

The Brattle Group Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 3378171

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The Brattle Group Limited

**Report and financial statements
for the year ended 31 December 2016**

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Directors

C Lapuerta
P R Carpenter
S K B Hesmondhalgh
M A Maniatis
F Lo Passo

Secretary and registered office

S K B Hesmondhalgh, 8th Floor, Aldemary House, 10-15 Queen Street, London EC4N 1TX

Company number

3378171

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The Brattle Group Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016:

Review of the business

The principal activity of The Brattle Group Limited during the year was that of the supply of economic and financial research services to commercial clients. The Brattle Group Limited has offices in London England; Rome, Italy; Madrid, Spain and its newest office in Sydney, Australia which was opened in the Spring of 2016.

The results for the year and the financial position at the end of the year were as anticipated by the directors. The company uses key performance indicators to measure performance. The directors consider the following indicators to be the key measures of the company's financial performance.

| | 2016 £'000 | 2015 £'000 |
|--------------------------|---------------|---------------|
| Turnover | 15,207 | 10,742 |
| Profit/(loss) before tax | 660 | (256) |

Principal risks and uncertainties

The company operates in a highly competitive environment and, in line with other similar businesses, the challenge is to ensure that contract win rates are at acceptable levels. The directors believe this is achieved by ensuring that the consultancy and services provided to clients are of a standard and quality that makes the company highly competitive and provides excellent value. This is enhanced by the depth and breadth of our experience, knowledge and expertise.

Cash flow risk

The company monitors its cash flow on a regular basis to ensure that there is sufficient cash to meet its working capital requirements. Although the company does not have any form of bank credit, the ultimate parent, The Brattle Group Inc., provides any necessary financial support to ensure sufficient funds for its operations.

Credit risk

The company's bank deposit accounts are, at times, in excess of insured limits. The company has not experienced any losses in such accounts and monitors, on a regular basis, the financial condition of the financial institutions with whom it holds deposits.

Foreign exchange risk

A part of the company's activities are denominated in Euro, and therefore the company is exposed to movement in Sterling relative to this currency. The company reduces this risk by ensuring that related contract costs are borne materially in the same currency as that used for invoicing the client.

Approval

This strategic report was approved on behalf of the Board.



S K B Hesmondhalgh

Secretary

Date 3 May 2017

The Brattle Group Limited

Report of the directors for the year ended 31 December 2016

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Directors

The directors of the company during the year and up to date of this report were:

C Lapuerta
P R Carpenter
S K B Hesmondhalgh
M A Maniatis
F Lo Passo

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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 company will continue in business.

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

The Brattle Group Limited


Report of the directors
for the year ended 31 December 2016

Auditors

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 auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue as auditors and a resolution to re-appoint them is expected to be proposed at the next annual general meeting.

By order of the Board


S K B Hesmondhalgh

Secretary

Date 3 May 2017

The Brattle Group Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRATTLE GROUP LIMITED

We have audited the financial statements of The Brattle Group Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the balance sheet; the statement of cash flow and the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by 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 statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements

The Brattle Group Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

BDO LLP

David Butcher (*senior statutory auditor*)
For and on behalf of BDO LLP, *statutory auditor*
London
United Kingdom

Date 3 May 2017

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

The Brattle Group Limited

Statement of comprehensive income for the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|----------------|--------------|
| Turnover | | 15,206,762 | 10,742,657 |
| Administrative expenses | | (14,520,897) | (10,999,188) |
| Operating profit/(loss) | 6 | 685,865 | (256,531) |
| Interest receivable and similar income | | 3,024 | - |
| Interest payable and similar charges | 7 | (29,346) | - |
| Profit/(Loss) on ordinary activities before taxation | | 659,543 | (256,531) |
| Taxation on profit/loss from ordinary activities | 8 | (279,610) | (160,144) |
| Profit/(Loss) on ordinary activities after taxation | | 379,933 | (416,675) |
| Currency translation differences | | 220,429 | (15,408) |
| Total comprehensive income/(loss) for the year | | 600,362 | (432,083) |

All amounts relate to continuing activities

The notes on pages 10 to 18 form part of these financial statements

The Brattle Group Limited

Balance sheet at 31 December 2016

| Company number 3378171 | Note | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|--|-------------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 937,773 | | 640,143 |
| Current assets | | | | | |
| Debtors | 10 | 6,328,730 | | 5,352,346 | |
| Cash at bank | | 1,997,036 | | 733,362 | |
| | | <u>8,325,766</u> | | <u>6,085,708</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(7,668,975)</u> | | <u>(5,586,726)</u> | |
| Net current assets | | | <u>656,791</u> | | <u>498,982</u> |
| Total assets less current liabilities | | | <u>1,594,564</u> | | <u>1,139,125</u> |
| Creditors: amounts falling due after more than one year | 12 | | (664,452) | | (664,775) |
| Provisions for liabilities | 15 | | - | | (144,600) |
| Net assets | | | <u>930,112</u> | | <u>329,750</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 1,300,000 | | 1,300,000 |
| Profit and loss account | | | (369,888) | | (970,250) |
| Shareholders' funds | | | <u>930,112</u> | | <u>329,750</u> |

