,570,703)
Recognition of equity settled share based payments and contributions	-	-	-	-	-	(1,080,937)	(1,080,937)
Movement on own shares - EBT	-	-	-	-	(5,592,323)	-	(5,592,323)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,592,323)</u>	<u>(5,651,640)</u>	<u>(11,243,963)</u>
Total transactions with owners							
At 30 June 2022	<u>29,500</u>	<u>1,335,900</u>	<u>19,700</u>	<u>4,858,158</u>	<u>(83,730,961)</u>	<u>80,225,024</u>	<u>2,737,321</u>

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	18,211,742	19,291,346
Adjustments for:		
Amortisation of intangible assets	645,300	-
Depreciation of tangible assets	543,693	423,661
Profit on disposal of tangible fixed assets	17,937	-
Interest paid	842,047	262,176
Interest received	(65,419)	(1,605)
Taxation charge	7,014,583	4,680,683
Decrease/(increase) in debtors	4,615,078	(20,382,369)
(Decrease)/increase in creditors	(8,347,429)	15,133,077
Corporation tax paid	(2,176,614)	(8,624,982)
Foreign exchange	(1,099,893)	3,854,839
Revaluation of unlisted and other investments	(366,911)	-
Profit on disposal of unlisted and other investments	(7,641)	-
Net cash generated from operating activities	<u>19,826,473</u>	<u>14,636,826</u>
Cash flows from investing activities		
Purchase of intangible assets	(297,639)	(2,519,172)
Purchase of tangible fixed assets	(2,285,784)	(419,924)
Sale of tangible fixed assets	-	3,328
Purchase of unlisted and other investments	(375,183)	(1,188,948)
Proceeds from sale of unlisted and other investments	28,394	671
Interest received	65,419	1,605
Net cash used in investing activities	<u>(2,864,793)</u>	<u>(4,122,440)</u>

Hakluyt & Company Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 30 June 2023

	2023 £	2022 £
Cash flows from financing activities		
New bank loan	14,000,000	-
Dividends paid	(5,984,374)	(4,570,703)
Buy back of ordinary shares	(12,677,084)	(9,374,689)
Issue of shares	847,294	-
Interest paid	(842,047)	(262,176)
Net cash used in financing activities	<u>(4,656,211)</u>	<u>(14,207,568)</u>
Net increase/(decrease) in cash and cash equivalents	<u>12,305,469</u>	<u>(3,693,182)</u>
Cash and cash equivalents at beginning of year	10,028,131	12,793,041
Effects of exchange rate changes on cash and cash equivalents	(857,236)	928,272
Cash and cash equivalents at the end of year	<u><u>21,476,364</u></u>	<u><u>10,028,131</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents	21,484,452	18,147,752
Bank overdrafts	(8,088)	(8,119,621)
	<u><u>21,476,364</u></u>	<u><u>10,028,131</u></u>

The notes on pages 30 to 55 form part of these financial statements.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

1. General information

Hakluyt & Company Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Group's operations and its principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Group's accounting policies (see note 3).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. Subsidiaries are deconsolidated from the date control ceases.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.3 Going concern

The board are fully aware of the possible uncertainties arising from geopolitical and macroeconomic events and, while the Group's business has not been materially affected by these factors to date, the directors continue to assess the principal risks. They have modelled the possible impact of a downside scenario covering the next 12 months from the date of signing; the board further note that the credit facility that's in place extends beyond the going concern period and is not due for repayment until 2025. They have performed a series of stress tests to consider various combinations of impacts across a range of possible outcomes, covering scenarios including a material decline in sales and EBITDA. EBITDA, together with other covenants on borrowing facilities, are the key performance measures at this time.

The Group continues to perform strongly. Therefore, while risks remain, the board's belief is that the Group will be able to continue to navigate any economic downturn successfully.

Ongoing performance, together with the results of the stress testing exercise, suggest that the Group will be able to operate within its available cash facilities, enabling the directors – making informed judgements from relevant business data – to conclude as best as they are able to that the Group is a going concern for a period of not less than 12 months from the date of approval of these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised in other comprehensive income.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.5 Turnover

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

Turnover is recognised on the following basis:

Fees are recognised over the period of the relevant assignment or agreements. Where jobs are incomplete at year end, an estimate of the percentage completed is recorded within Turnover.

