

NRM New Co Limited

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 07925411



NRM New Co Limited

Company Information

Director	V E Monk
Registered number	07925411
Registered office	25 West Tenter Street London E1 8DT
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

NRM New Co Limited

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NRM New Co Limited

Group Strategic Report For the Year Ended 31 March 2020

The director presents her strategic report together with the audited financial statements for the year ended 31 March 2020.

Performance review

The Group is a loyalty insights agency. We uncover consumer motivations, to build brand loyalty, to power business success.

The majority of the Group's clients are UK based, primarily in the financial, insurance, education, healthcare and hospitality sectors. Method neutral, the Group is a full-service agency with its own in-house data collection facilities including two telephone call centres in the UK (London and Edinburgh) and is headquartered in London.

In the financial year 2019-20 the Group's turnover has decreased by 8.6%. This reduction in turnover is a result of three major factors:

- The continued transition to online and SMS data collection methods from CATI (Computer Assisted Telephone Interviewing). As online and SMS methods typically cost less to administer, this has negatively impacted on data collection revenues. In order to align more closely to this transition in data collection, our Bristol call centre was closed in the summer of 2019;
- Sales conversion lead times, from initial contact to commission, have increased, resulting in a slower sales pipeline against forecast expectations; and
- The strategic focus on building out the Group's innovative Loyalty proposition, especially in the first half of the year, demanded ongoing input from senior management, diverting resources temporarily from new business generation.

Encouragingly, despite the revenue downturn, cost of sales have also reduced from the previous years' level. This is due to our continued investment in operational excellence and improved productivity processes.

Administrative expenses increased this financial year, in line with forecast budget. Two key factors drove this:

- The consultancy costs for the reposition and rebrand continued into the first quarter of this financial year; and
- Proactive investment in recruiting senior talent to support and drive our new proposition, whilst simultaneously investing in upskilling key staff.

The combined impact of a greater than anticipated reduction in revenues, a proportionally smaller reduction in cost of sales and increased administrative costs has yielded a net loss for the business in 2019-20, greater than had been budgeted. However, we fully anticipate that the business will return to profit in 2020-21.

Risks and uncertainties

The principal risks and uncertainties for the business continue to be the potential loss of a significant client or the impact of significant bad debt. Both these risks are currently mitigated by the continual strengthening of client relationships, a dedicated client satisfaction monitoring procedure, and well managed credit control procedures.

A further potential risk is the reputational damage and revenue loss that could result from poor-quality research. To mitigate this, the Group continues to invest in data quality, including the introduction of automated processes.

Once again, the Group continues to be ISO20252 accredited for the twelfth consecutive year.

The Group remains financially strong which further helps to withstand the above risks, as well as enable the Group to take advantage of the opportunities these can provide.

NRM New Co Limited

Group Strategic Report (continued) For the Year Ended 31 March 2020

Employees

Employee involvement

The flow of information to staff is maintained by our internal intranet, weekly team meetings and six weekly company meetings.

Gender pay gap reporting

The Group is not legally required to report any Gender Pay Gap as set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 due to the number of employees as of 5 April 2019 being below the required threshold. However, in the spirit of openness and transparency and because of our commitment to equal gender pay, Motif has conducted this analysis and can report a minimal mean gender pay gap of 1.56%.

Disabled employees

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Key performance indicators (KPIs)

The main key performance indicators monitored monthly by the management board are:

Gross profit margin performance

Gross profit margin measures the profit achieved on sales after accounting for the direct costs incurred on the research undertaken. Gross profit margin reduced from 70.4% in 2018-19 to 69.8% in the current year for the reasons previously set out in the performance review section of this report.

Key Accounts Performance

KAP reports the monthly activity on key client accounts be this financial and non-financial. This provides a comparison against the strategic business plan and annual strategic key account plans and assists in resource planning.

Payroll to Revenue ratio

This KPI expresses permanent employee salaries as a percentage of revenue. For this financial year the percentage is 48.5% (2019 - 42.4%) which, though not within our determined safety zone, reflects our investment in senior personnel to drive forward our new proposition and growth target. We expect the payroll to revenue ratio to decrease to within our determined safety zone in the next financial year.

Cash flow and debt management

Cash flow is monitored monthly by updating a rolling 9-month cash flow forecast. This enables the business to manage its liquidity risk by ensuring expenditure remains aligned with cash inflow. The Group has effective cash management processes in place. Sales forecasts are monitored and refreshed monthly.