The financial statements were approved by the Board of Directors and authorised for issue on **3 May 2017**

Serena Hesmondhalgh

S K B Hesmondhalgh
Director

The notes on pages 10 to 18 form part of these financial statements.

The Brattle Group Limited
Statement of changes in equity
For the year ended 31 December 2016

| | Share capital £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|------------------------------------|----------------------|
| 1 January 2015 | 800,000 | (538,167) | 261,833 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (416,675) | (416,675) |
| Currency translation differences | - | (15,408) | (15,408) |
| Other comprehensive loss for the year | - | (15,408) | (15,408) |
| Total comprehensive loss for the year | - | (432,083) | (432,083) |
| Contributions by owners | | | |
| Issuance of share capital | 500,000 | - | 500,000 |
| Total contributions by owners | 500,000 | - | 500,000 |
| 31 December 2015 | 1,300,000 | (970,250) | 329,750 |
| 1 January 2016 | 1,300,000 | (970,250) | 329,750 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 379,933 | 379,933 |
| Currency translation differences | - | 220,429 | 220,429 |
| Other comprehensive income for the year | - | 220,429 | 220,429 |
| Total comprehensive income for the year | - | 600,362 | 600,362 |
| 31 December 2016 | 1,300,000 | (369,888) | 930,112 |

The notes on pages 10 to 18 form part of these financial statements.

The Brattle Group Limited

Statement of cash flows for the year ended 31 December 2016

| | 2016 £ | 2015 £ |
|--|------------------|--------------------|
| Cash flows from operating activities | | |
| Profit/(Loss) for the financial year | 379,933 | (416,675) |
| Adjustments for: | | |
| Depreciation, impairment and amortisation of fixed assets | 154,524 | 66,850 |
| Taxation expense | 255,186 | 132,727 |
| Interest receivable and similar charges | (3,024) | - |
| Interest payable and similar charges | 29,340 | - |
| Decrease/(increase) in trade and other debtors | (757,926) | (2,425,975) |
| Increase/(decrease) in trade and other creditors | 2,467,087 | 1,399,786 |
| Increase/(decrease) in provisions | - | 144,600 |
| Loss on disposal of tangible fixed asset | 10,178 | 2,566 |
| Cash from operations | 2,535,298 | (1,096,121) |
| Taxation paid | (145,896) | (43,421) |
| Interest received | 3,024 | - |
| Interest paid | (29,340) | - |
| Net cash generated from operating activities | 2,363,086 | (1,139,542) |
| Cash flows from investing activities | | |
| Purchases of tangible fixed assets | (423,723) | (573,821) |
| Net cash from investing activities | (423,723) | (573,821) |
| Cash flows from financing activities | | |
| Increase in ordinary share capital | - | 500,000 |
| Increase/(decrease) in group borrowings | (808,583) | 1,269,593 |
| Net cash from financing activities | (808,583) | 1,769,593 |
| Net increase in cash and cash equivalents | 1,130,780 | 56,230 |
| Cash and cash equivalents at beginning of year | 733,362 | 637,194 |
| Effects of currency translation on cash and cash equivalents | 132,894 | 39,938 |
| Cash and cash equivalents at end of year | 1,997,036 | 733,362 |

The notes on page 10 to 18 form part of these financial statements.

The Brattle Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

The Brattle Group Limited is a private company, limited by shares and domiciled in England and Wales. The registered office is set out on the contents page. The nature of the company's operations and its principal activities is set out in the report of the directors.

The accounts have been prepared in accordance with the provisions of FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the republic of Ireland. Section 1A Small Entities. There were no material departures from that standard.

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 company's accounting policies (see note 2).

The principal accounting policies adopted in the preparation of the financial statements are set below.

Going concern

The directors have obtained confirmation from The Brattle Group Inc., the ultimate parent undertaking, that they will continue to provide ongoing financial support to The Brattle Group Limited for the foreseeable future.

Given the level of support available, the directors have prepared the financial statements on the going concern basis.

Turnover

Turnover is attributable to the one principal activity of the company. It represents the total amount receivable by the company for economic and financial research services provided, excluding value added tax.

