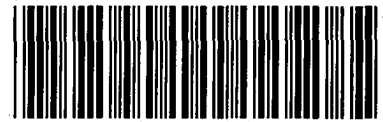


?WHAT IF! HOLDINGS LIMITED

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Annual Report

For the year ended 31 December 2013

?WHAT IF! HOLDINGS LIMITED

DIRECTORS AND ADVISERS

Directors	D Allan M Kingdon S Pajwani B Berg	(Appointed 9 January 2014)
Secretary	J Hoare	
Company number	03745474	
Registered office	5th Floor 89 New Bond Street London W1S 1DA	
Registered auditors	Kingston Smith LLP 141 Wardour Street London W1F 0UT	
Bankers	HSBC Bank Plc Commercial Centre 465 Bethnal Green Road London E2 9QW	

?WHAT IF! HOLDINGS LIMITED

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?WHAT IF! HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Principal activities and review of the business

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

Turnover for the year was £33.8 million (2012: £33.2 million).

Operating loss for the year was £1.8 million (2012: operating profit £0.4 million).

During the year the Group continued to invest heavily in strengthening its management team and commercial systems. The business also opened an office in Sao Paulo, Brazil.

Principal risks, uncertainties and financial instruments

The directors consider that the economic environment is slowly improving but the fragility of the recovery remains a concern; however the Company has a broad FTSE client base and strong client relationships.

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

Key performance indicators (KPIs)

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

The Board considers the results acceptable, given the prevailing economic conditions, and is confident that the company is optimally positioned to enjoy strong and sustainable growth.

Other KPIs include reporting on the number of briefs, the ratio of successful conversion and the lead time from receiving a brief to starting work. The Board considers this information to be commercially sensitive.

Future developments

The board has opened a new office in Sao Paulo, Brazil and this will continue to be developed in 2014.

The company continues to develop its digital learning platform which will be launched in 2014.

By order of the board



J Hoare

Secretary

30 June 2014

?WHAT IF! HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Under CA2006 s414C(11), the information relating to future developments and risk management are included in the strategic report.

Directors

The following directors have held office since 1 January 2013:

D Allan

M Kingdon

S Pajwani

R Price

(Resigned 8 October 2013)

B Berg

(Appointed 9 January 2014)

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Purchase of own shares

During the year, 15,000 (2012: 15,000) Ordinary shares of 0.10p each were repurchased by the company from an individual, for a total consideration of £45,204 (2012: £44,876).

Auditors

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

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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;
- 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 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 for the prevention and detection of fraud and other irregularities.

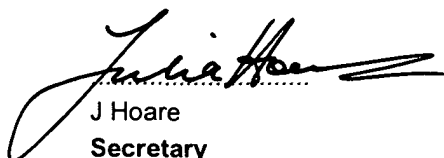
?WHAT IF! HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

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

By order of the board


J Hoare
Secretary
30 June 2014

?WHAT IF! HOLDINGS LIMITED

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

We have audited the group and parent company financial statements (the "financial statements") of ?What If! Holdings Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

?WHAT IF! HOLDINGS LIMITED

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

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

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

30 JUNE 2014

Chartered Accountants
Statutory Auditor

141 Wardour Street
London
W1F 0UT

?WHAT IF! HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	33,835,738	33,280,936
Cost of sales		(10,867,696)	(12,250,560)
Gross profit		22,968,042	21,030,376
Administrative expenses		(24,731,516)	(20,696,320)
Other operating income		-	8,483
Operating (loss)/profit	3	(1,763,474)	342,539
Investment income	4	3,947	-
Other interest receivable and similar income		5,539	9,555
Amounts written off investments	5	(49,637)	-
Interest payable and similar charges	6	(77,356)	-
(Loss)/profit on ordinary activities before taxation		(1,880,981)	352,094
Tax on (loss)/profit on ordinary activities	7	186,002	(4,978)
(Loss)/profit on ordinary activities after taxation		(1,694,979)	347,116

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

?WHAT IF! HOLDINGS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
(Loss)/profit for the financial year	(1,694,979)	347,116
Currency translation differences on foreign currency net investments	<u>(17,138)</u>	<u>(159,415)</u>
Total recognised gains and losses relating to the year	<u><u>(1,712,117)</u></u>	<u><u>187,701</u></u>