2.6 Interest income

Interest income is recognised in the consolidated statement of profit and loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

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

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

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold property	- Shorter of life of lease or 10% straight line
Fixtures and fittings	- 20%
Office equipment	- 25%
Computer equipment	- 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.15 Debtors

Short-term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value

2.17 Creditors

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

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

2. Accounting policies (continued)

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgements in applying accounting policies and acknowledge the below key source of estimation uncertainty:

- Determination of whether there are indicators of impairment of leasehold property in between the experts' report performed every three years. The last valuation by an expert took place in 2022.
- The directors have derived functional currencies of overseas subsidiaries with reference to the transactions undertaken within each entity.
- The determination of control may involve significant judgement due to the complexity and unique circumstances associated with each entity. Management will exercise professional judgement and consider all relevant facts and circumstances to assess the level of control. In order to determine control in the case of the entities established as part of the Hakluyt Capital fund structure, management need to assess the roles of both the general partner and the limited partners and the group's ability to direct the entity's activities through them. This policy ensures the consistent and accurate recognition of the consolidation of entities within the financial statements. Management has concluded that it does control the wholly-owned limited companies and limited liability partnerships established as part of the fund structure. Management has concluded that it does not control the limited partnerships (Hakluyt Capital I LP, Hakluyt Capital I Pooling LP and Hakluyt Capital I Carry LP) and accordingly they are not presented within the consolidated financial statements. Hakluyt Capital I Pooling LP is considered to be held as part of an investment portfolio and is recognised as an investment held at fair value through profit and loss (note 16).

Other key estimates

- Turnover

Turnover is recognised on the following basis: fees are recognised over the period of the relevant assignment or agreement. Where jobs are incomplete at year end, an estimate of the percentage completed is recorded within turnover by reference to the stage of completion of that project (normally with reference to days worked).

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

4. Turnover

Turnover is wholly attributable to the principal activity of the Group.

	2023 £	2022 £
Europe	43,246,512	45,810,943
USA	40,737,238	32,244,290
Rest of the world	29,100,703	25,996,732
	<u>113,084,453</u>	<u>104,051,965</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2023 £	2022 £
Exchange differences	(282,425)	2,738,787
Revaluation of unlisted investments	(366,911)	-
Depreciation of tangible fixed assets	543,693	413,035
Operating lease expense	2,440,593	1,904,029
Defined contribution pension costs	1,785,797	1,236,992
	<u>1,780,757</u>	<u>6,292,843</u>

6. Auditor's remuneration

During the year, the Group obtained the following services from the company's auditor:

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the consolidated and parent company's financial statements	135,000	100,000
Fees payable to the associates of the Group's auditor for the audit of the overseas entities	77,741	17,751
Fees payable to the company's auditor in respect of:		
Taxation compliance services	114,000	110,000
Other services relating to taxation	37,500	13,500
All other services	78,100	81,500
	<u>332,341</u>	<u>322,751</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	42,950,221	41,069,043	21,933,329	22,018,588
Social security costs	4,194,004	3,802,211	3,074,020	3,058,222
Cost of defined contribution scheme	1,785,797	1,236,992	1,207,883	881,057
	<u>48,930,022</u>	<u>46,108,246</u>	<u>26,215,232</u>	<u>25,957,867</u>

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

	2023 No.	2022 No.
Fee earning staff	100	91
Non-fee earners	73	44
	<u>173</u>	<u>135</u>

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	3,453,067	3,639,851
Group contributions to defined contribution pension schemes	21,964	47,706
	<u>3,475,031</u>	<u>3,687,557</u>

During the year retirement benefits were accruing to no directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,135,760 (2022 - £2,252,429).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2022 - £NIL).

The directors received dividends in aggregate, on the same terms as the other shareholders, of £1,647,585 (2022 - £893,484).