Revenue and profits arising from long term contracts are recognised according to the stage of completion of the contract. Where a loss is expected on the contract as a whole it is recognised as soon as it is foreseen.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the income statement.

The Brattle Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Operating lease agreements

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

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Tangible fixed assets

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

| | | |
|------------------------|---|---------------------|
| Leasehold Improvements | - | 20% per annum |
| Office Equipment | - | 15% per annum |
| Fixtures and fittings | - | 15% per annum |
| Computer equipment | - | 25% - 50% per annum |

The Brattle Group Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Provisions for liabilities

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision reflects the net cost of exiting from the contract which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.

Foreign currencies

The presentation currency is £ sterling.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

For overseas branch operations the financial statements are expressed in sterling on the following basis:

- a) Fixed assets are translated into sterling at the rates ruling on the date of acquisition as adjusted for any profits and losses.
- b) Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date.
- c) Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling for the month of the transactions.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability of the asset.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 9)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

| 3 Employees | 2016 £ | 2015 £ |
|--|------------|-----------|
| Wages and salaries | 9,560,133 | 6,371,709 |
| Social security costs | 1,497,980 | 1,084,581 |
| Pension cost | 110,137 | 93,866 |
| | 11,168,250 | 7,550,156 |
| The average number of employees during the year was as follows: | | |
| Consultancy staff | 38 | 26 |
| Administrative staff | 9 | 8 |
| | 47 | 34 |
| 4 Director's remuneration | 2016 £ | 2015 £ |
| Remuneration and other benefits in respect of qualifying services | 4,656,856 | 3,911,285 |
| Money purchase pension contributions made | 31,696 | 75,618 |
| | 4,688,552 | 3,986,903 |
| There were 3 directors in the group's defined contribution pension scheme (2015 - 4). Emoluments of the highest paid director were £2,466,443 (2015 - £1,990,449). | | |
| 5 Auditor's remuneration for non-audit services | 2016 £ | 2015 £ |
| Amounts paid to Auditor's in respect of non-audit services, including tax compliance, tax advisory and other accounting services | 59,804 | 38,059 |
| 6 Operating profit/(loss) | 2016 £ | 2015 £ |
| The operating profit/(loss) is stated after charging: | | |
| Depreciation - owned assets | 158,689 | 72,684 |
| Auditors' remuneration | 14,000 | 16,000 |
| Foreign exchange differences | (90,140) | 368,440 |
| Land and buildings - operating leases | 521,084 | 264,754 |
| Plant and equipment - operating leases | 3,172 | 2,865 |
| | 1,106,705 | 724,743 |

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

7 Interest payable and similar charges

| | 2016 £ | 2015 £ |
|-------------------------|-----------|-----------|
| Unsecured notes payable | 29,304 | - |
| Other | 42 | - |
| | 29,346 | - |

8 Taxation

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| <i>Foreign tax</i> | | |
| Current tax on foreign income for the year | 279,610 | 160,144 |
| Total current tax charge | 279,610 | 160,144 |
| Tax on profit on ordinary activities | 279,610 | 160,144 |

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | | |
|---|-----------|-----------|
| Profit on ordinary activities before tax | 659,542 | (256,531) |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%) | 131,908 | (51,948) |
| Effects of: | | |
| Fixed asset differences | 32,312 | (235) |
| Expenses not deductible for tax purposes | 32,641 | 18,949 |
| Income not taxable for tax purposes | (14,444) | (4,637) |
| Other permanent differences | (64,383) | (32,424) |
| Foreign tax credits | 279,610 | 160,144 |
| Adjust closing deferred tax to average rate of 20.00% | 11,519 | 21,817 |
| Adjust opening deferred tax to average rate of 20.00% | (19,422) | (1,501) |
| Deferred tax not recognised | (110,131) | 49,979 |
| Tax on profit on ordinary activities | 279,610 | 160,144 |

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (*continued*)