NRM New Co Limited

Group Strategic Report (continued) For the Year Ended 31 March 2020

Future developments

During 2019-20 we solidified our positioning as a Loyalty Insights agency, winning significant new revenue streams from decoding, and building loyalty for both existing and new clients. We now have a distinctive, innovative and market leading proposition that has been further developed over the year.

As part of a strategy to broaden the application of our Loyalty proposition, this year has seen us refine our bespoke loyalty algorithm and conduct additional market validation of our Loyalty Persona Segmentation tool. We have also developed specific Loyalty Relationship and Loyalty Touchpoint tools for use both within the B2C and B2B markets.

During 2020-21 we anticipate conducting R&D research amongst a broader sector set, whilst continually enhancing the loyalty algorithm as we build our knowledge across markets.

With these new initiatives, and a return to more aggressive Business Development, we are anticipating a return to revenue growth, and profit in 2020-21, based on the business success shown in 2019-20 from our new loyalty proposition.

Going concern and Covid-19

In preparing the financial statements the director is required to assess the Group's and parent company's ability to continue to trade as a going concern for the foreseeable future.

The director has performed this assessment giving due consideration to the historical and current trading, together with future projections.

In late March 2020, the UK Government ordered a lockdown as a result of the global pandemic caused by Covid-19. During these times non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. As the pandemic progresses restrictions are being eased and reimposed. Given the timing of the pandemic, there was little impact on the results for the year to 31 March 2020.

Since the year end, the Covid-19 pandemic has so far had limited financial impact on the Group's performance, and the director has concluded that the Group and parent company will be able to continue in operation for at least twelve months from the date of signing these financial statements.

All of our staff have been able to work from home, substantially as they would in our call centres, and in some instances, this has even increased productivity.

Naturally new business opportunities have declined, as prospective customers defer and cancel projects. It remains to be seen how our customers will be affected in the longer term and how this will in turn affect our business. However performance since the year end has still been positive.


Although the Group incurred a loss in the year, this was a result of the strategic decisions made throughout the previous financial year relating to the rebranding and investment in our new proposition. The Group is expected to returned to a profitability in 2020-21 and continues to have significant cash reserves.

As a result the director concludes that it is appropriate to continue to use going concern as the basis of preparation for these financial statements.

NRM New Co Limited

**Group Strategic Report (continued)
For the Year Ended 31 March 2020**

This report was approved by the sole director on 19 March 2021.



V E Monk
Director

NRM New Co Limited

Director's Report For the Year Ended 31 March 2020

The director presents her report together with the audited financial statements for the year ended 31 March 2020.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1 to 4 of these financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £132,910 (2019 - profit £369,958).

The director does not propose a dividend for the year (2019: £nil).

Director

The director who served during the year and to the date of this report was:

V E Monk

Information provided in strategic report

The following information, which is required to be disclosed as part of the director's report, has been included within the strategic report:

- Information regarding employee involvement and employment of disabled persons.
- Information relating to likely future developments in the business.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk, including taking into account credit ratings, of new customers before entering contracts. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Management receives rolling 9-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

NRM New Co Limited

Director's Report (continued) For the Year Ended 31 March 2020

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- she has taken all the steps that ought to have been taken as a director 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 statement of financial position events

There have been no significant events affecting the group since the year end.

Auditor

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 sole director on 19 March 2021.



V E Monk
Director

NRM New Co Limited

Director's Responsibilities Statement For the Year Ended 31 March 2020

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they are 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. The director is 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.

NRM New Co Limited

Independent Auditor's Report to the Members of NRM New Co Limited

Opinion

We have audited the financial statements of NRM Newco Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 March 2020 which comprise the consolidated statement of income and retained earnings, the consolidated and company statements of financial position, 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).

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 31 March 2020 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.

Basis for opinion

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs(UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

NRM New Co Limited

Independent Auditor's Report to the Members of NRM New Co Limited (continued)

Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

NRM New Co Limited

Independent Auditor's Report to the Members of NRM New Co Limited (continued)

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director is responsible for assessing the group and 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 parent company or to cease operations, or have no realistic alternative but to do so.

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.

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

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.