?WHAT IF! HOLDINGS LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2013

	Notes	Group 2013 £	2012 £	Company 2013 £	2012 £
Fixed assets					
Intangible assets	10	1,011,716	1,206,635	252,221	315,276
Tangible assets	11	2,153,264	1,677,121	-	-
Investments	12	247,986	159,023	3,105,550	3,004,588
		<u>3,412,966</u>	<u>3,042,779</u>	<u>3,357,771</u>	<u>3,319,864</u>
Current assets					
Work in progress	13	357,558	116,836	-	-
Debtors	14	8,580,409	9,481,068	582,221	49,743
Deferred tax asset	14	512,094	428,339	-	-
Cash at bank and in hand		2,159,992	2,700,033	62,634	59,130
		<u>11,610,053</u>	<u>12,726,276</u>	<u>644,855</u>	<u>108,873</u>
Creditors: amounts falling due within one year	15	<u>(7,690,336)</u>	<u>(6,497,352)</u>	<u>(3,149,060)</u>	<u>(2,225,966)</u>
Net current assets		<u>3,919,717</u>	<u>6,228,924</u>	<u>(2,504,205)</u>	<u>(2,117,093)</u>
Total assets less current liabilities		<u>7,332,683</u>	<u>9,271,703</u>	<u>853,566</u>	<u>1,202,771</u>
Creditors: amounts falling due after more than one year	16	<u>(232,492)</u>	<u>(299,222)</u>	-	-
Provisions for liabilities	17	<u>(181,000)</u>	<u>(156,000)</u>	-	-
		<u>6,919,191</u>	<u>8,816,481</u>	<u>853,566</u>	<u>1,202,771</u>
Capital and reserves					
Called up share capital	19	2,390	2,405	2,390	2,405
Other reserves	20	243,295	400,387	(401,568)	(250,309)
Profit and loss account	20	6,673,506	8,413,689	1,252,744	1,450,675
Shareholders' funds	21	<u>6,919,191</u>	<u>8,816,481</u>	<u>853,566</u>	<u>1,202,771</u>

Approved by the Board and authorised for issue on ... *30 June 2014*

D. Allan

D Allan
Director

Company Registration No. 03745474

?WHAT IF! HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
Net cash inflow / (outflow) from operating activities	(422,476)	1,984,826
Returns on investments and servicing of finance		
Interest received	5,539	9,555
Interest paid	(77,356)	-
Dividends received	3,947	-
Net cash (outflow)/inflow for returns on investments and servicing of finance.	(67,870)	9,555
Taxation	268,470	(25,467)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(1,288,635)	(1,104,720)
Payments to acquire investments	(151,100)	(120,000)
Net cash outflow for capital expenditure	(1,439,735)	(1,224,720)
Acquisitions and disposals		
Net cash inflow for acquisitions and disposals	-	-
Equity dividends paid	-	(228,443)
Net cash inflow / (outflow) before management of liquid resources and financing	(1,661,611)	515,751
Financing		
Purchase of own shares	(196,478)	(44,876)
Movement of US creditor	(66,730)	(65,157)
Net cash outflow from financing	(263,208)	(110,033)
(Decrease)/increase in cash in the year	(1,924,819)	405,718

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	2013	2012		
		£	£		
	Operating (loss)/profit	(1,763,474)	342,539		
	Depreciation of tangible assets	774,919	550,266		
	Amortisation of intangible assets	194,919	194,919		
	Loss on disposal of tangible assets	13,204	35,832		
	(Increase)/decrease in stocks	(240,722)	134,150		
	Decrease in debtors	813,104	85,936		
	(Decrease)/Increase in creditors within one year	(250,731)	512,748		
	Movement in provisions and long term creditors	25,000	25,000		
	Share scheme charge	11,305	103,436		
	Net cash (outflow)/inflow from operating activities	(422,476)	1,984,826		
2	Analysis of net funds	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,700,033	(540,041)	-	2,159,992
	Bank overdrafts	-	(1,384,778)	-	(1,384,778)
		<u>2,700,033</u>	<u>(1,924,819)</u>	<u>-</u>	<u>775,214</u>
	Debts falling due after one year	(299,222)	66,730	-	(232,492)
	Net funds	<u>2,400,811</u>	<u>(1,858,089)</u>	<u>-</u>	<u>542,722</u>
3	Reconciliation of net cash flow to movement in net debt	2013	2012		
		£	£		
	(Decrease)/increase in cash in the year	(1,924,819)	405,718		
	Cash outflow from decrease in debt	66,730	65,157		
	Net effect of foreign exchange differences	-	13,110		
	Movement in net funds in the year	(1,858,089)	483,985		
	Opening net funds	2,400,811	1,916,826		
	Closing net funds	542,722	2,400,811		