| 9 Tangible assets | Leasehold improvements £ | Office equipment £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|--------------------------------|--------------------------|-------------------------------|----------------------------|------------------|
| <i>Cost</i> | | | | | |
| At 1 January 2016 | 421,607 | 72,087 | 212,787 | 301,321 | 1,007,802 |
| Additions | 100,383 | 113,781 | 72,161 | 173,234 | 459,559 |
| Disposals | (66,385) | - | (66,834) | (111,956) | (245,175) |
| Exchange Adjustments | 1,483 | 4,310 | 3,355 | 16,008 | 25,156 |
| At 31 December 2016 | 457,088 | 190,178 | 221,469 | 378,607 | 1,247,342 |
| <i>Depreciation</i> | | | | | |
| At 1 January 2016 | 72,531 | 22,947 | 79,611 | 192,570 | 367,659 |
| Charge for the year | 46,115 | 16,921 | 26,163 | 69,489 | 158,688 |
| Disposals | (58,949) | - | (63,030) | (109,739) | (231,718) |
| Exchange Adjustments | 508 | 1,430 | 1,847 | 11,155 | 14,940 |
| At 31 December 2016 | 60,205 | 41,298 | 44,591 | 163,475 | 309,569 |
| <i>Net book value</i> | | | | | |
| At 31 December 2016 | 396,883 | 148,880 | 176,878 | 215,132 | 937,773 |
| At 31 December 2015 | 349,076 | 49,140 | 133,176 | 108,751 | 640,143 |
| | | | | | |
| 10 Debtors | | | | 2016 £ | 2015 £ |
| Amounts falling due within one year: | | | | | |
| Trade debtors | | | | 4,590,798 | 4,439,499 |
| Other debtors | | | | 1,466 | 7,351 |
| Prepayments and accrued income | | | | 1,605,955 | 832,470 |
| | | | | 6,198,219 | 5,279,320 |
| Amounts falling due after more than one year: | | | | | |
| Other debtors | | | | 130,511 | 73,026 |
| Total debtors | | | | 6,328,730 | 5,352,346 |

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

11 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Trade creditors | 249,167 | 271,716 |
| Amounts owed to group undertakings | 2,015,998 | 2,841,430 |
| Unsecured note payable to group undertakings | 132,890 | 110,796 |
| Social security and other tax | 872,641 | 479,802 |
| Accruals and deferred income | 4,200,295 | 1,815,714 |
| Corporation tax | 197,984 | 67,268 |
| | 7,668,975 | 5,586,726 |

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

The unsecured note payable to group undertakings is an interest-bearing promissory note issued to The Brattle Group, Inc. and made effective 31 December 2015. The promissory note bears interest at 2% above LIBOR per annum. The maturity date is 31 December 2022. Interest of £29,304 has been accrued for 2016 (2015 - £nil) as at the balance sheet date.

12 Creditors: amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Unsecured note payable to group undertakings | 664,452 | 664,775 |

The unsecured note payable to group undertakings is an interest-bearing promissory note issued to The Brattle Group, Inc. and made effective 31 December 2015. The promissory note bears interest at 2% above LIBOR per annum. The maturity date is 31 December 2022. Interest of £29,304 has been accrued for 2016 (2015 - £nil) as at the balance sheet date.

13 Share capital

| | Allotted, called up and fully paid | | | |
|----------------------------|------------------------------------|----------------|-----------|-----------|
| | 2016 Number | 2015 Number | 2016 £ | |
| Ordinary shares of £1 each | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 |

14 Commitments under operating leases

Minimum lease payment timeline is as follows:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Not later than 1 year | 568,485 | 359,316 |
| Later than 1 year and not later than 5 years | 1,626,441 | 1,644,050 |
| Later than 5 years | 932,094 | 1,301,099 |
| | 3,127,020 | 3,304,465 |
| Total | 3,127,020 | 3,304,465 |

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

15 Provisions for liabilities

| | 2016 £ | 2015 £ |
|------------------|-----------|-----------|
| Onerous contract | - | 144,600 |

16 Ultimate parent company

The Brattle Group, Inc. is the company's controlling party by virtue of its interest in 100% of the issued share capital in The Brattle Group Limited. The Brattle Group, Inc, a company incorporated in the United States of America, which is the parent of both the largest and smallest groups of which the company is a member. The registered office and principal place of business of The Brattle Group, Inc is 44 Brattle Street, Cambridge, MA 02138, USA.

17 Other financial commitments

All parent company bank borrowing is collateralized by all assets of the Company and the bank has been granted a continuing security interest over such assets. As such, The Brattle Group Limited has provided an unlimited guarantee to the parent company's bankers.

18 Related party disclosures

The company has taken advantage of the exemption conferred by FRS 102 Section 33 "Related Party Disclosures" paragraph 33.1A not to disclose transactions with group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

19 Control

No one individual or entity controls the ultimate parent company.

The Brattle Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2016 (continued)

20 Financial instruments

The company's financial instruments may be analysed as follows:

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>8,325,766</u> | <u>6,085,708</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>8,333,427</u> | <u>6,396,101</u> |

Financial assets measured at amortised cost comprise cash, trade debtors, and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Information regarding the company's exposure to and management of credit risk, cash flow risk, and foreign exchange risk is included in the Strategic report.

Market risk

Market risk arises from the company's use of tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in, foreign exchange rates (currency risk) or other market factors.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company monitors prepares on a regular basis rolling cash flow projections and also monitors its cash balances.