During the year two of the directors received shares under long term incentive schemes (2022 - two). During the year no directors exercised options over company shares (2022 - 42,552 shares of £0.001 each at a valuation of £199,994).

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

9. Key management personnel

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £8,053,892 (2022 - £9,095,217). During the year, six (2022 - six) key management personnel received 31,088 shares of £0.001 each (2022 - 154,251 shares of £0.001 each).

10. Interest receivable and similar income

	2023 £	2022 £
Other interest receivable	65,419	1,605

11. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	209	18
Other interest payable	841,838	262,158
	<u>842,047</u>	<u>262,176</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	2,794,532	1,491,259
Adjustments in respect of previous periods	-	(17,574)
Double taxation relief	(158,712)	(95,084)
	<u>2,635,820</u>	<u>1,378,601</u>
Foreign tax		
Foreign tax on profits for the year	3,650,154	3,270,821
Foreign tax in respect of prior periods	388,179	23,928
	<u>4,038,333</u>	<u>3,294,749</u>
Total current tax	<u>6,674,153</u>	<u>4,673,350</u>
Deferred tax		
Origination and reversal of timing differences	190,740	128,227
Adjustments in respect of prior periods	149,690	(120,894)
Total deferred tax	<u>340,430</u>	<u>7,333</u>
Tax on profit	<u>7,014,583</u>	<u>4,680,683</u>

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the weighted average standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	25,226,325	23,972,029
Profit on ordinary activities multiplied by the weighted average standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	5,171,397	4,554,686
Effects of:		
Fixed asset differences	23,571	(107,897)
Expenses not deductible for tax purposes	341,462	318,919
Income not taxable	(150,011)	-
Other permanent differences	353,826	(326,789)
Differences from overseas tax rates	820,125	1,112,395
Deferred tax in relation to leasehold property	-	(86,250)
Prior year adjustment	388,179	6,354
Prior year adjustment (deferred tax)	149,690	(120,894)
Capital gains	706	65,550
Deferred tax not recognised	(160,366)	(908,881)
Remeasurement of deferred tax for changes in tax rates	76,004	173,490
Total tax charge for the year	7,014,583	4,680,683

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing difference reserve.

13. Dividends

	2023 £	2022 £
First Interim dividend paid of: A shares £0.4473, B shares £0.2236 (2022: A shares £0.3001, B shares £0.1500) per share	4,041,267	3,049,930
Second interim dividend paid of: A shares £0.2408, B shares £0.1204 (2022: A shares £0.1546, B shares £0.0773) per share	1,943,107	1,520,773
	5,984,374	4,570,703

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

14. Intangible assets

Group and Company

	Development costs £
Cost	
At 1 July 2022	3,668,568
Additions	297,639
At 30 June 2023	<u>3,966,207</u>
Amortisation	
At 1 July 2022	602,074
Charge for the year on owned assets	645,300
At 30 June 2023	<u>1,247,374</u>
Net book value	
At 30 June 2023	<u>2,718,833</u>
At 30 June 2022	<u>3,066,494</u>

All intangible costs relate to the installation of, and enhancements to, the company's IT systems.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

15. Tangible fixed assets

Group

	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2022	8,583,839	3,108,170	690,760	237,030	630,183	13,249,982
Additions	-	1,824,024	240,750	66,646	154,364	2,285,784
Disposals	-	(17,936)	-	-	-	(17,936)
Exchange adjustments	-	(64,433)	(19,795)	(1,489)	413	(85,304)
At 30 June 2023	8,583,839	4,849,825	911,715	302,187	784,960	15,432,526
Depreciation						
At 1 July 2022	-	2,152,416	534,604	201,561	530,592	3,419,173
Charge for the year on owned assets	-	361,911	68,176	25,360	88,246	543,693
Exchange adjustments	-	(6,430)	(14,385)	1,795	4,632	(14,388)
At 30 June 2023	-	2,507,897	588,395	228,716	623,470	3,948,478
Net book value						
At 30 June 2023	8,583,839	2,341,928	323,320	73,471	161,490	11,484,048
At 30 June 2022	8,583,839	955,754	156,156	35,469	99,591	9,830,809