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

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

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2013. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. For associated companies and participating interests, where significant influence is exercised, the interests are accounted for using the equity method. Where significant influence is not exercised, the investments are shown at cost less any provision for impairment.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of between 8 and 20 years.

1.6 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	25% straight line
Plant and machinery	25% straight line
Computer equipment	33.3% - 50% straight line
Fixtures, fittings & equipment	20% to 33.3% straight line

1.7 Leasing

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

Income received in respect of office space rented by the group under operating leases and sub-let to 3rd parties has been credited to the profit and loss account on a straight-line basis over the length of the sub-lease. Any premium or discount on the granting of a sub lease is spread over the life of the lease on a straight-line basis.

1.8 Investments

Unlisted fixed asset investments are stated at cost less provision for diminution in value. Listed fixed asset investments are revalued at the year end to the year end share price.

1.9 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value. It is made up of prepaid third party costs that will be billed to clients in the following year.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

(continued)

1.10 Revenue recognition

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

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

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

1.11 Pensions

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

1.12 Deferred taxation

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

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account. The profit and loss accounts of overseas subsidiary undertakings are translated into pounds sterling at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of recognised gains and losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.14 Employee benefit trust

In accordance with UITF 32 - Employee Benefit Trusts and Other Intermediate Payment Arrangements, the company includes the assets and liabilities of that trust within its balance sheet. In the event of the winding up of the company, neither the shareholders nor the creditors of the company would be entitled to the assets of the employee benefit trust.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover, (loss)/profit before taxation and net assets is set out as below:

Turnover

	2013	2012
	Sales by	Sales by
	origin	origin
	£	£
Geographical segment		
United Kingdom	14,774,118	14,838,344
North America	15,841,581	15,489,222
South America	178,043	-
Asia	3,041,996	2,953,370
	<u>33,835,738</u>	<u>33,280,936</u>

(Loss)/Profit before taxation

	2013	2012
	£	£
Geographical segment		
United Kingdom	(311,890)	(110,650)
North America	(564,927)	569,865
South America	(228,652)	-
Asia	(775,512)	(107,121)
	<u>(1,880,981)</u>	<u>352,094</u>

Net assets

	2013	2012
	£	£
Geographical segment		
United Kingdom	3,658,721	4,215,081
North America	2,962,442	3,476,055
South America	(188,860)	-
Asia	486,888	1,125,345
	<u>6,919,191</u>	<u>8,816,481</u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

3	Operating (loss)/profit	2013	2012
		£	£
	Operating (loss)/profit is stated after charging:		
	Amortisation of intangible assets	194,919	194,919
	Depreciation of tangible assets	774,919	550,266
	Loss on disposal of tangible assets	69,230	35,832
	Loss on foreign exchange transactions	99,837	79,493
	Operating lease rentals	1,336,120	1,338,007
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £6,000; 2012: £10,000)	51,000	48,000
	Fees payable to the group's auditor for preparation of consolidated accounts	5,000	10,000
	Fees payable to the group's auditor for preparation of tax computations	-	-
	and after crediting:		
	Rents receivable	-	8,483
		<u> </u>	<u> </u>
4	Investment income	2013	2012
		£	£
	Income from shares in group undertakings	3,947	-
		<u> </u>	<u> </u>
5	Amounts written off investments	2013	2012
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	49,637	-
		<u> </u>	<u> </u>
6	Interest payable	2013	2012
		£	£
	On bank loans and overdrafts	77,356	-
		<u> </u>	<u> </u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