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2022	8,583,839	1,737,503	333,671	135,194	397,430	11,187,637
Additions	-	232,388	813	-	51,952	285,153
Disposals	-	(17,936)	-	-	-	(17,936)
At 30 June 2023	8,583,839	1,951,955	334,484	135,194	449,382	11,454,854
Depreciation						
At 1 July 2022	-	1,314,405	215,465	118,343	347,702	1,995,915
Charge for the year on owned assets	-	157,125	34,850	7,815	44,729	244,519
At 30 June 2023	-	1,471,530	250,315	126,158	392,431	2,240,434
Net book value						
At 30 June 2023	8,583,839	480,425	84,169	9,036	56,951	9,214,420
At 30 June 2022	8,583,839	423,098	118,206	16,851	49,728	9,191,722

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

16. Fixed asset investments

Group

	Unlisted investments £	Manuscripts and antiques £	Total £
Cost or valuation			
At 1 July 2022	1,456,436	97,909	1,554,345
Additions	375,183	-	375,183
Disposals	(20,753)	-	(20,753)
Revaluations	366,911	-	366,911
At 30 June 2023	<u>2,177,777</u>	<u>97,909</u>	<u>2,275,686</u>
Net book value			
At 30 June 2023	<u>2,177,777</u>	<u>97,909</u>	<u>2,275,686</u>
At 30 June 2022	<u>1,456,436</u>	<u>97,909</u>	<u>1,554,345</u>

The unlisted investments include investments in Adjuvo Limited, Viz.ai Inc and PsiQuantum Corp.

Additions during the year included an additional interest in Viz.ai and an investment in Hakluyt Capital I Pooling LP. Hakluyt Capital I Pooling LP is held at fair value.

Due to the size and nature of the shareholdings, Hakluyt does not have significant influence over any of its unlisted investments.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Manuscripts and antiques £	Total £
Cost or valuation				
At 1 July 2022	1,362,913	1,456,436	97,909	2,917,258
Additions	-	375,183	-	375,183
Disposals	-	(20,753)	-	(20,753)
Revaluations	-	366,911	-	366,911
At 30 June 2023	1,362,913	2,177,777	97,909	3,638,599
Net book value				
At 30 June 2023	1,362,913	2,177,777	97,909	3,638,599
At 30 June 2022	1,362,913	1,456,436	97,909	2,917,258

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

16. Fixed asset investments (continued)

Investments in direct subsidiaries during the year consisted of 100% of the issued share capital of Hakluyt & Company (Asia) Pte. Limited, Hakluyt & Company (North America) Limited, Hakluyt & Company (Germany) GmbH, Hakluyt & Company Japan K.K, Hakluyt & Company (Canada) Limited, Hakluyt & Company Middle East FZE, Hakluyt India Strategic Advisory Services Private Limited, Hakluyt Capital GP Limited, Holdingham Group Limited, Pelorus Research Limited, Hakluyt Capital Limited, Hakluyt & Company ME Limited, Hakluyt Capital I GP LLP and Hakluyt Capital Carry GP LLP.

Investments in indirect subsidiaries during the year consisted of 100% of the issued share capital of Hakluyt & Company (Australia) Pty Limited and Hakluyt India LLP.

Hakluyt & Company (Asia) Pte. Limited is registered in Singapore and the address of the registered office is 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore, 049315.

Hakluyt & Company (North America) Limited is registered in the United States of America and the address of the registered office is United Corporate Services Inc, 874 Walker Road, Suite C, City of Dover, Kent, Delaware, 19904.

Hakluyt & Company (Germany) GmbH is registered in Germany and the address of the registered office is Friedrichstraße 63, 60323 Frankfurt am Main.

Hakluyt & Company Japan K.K is registered in Japan and the address of the registered office is Shin-Kojimachi Building, 5th Floor, 4-3-3 Kojimachi, Chiyoda-ku, Tokyo, 102-0083.