7 Taxation	2013 £	2012 £
Domestic current year tax		
U.K. corporation tax	-	55,694
Foreign corporation tax		
Foreign corporation tax	(239,855)	200,900
Total current tax	(239,855)	256,594
Deferred tax		
Deferred tax credit current year	53,853	(251,616)
	(186,002)	4,978
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(1,880,981)	352,094
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 24.50%)	(376,196)	86,263
Effects of:		
Non deductible expenses	7,175	37,390
Capital allowances in excess of depreciation	(16,815)	29,259
Losses utilised	(94,620)	(33,349)
Foreign tax adjustments	116,841	87,528
Adjustments to previous periods	(42,880)	-
Chargeable disposals	-	89
Other tax adjustments	166,640	49,414
Current tax charge for the year	(239,855)	256,594

8 (Loss)/profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

	2013 £	2012 £
Holding company's (loss)/profit for the financial year	(152,727)	50,989

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

9 Dividends	2013	2012
	£	£
Ordinary interim paid	-	228,443
Ordinary final proposed	-	71,557
	<u>-</u>	<u>300,000</u>

10 Intangible fixed assets Group	Goodwill £
Cost	
At 1 January 2013 & at 31 December 2013	3,157,089
Amortisation	
At 1 January 2013	1,950,454
Charge for the year	194,919
At 31 December 2013	<u>2,145,373</u>
Net book value	
At 31 December 2013	<u>1,011,716</u>
At 31 December 2012	<u>1,206,635</u>

Intangible fixed assets (continued) Company

	Goodwill £
Cost	
At 1 January 2013 & at 31 December 2013	550,846
Amortisation	
At 1 January 2013	235,570
Charge for the year	63,055
At 31 December 2013	<u>298,625</u>
Net book value	
At 31 December 2013	<u>252,221</u>
At 31 December 2012	<u>315,276</u>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

11 Tangible fixed assets Group

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2013	1,773,196	1,174,634	69,866	3,017,696
Exchange differences	(31,538)	(37,730)	-	(69,268)
Additions	576,046	609,434	103,155	1,288,635
Disposals	-	(7,035)	-	(7,035)
At 31 December 2013	2,317,704	1,739,303	173,021	4,230,028
Depreciation				
At 1 January 2013	708,568	597,683	34,324	1,340,575
Exchange differences	(14,812)	(17,587)	-	(32,399)
On disposals	-	(6,331)	-	(6,331)
Charge for the year	412,374	330,564	31,981	774,919
At 31 December 2013	1,106,130	904,329	66,305	2,076,764
Net book value				
At 31 December 2013	1,211,574	834,974	106,716	2,153,264
At 31 December 2012	1,064,628	576,951	35,542	1,677,121

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Fixed asset investments

Group

	Listed investments	Unlisted investments	Shares in group undertakings	Total
	£	£	£	£
Cost				
At 1 January 2013	-	25,598	133,773	159,371
Additions	150,999	-	101	151,100
Disposals	-	-	(12,500)	(12,500)
At 31 December 2013	150,999	25,598	121,374	297,971
Provisions for diminution in value				
At 1 January 2013	-	348	-	348
Charge for the year	49,637	-	-	49,637
At 31 December 2013	49,637	348	-	49,985
Net book value				
At 31 December 2013	101,362	25,250	121,374	247,986
At 31 December 2012	-	25,250	133,773	159,023

Company

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 January 2013	-	3,004,588	3,004,588
Additions	150,999	12,100	163,099
Disposals	-	(12,500)	(12,500)
At 31 December 2013	150,999	3,004,188	3,155,187
Provisions for diminution in value			
At 1 January 2013	-	-	-
Charge for the year	49,637	-	49,637
At 31 December 2013	49,637	-	49,637
Net book value			
At 31 December 2013	101,362	3,004,188	3,105,550
At 31 December 2012	-	3,004,588	3,004,588

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

12 Fixed asset investments

(continued)

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet as at 31 December 2013.