Hakluyt & Company (Canada) Limited is registered in Canada and the address of the registered office is c/o 1100-1055 West Georgia Street, Vancouver, British Columbia V6E 3P3.

Hakluyt & Company Middle East FZE is registered in Dubai and the address of the registered office is Office 445, Level 3, One Central, Dubai World Trade Centre, Dubai, UAE.

Hakluyt India Strategic Advisory Services Private Limited is registered in India and the address of the registered office is A-501L, Jaswanti Allied Business Centre, Kanch Pada, Ramchandra Lane Extension Road, Malad (West), Mumbai - 400 064.

Hakluyt Capital GP Limited, Holdingham Group Limited, Pelorus Research Limited, Hakluyt Capital Limited, Hakluyt Capital I GP LLP and Hakluyt Capital Carry GP LLP are all registered in the United Kingdom and the address of the registered office is 34 Upper Brook Street, London, W1K 7QS.

Hakluyt & Company ME Limited is registered in Abu Dhabi and the address of the registered office is Unit 6, Floor 12, Al Sila Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE.

Hakluyt & Company (Australia) Pty Limited is registered in Australia and the address of the registered office is Level 11, 1 Margaret Street, Sydney, NSW 2000.

Hakluyt India LLP is registered in India and the address of the registered office is A-501L, Jaswanti Allied Business Centre, Kanch Pada, Ramchandra Lane Extension Road, Malad (West), Mumbai - 400 064.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

17. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Due after more than one year				
Other debtors	2,720,976	-	2,720,976	-
Due within one year				
Trade debtors	31,928,626	37,696,697	14,097,562	18,287,262
Amounts owed by group undertakings	-	-	19,761,524	10,524,715
Other debtors	4,084,550	1,246,578	2,724,112	495,081
Prepayments and accrued income	7,162,076	7,406,740	4,243,111	4,283,353
Corporation tax repayable	21,965	4,026,647	-	2,546,116
	<u>43,197,217</u>	<u>50,376,662</u>	<u>40,826,309</u>	<u>36,136,527</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Other debtors due after more than one year and £2,455,250 within other debtors due within one year relate to loans to members of staff in relation to unpaid share capital which will be settled through future dividend payments.

The directors have made an assessment based on expected future dividend payments and the option for voluntary repayment. The elements in long term are expected to be settled after 30 June 2024.

18. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	21,484,452	18,147,752	6,337,731	4,068,858
Less: bank overdrafts	(8,088)	(8,119,621)	(8,088)	(8,113,686)
	<u>21,476,364</u>	<u>10,028,131</u>	<u>6,329,643</u>	<u>(4,044,828)</u>

Within cash at bank and in hand is £485,000 relating to the restricted monetary asset held by Lloyds Bank Plc as security against loans provided to certain shareholders.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

19. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank overdrafts	8,088	8,119,621	8,088	8,113,686
Trade creditors	2,398,366	1,575,136	2,297,490	1,304,445
Amounts owed to group undertakings	-	-	27,587,794	15,390,764
Corporation tax	867,584	400,843	323,807	-
Other taxation and social security	1,022,429	1,988,459	813,605	1,121,818
Other creditors	3,810,821	3,500,377	3,557,763	3,211,641
Accruals and deferred income	28,980,875	37,087,819	16,265,410	21,698,963
	<u>37,088,163</u>	<u>52,672,255</u>	<u>50,853,957</u>	<u>50,841,317</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The £8m bank overdraft facility in the prior year ran until August 2022 and was replaced with a revolving credit facility in November 2022 (see note 20).

20. Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans (see note 21)	14,000,000	-	14,000,000	-
Preference share capital - authorised, issued and fully paid*	58,406	39,406	58,406	39,406
	<u>14,058,406</u>	<u>39,406</u>	<u>14,058,406</u>	<u>39,406</u>

* The 10% preference shares of £0.001 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 £0.49 per share for shares issued in the year ended 30 June 2011, £0.64 per share for shares issued in the year ended 30 June 2012, £0.82 per share for shares issued in the year ended 30 June 2013, £0.95 per share for shares issued in the year ended 30 June 2014, £1.26 per share for shares issued in the year ended 30 June 2015, £1.55 per share for shares issued in the year ended 30 June 2016 and prices ranging from £1.55 to £4.70 per share for shares issued in the year ended 30 June 2023, prior to any repayment to Ordinary shareholders. The holders of the preference shares have waived their right to receive the dividend.