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held		Principal activity
		Class	%	
Subsidiary undertakings				
?What If! Limited	England & Wales	Ordinary	100	Innovation
?What If! Training Limited*	England & Wales	Ordinary	100	Dormant
?What If! Inventors Limited*	England & Wales	Ordinary	100	Dormant
?What If! USA Inc.	USA	Ordinary	100	Innovation
?What If! Ventures Limited	England & Wales	Ordinary	100	Dormant
?What If! Joint Ventures Limited	England & Wales	Ordinary	100	Innovation
?What If! China Holdings Limited	England & Wales	Ordinary	100	Holding company
?What If! (Shanghai) Co Ltd+	China	Ordinary	100	Innovation
Nobby Styles Limited	England & Wales	Ordinary	100	Dormant
Dr Greenfingers (Holdings) Ltd	England & Wales	Ordinary	100	Dormant
?What If! (Hong Kong) Co. Limited+	Hong Kong	Ordinary	100	Innovation
?What If! Singapore x	Singapore	Ordinary	100	Innovation
?What If! Brazil	Brazil	Ordinary	100	Innovation
Participating interests				
Impact Innovation Limited	England & Wales	Ordinary	25	Innovation
Other significant interests				
Octopus Capital Limited -	England & Wales	Ordinary	1	
Byotrol Plc	England & Wales	Ordinary	1	
Irrigo Limited	England & Wales	Ordinary B	1	

* owned via ?What If! Limited.

+ owned via ?What If! Singapore.

x owned via ?What If! China Holdings.

- owned via ?What If! Joint Ventures.

The results for Impact Innovation Limited to 31 December 2013 were not available at the date of approval of these accounts. Shareholders funds for Impact Innovation Limited as at 31 December 2012 amounted to £173,359 (2011:£161,707).

All of the above subsidiaries are included in the consolidated accounts because ?What If! Holdings Limited owns 100% of the share capital and controls 100% of the voting rights.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

13 Work in progress

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Work in progress	357,558	116,836	-	-

14 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	6,419,442	7,049,387	-	-
Amounts owed by group undertakings	-	-	296,552	7,110
Corporation tax	122,842	143,483	-	-
Other debtors	744,583	1,455,867	5,688	-
Prepayments and accrued income	1,293,542	832,331	279,981	42,633
Deferred tax asset (see note 17)	512,094	428,339	-	-
	9,092,503	9,909,407	582,221	49,743

Included in other debtors is a rent deposit of £475,444 in respect of a property in the United States. The initial lease term has expired and the on-going notice period is now less than one year, and as a result the rent deposit is included in other debtors.

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

	2013	2012	2013	2012
	£	£	£	£
Other debtors	200,000	775,416	-	-

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

15 Creditors : amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	1,384,778	-	-	-
Trade creditors	1,433,845	1,766,449	28,328	-
Amounts owed to group undertakings	-	-	2,834,349	2,089,867
Corporation tax	55,275	-	-	-
Other taxes and social security costs	671,575	756,917	-	-
Other creditors	672,178	226,961	260,601	50,206
Accruals and deferred income	3,472,685	3,675,468	25,782	14,336
Proposed dividend	-	71,557	-	71,557
	<u>7,690,336</u>	<u>6,497,352</u>	<u>3,149,060</u>	<u>2,225,966</u>

16 Creditors : amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other loans	<u>232,492</u>	<u>299,222</u>	<u>-</u>	<u>-</u>
In more than one year but not more than two years	61,000	62,000	-	-
In more than two years but not more than five years	171,492	186,000	-	-
In more than five years	-	51,222	-	-

Amounts due represent an interest free loan from one of the group's landlords. The balance is being repaid at a rate of \$100,000 USD per annum.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

17 Provisions for liabilities

Group

	Other £
Balance at 1 January 2013	156,000
Profit and loss account	25,000
	<hr/>
Balance at 31 December 2013	181,000
	<hr/> <hr/>

£106,000 of the provision relates to amounts payable to suppliers, with part being dependent upon the performance of the group. There are no indications that the amounts will not be payable in full and accordingly the full amount has been provided for. The remaining £75,000 relates to a provision for dilapidations on the lease on the office building. This is being recognised on a straight line basis over the remaining life of the lease.

The deferred tax asset (included in debtors, note 14) is made up as follows:

	Group 2013 £	Company 2013 £
Balance at 1 January 2013	(428,339)	-
Profit and loss account	(83,755)	-
	<hr/>	<hr/>
Balance at 31 December 2013	(512,094)	-
	<hr/> <hr/>	<hr/> <hr/>

	Group 2013 £	2012 £	Company 2013 £	2012 £
Decelerated capital allowances	(328,307)	(235,708)	-	-
Tax losses available	(183,787)	(192,631)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(512,094)	(428,339)	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18 Pension and other post-retirement benefit commitments

Defined contribution

	2013 £	2012 £
Contributions payable by the group for the year	519,578	498,647
	<hr/> <hr/>	<hr/> <hr/>

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

19 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
2,390,763 Ordinary shares (2012: 2,405,763) of 0.001p each	2,390	2,405

During the year 15,000 (2012: 15,000) Ordinary shares of 0.001p each were repurchased by the company from an individual for a total consideration of £45,204 (2012: £44,876).

Share options

Certain employees from the subsidiary undertakings and the Company hold options to subscribe for shares in the Company at prices ranging from £0.92 to £5.00. The number of shares subject to options and the periods in which they were granted are given below. These all have exercise periods of 5 years.

Date of grant	Number of shares				Exerciseable at year end	Exercise price (p)
	1 Jan 2013	Exercised in the year	Lapsed in the year	31 Dec 2013		
04/01/06	8,000	-	-	8,000	8,000	120
24/04/06	7,000	-	-	7,000	7,000	334
01/10/07	24,000	-	-	24,000	24,000	469
23/02/09	170,000	(170,000)	-	-	-	92
10/03/09	54,000	-	(30,000)	24,000	24,000	120
10/03/09	7,000	-	-	7,000	7,000	469
19/01/10	20,000	-	(4,000)	16,000	16,000	121
19/01/10	80,000	-	-	80,000	80,000	162
19/01/10	20,000	-	-	20,000	20,000	469
19/01/10	8,000	-	-	8,000	8,000	500
10/03/10	140,000	-	(70,000)	70,000	70,000	121
	538,000	(170,000)	(104,000)	264,000	264,000	

The charge to the profit and loss account in 2013 was £11,305 (2012: £103,436). The fair value has been calculated using the Black Scholes option pricing model. There were no options granted in 2013 or 2012.

In addition to the above, in 2011 an employee of ?What If! USA Limited was granted options over 20 common stock (representing 3% of the issued common stock of the company). These options will vest if certain conditions relating to the performance of the company are met. The options are exercisable at a price of US\$0.01 per share.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

20 Statement of movements on reserves

Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	400,387	8,413,689
Loss for the year	-	(1,694,979)
Purchase of own shares	-	(45,204)
Foreign currency translation differences	(17,138)	-
Movement during the year	(139,954)	-
Balance at 31 December 2013	<u>243,295</u>	<u>6,673,506</u>
Other reserves		
Capital redemption reserve		
Balance at 1 January 2013	881	
Capital redemption reserve increase	15	
Balance at 31 December 2013	<u>896</u>	
Reserves for own shares		
Balance at 1 January 2013	(279,190)	
Reserve for own shares other movement	(151,274)	
Balance at 31 December 2013	<u>(430,464)</u>	
Share option reserve		
Balance at 1 January 2013	517,804	
Share scheme charge	11,305	
Balance at 31 December 2013	<u>529,109</u>	
Foreign exchange reserve		
Balance at 1 January 2013	160,892	
Currency translation reserve decrease	(17,138)	
Balance at 31 December 2013	<u>143,754</u>	

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

(continued)

Company	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	(250,309)	1,450,675
Loss for the year	-	(152,727)
Purchase of own shares	-	(45,204)
Movement during the year	(151,259)	-
Balance at 31 December 2013	<u>(401,568)</u>	<u>1,252,744</u>
Other reserves		
Capital redemption reserve		
Balance at 1 January 2013	881	
Capital redemption reserve increase	15	
Balance at 31 December 2013	<u>896</u>	
Reserves for own shares		
Balance at 1 January 2013	(279,190)	
Reserve for own shares other movement	(151,274)	
Balance at 31 December 2013	<u>(430,464)</u>	
Reserves provided for by the Articles of Association		
Balance at 1 January 2013 & at 31 December 2013	<u>28,000</u>	