The £27.5m revolving credit facility with Lloyds Bank plc was entered into in November 2022 for a three year period and attracts interest at SONIA + 1.25% and is secured by a fixed and floating charge over the assets of the company. During the year, £14m was drawn down on this facility.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

21. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts falling due 1-2 years				
Bank loans	14,000,000	-	14,000,000	-
	<u>14,000,000</u>	<u>-</u>	<u>14,000,000</u>	<u>-</u>

22. Financial instruments

	Group 2023 £	Group 2022 £
Financial assets		
Financial assets measured at amortised cost	61,230,653	58,249,016
	<u>61,230,653</u>	<u>58,249,016</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(44,146,957)	(44,137,543)
	<u>(44,146,957)</u>	<u>(44,137,543)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by group undertakings, restricted monetary assets and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank debt, trade creditors, other creditors, amounts owed to group undertakings and accruals.

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

23. Deferred taxation

Group

	2023 £	2022 £
At beginning of year	(943,898)	(849,080)
Charged to profit or loss	(340,430)	(7,333)
Deferred tax in relation to leasehold property	-	(86,250)
Foreign exchange movement	(26,116)	(1,235)
At end of year	(1,310,444)	(943,898)

Company

	2023 £	2022 £
At beginning of year	(1,762,815)	(1,175,139)
Charged to profit or loss	(421,857)	(501,426)
Deferred tax in relation to leasehold property	-	(86,250)
At end of year	(2,184,672)	(1,762,815)

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Fixed asset timing differences	(1,346,005)	(1,207,472)	(1,119,652)	(1,151,125)
Short term timing differences	545,631	493,840	83,781	445,383
Tax losses carried forward	(1,148,801)	826,807	-	-
Capital gains	638,731	(1,057,073)	(1,148,801)	(1,057,073)
	(1,310,444)	(943,898)	(2,184,672)	(1,762,815)

Hakluyt & Company Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

24. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
10,839,000 (2022 - 29,500,000) Ordinary shares of £0.001 each (2022 - £0.001 each)	10,839	29,500

On 17 October 2022 the company issued 247,595 ordinary shares at a value of £15.98 per share with a nominal value of £0.001 per share.

On 5 May 2023 the company issued 91,894 ordinary shares at a value of £15.98 per share with a nominal value of £0.001 per share.

On 26 July 2022 the company redesignated 18,311,319 of ordinary shares of £0.001 to D preference shares of £0.001 each. On the same date the company also redesignated 688,681 of ordinary B shares into D preference shares of £0.001 each.

Ordinary shares include 9,463,564 Ordinary shares of £0.001 each (2022 - 28,028,269 shares of £0.001 each) and 1,375,925 B Ordinary shares of £0.001 each (2022 - 1,471,731 shares of £0.001 each).

Holders of the Ordinary shares are entitled to one vote per share and have attached to them the right to dividends and a distribution of assets on a wind up. Holders of B Ordinary shares are not entitled to vote and have attached to them the right to dividends and a distribution to assets on a wind up.

The company also has in issue 94,060 A Preference shares of £0.10 each (2022 - 94,060 shares of £0.10 each), 100,000 B Preference shares of £0.10 each (2022 - 100,000 shares of £0.10 each), 200,000 C Preference shares of £0.10 each (2022 - 200,000 shares of £0.10 each) and 19,000,000 D Preference shares of £0.001 each (2022 - Nil). The holders of preference shares are not entitled to vote; their rights in respect of dividends is set out in note 20.

25. Employee Benefit Trust (Group and Company)

	2023 £	2022 £
Own shares - Employee Benefit Trust	97,109,383	83,730,961

The Employee Benefit Trust holds shares primarily for distribution to employees. During the year the Trust purchased 2,262,682 (2022 – 1,773,033) shares in the company and distributed 5,643 shares (2022 – 829,707) shares to employees. At 30 June 2023 the Trust held 2,644,544 ordinary shares of £0.001 each and 58,406,000 preference shares of £0.001 each (2022 – 19,387,505 ordinary shares and 39,406,000 preference shares) which had not vested in the employees and in accordance with the provisions of FRS 102 the cost of those shares held is deducted from shareholders' funds. On 26 July 2022, the Trust converted 19,000,000 ordinary shares of £0.001 each into preference shares of £0.001 each.

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Notes to the Financial Statements for the Year Ended 30 June 2023

26. Reserves

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

The revaluation reserve includes the increase or decrease in valuation of the leasehold property.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Own shares - Employee Benefit Trust

The Employee Benefit Trust holds shares primarily for distribution to employees.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

27. Equity settled share based payment transactions

Certain key individuals hold options to subscribe for shares in the company at prices ranging from £0.49 to £2.71 under unapproved share options granted up until 30 June 2019.

Details of the option plan are as follows:

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	1.28	98,400	0.95	104,800
Granted during the year	-	-	0.20	372,269
Exercised during the year	-	-	0.13	(378,669)
Outstanding at the end of the year	1.28	98,400	1.28	98,400
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life of share options outstanding at 30 June 2023 was 0.8 years (2022 - 1.6 years).

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Notes to the Financial Statements for the Year Ended 30 June 2023

27. Equity settled share based payment transactions (continued)

The remaining options outstanding at 30 June 2023 are shown below:

2023	2022	Option exercise price	Date granted	Option exercise period
51,000	51,000	£0.49	Dec 2010	Dec 2010 – Dec 2023
19,800	19,800	£1.26	Sep 2015	Sep 2015 – Dec 2023
9,200	9,200	£2.71	Nov 2018	Nov 2018 - Dec 2024
9,200	9,200	£2.71	Jan 2019	Jan 2019 - Dec 2024
9,200	9,200	£2.71	Jun 2019	Jan 2019 - Dec 2024
<u>98,400</u>	<u>98,400</u>			

The options granted in both years to 30 June 2023 and 30 June 2022 have an immaterial value and therefore no charge has been recorded in the financial statements in relation to these.

28. Pension commitments

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 £1,785,797 (2022 - £1,236,992). At 30 June 2023 pension contributions of £71,082 were outstanding (2022 - £60,691).

29. Commitments under operating leases

At 30 June 2023 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	2,647,806	1,902,525	758,825	758,825
Later than 1 year and not later than 5 years	6,302,127	3,588,463	1,114,549	1,849,374
Later than 5 years	3,943,220	2,474,267	2,370,000	2,474,267
	<u>12,893,153</u>	<u>7,965,255</u>	<u>4,243,374</u>	<u>5,082,466</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, Japan, India, Australia, Germany, UAE and the USA.

30. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1 A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the Group.

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Notes to the Financial Statements for the Year Ended 30 June 2023

31. Post balance sheet events

Since the year end, an additional term loan of £9.0m with Lloyds Bank plc was entered into on 19 September 2023. The term loan carries interest at 1.50% over SONIA. It is secured by a fixed and floating charge over the assets of the company.

Also since the year end, the investment in Viz.ai Inc was sold by Hakluyt & Company Limited to Hakluyt Capital I LP on 19 September 2023 for consideration of £1,261,434. There was no profit or loss recognised on sale.

32. Controlling party

There is no ultimate controlling party. The ultimate parent company is Hakluyt & Company Limited.

33. Analysis of net debt

	At 1 July 2022 £	Cash flows £	Foreign exchange movement £	At 30 June 2023 £
Cash at bank and in hand	18,147,752	4,193,936	(857,236)	21,484,452
Bank overdrafts	(8,119,621)	8,111,533	-	(8,088)
Debt due after 1 year	-	(14,000,000)	-	(14,000,000)
	<u>10,028,131</u>	<u>(1,694,531)</u>	<u>(857,236)</u>	<u>7,476,364</u>