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

21 Reconciliation of movements in shareholders' funds	2013	2012
Group	£	£
(Loss)/profit for the financial year	(1,694,979)	347,116
Dividends	-	(300,000)
	<hr/>	<hr/>
	(1,694,979)	47,116
Other recognised gains and losses	(17,138)	(159,415)
Purchase of own shares	(196,478)	(44,876)
Share option scheme charge	11,305	103,436
	<hr/>	<hr/>
Net (depletion in) shareholders' funds	(1,897,290)	(53,739)
Opening shareholders' funds	8,816,481	8,870,220
	<hr/>	<hr/>
Closing shareholders' funds	6,919,191	8,816,481
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
Company	£	£
(Loss)/Profit for the financial year	(152,727)	50,989
Dividends	-	(300,000)
Purchase of own shares	(196,478)	(44,876)
	<hr/>	<hr/>
Net (depletion in)/addition to shareholders' funds	(349,205)	(293,887)
Opening shareholders' funds	1,202,771	1,496,658
	<hr/>	<hr/>
Closing shareholders' funds	853,566	1,202,771
	<hr/> <hr/>	<hr/> <hr/>

22 Contingent liabilities

Group

The group has given a cross guarantee to HSBC Plc on facilities provided to three companies within the group. The group's indebtedness to its bankers under this arrangement as at 31 December 2013 amounted to £nil (2012: £nil).

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

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

23 Financial commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within one year	74,508	37,254	-	16,299
Between two and five years	530,108	558,267	-	2,056
In over five years	611,643	457,215	-	-
	<u>1,216,259</u>	<u>1,052,736</u>	<u>-</u>	<u>18,355</u>

24 Directors' remuneration

	2013	2012
	£	£
Remuneration	1,107,628	982,580
Pension costs	57,714	43,292
	<u>1,165,342</u>	<u>1,025,872</u>

Remuneration disclosed above (excluding pension contributions) include amounts paid to:

The highest paid director	<u>309,917</u>	<u>259,080</u>
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Pension costs disclosed above include amounts relating to:

The highest paid director	<u>17,639</u>	<u>14,742</u>
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During the year nil (2012: nil) directors of the company were granted share options. None of the directors exercised share options during the year. Full details in note 16.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2012: 3).

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

25 Employees

Number of employees

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

	2013 Number	2012 Number
Administration	79	72
Sales	165	149
	<hr/>	<hr/>
	244	221
	<hr/>	<hr/>

Employment costs

	2013 £	2012 £
Wages and salaries	17,145,743	17,597,087
Social security costs	1,644,858	1,354,774
Other pension costs	519,578	498,647
Costs of share option scheme	11,305	103,436
	<hr/>	<hr/>
	19,321,484	19,553,944
	<hr/>	<hr/>

26 Control

The company was not controlled by one single party throughout the year.

?WHAT IF! HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

27 Related party transactions

Group

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

During the year sales totalling £15,677 (2012: £7,282) were made to Irrigo Limited with a debtor outstanding at the year end of £5,508 (2012: £2,068). Irrigo Limited is related to the company because D Allan (shareholder and director of ?What If! Holdings Limited) has significant influence over the company through a shareholding and directorship in Irrigo Limited.

During the year sales totalling £11,481 (2012: £47,242) were made to Byotrol Consumer Products Limited. Also £646,290 (2012: £nil) was written off in respect of amounts owed by the same company in exchange for shares in Byotrol plc with a value of £101,362 at the year end. Byotrol Consumer Products Limited was a related party for part of the year because three of the six director's of the company were also directors of the ?What If! Group and were nominated by ?What If! The ?What If! Group also had a material interest in Byotrol Consumer Products Limited. During the year two of the three directors resigned and at the year end the group did not hold shares in Byotrol Consumer Products Limited and therefore the company ceased to be related.

The following dividends were declared to directors during the year. D Allan £nil (2012: £117,064), M Kingdon £nil (2012: £117,064) and S Pajwani £nil (2012: £52,457). At the year end there were amounts outstanding of £nil (£2012: £29,266) owing to D Allan, £nil (2012: £29,266) owing to M Kingdon and £nil (2012: £13,025) owing to S Pajwani in respect of these dividends.

During the year the company gifted £100,000 (2012: £nil) to the Employee Benefit Trust.

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

28 Post Balance Sheet Events

Group

Following the balance sheet date the company has entered into negotiations with a director of ?What If! Holdings Limited over their potential departure from the group. No provision has been made in the accounts for any amounts in connection with this and the directors believe that disclosure of the nature or amounts under negotiation would be seriously prejudicial to the company's ability to satisfactorily conclude these matters.