BDO LLP

Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom
19 March 2021

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

NRM New Co Limited

Consolidated Statement of Income and Retained Earnings For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	5,236,506	5,730,195
Cost of sales		(1,578,917)	(1,698,612)
Gross profit		<u>3,657,589</u>	<u>4,031,583</u>
Administrative expenses		(3,795,191)	(3,708,854)
Operating (loss)/profit	5	(137,602)	322,729
Income from fixed assets investments	8	924	924
Interest receivable and similar income	9	5,681	4,812
(Loss)/profit before tax		<u>(130,997)</u>	<u>328,465</u>
Tax on (loss)/profit	10	(1,913)	41,493
(Loss)/profit after tax		<u><u>(132,910)</u></u>	<u><u>369,958</u></u>
Retained earnings at the beginning of the year		1,211,158	841,200
(Loss)/profit for the year attributable to the owners of the parent		(132,910)	369,958
Retained earnings at the end of the year		<u><u>1,078,248</u></u>	<u><u>1,211,158</u></u>

The notes on pages 15 to 29 form part of these financial statements.

NRM New Co Limited

Registered number: 07925411

Consolidated Statement of Financial Position As at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		24,777		47,979
Investments	13		12,312		12,312
			<u>37,089</u>		<u>60,291</u>
Current assets					
Debtors: amounts falling due within one year	14	1,336,768		1,165,646	
Cash at bank and in hand	15	1,816,307		2,123,212	
		<u>3,153,075</u>		<u>3,288,858</u>	
Creditors: amounts falling due within one year	16	(933,962)		(980,037)	
Net current assets			<u>2,219,113</u>		<u>2,308,821</u>
Total assets less current liabilities			<u>2,256,202</u>		<u>2,369,112</u>
Provisions for liabilities					
Other provisions	18		(180,997)		(160,997)
Net assets			<u>2,075,205</u>		<u>2,208,115</u>
Capital and reserves					
Called up share capital	19		1,000		1,000
Other reserves	20		995,957		995,957
Profit and loss account	20		1,078,248		1,211,158
Total equity			<u>2,075,205</u>		<u>2,208,115</u>

The financial statements were approved and authorised for issue by the sole director on 19 March 2021.



V E Monk
Director

The notes on pages 15 to 29 form part of these financial statements.

NRM New Co Limited
Registered number: 07925411

Company Statement of Financial Position
As at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	13		2,266,028		2,266,028
Current assets					
Cash at bank and in hand	15	239,723		239,723	
		<u>239,723</u>		<u>239,723</u>	
Creditors: amounts falling due within one year	16	(1,404,624)		(1,404,624)	
Net current liabilities			<u>(1,164,901)</u>		<u>(1,164,901)</u>
Net assets			<u><u>1,101,127</u></u>		<u><u>1,101,127</u></u>
Capital and reserves					
Called up share capital	19		1,000		1,000
Other reserves	20		995,957		995,957
Profit and loss account	20		104,170		104,170
Total equity			<u><u>1,101,127</u></u>		<u><u>1,101,127</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The loss after tax of the parent company for the year was £Nil (2019 - £Nil).

The financial statements were approved and authorised for issue by the sole director on 19 March 2021.



V E Monk
Director

The notes on pages 15 to 29 form part of these financial statements.

NRM New Co Limited

Consolidated Statement of Cash Flows For the Year Ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(132,910)	369,958
Adjustments for:		
Depreciation of tangible assets	29,619	37,556
Income from fixed asset investment	(924)	(924)
Interest received	(5,681)	(4,812)
Taxation charge	1,913	(41,493)
(Increase)/decrease in debtors	(211,760)	105,617
(Decrease) in creditors	(46,075)	(260,705)
Increase in provisions	20,000	-
Corporation tax received/(paid)	38,725	(13,377)
Net cash generated from operating activities	(307,093)	191,820
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,417)	(16,019)
Interest received	5,681	4,812
Income from fixed asset investments	924	924
Net cash from investing activities	188	(10,283)
Net (decrease)/increase in cash and cash equivalents	(306,905)	181,537
Cash and cash equivalents at beginning of year	2,123,212	1,941,675
Cash and cash equivalents at the end of year	1,816,307	2,123,212
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,816,307	2,123,212

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. General information

NRM New Co Limited is a private company limited by shares and incorporated in England and 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 activity are set out in the strategic report. The principal activity of the parent company is to act as an investment holding company.

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 ('FRS 102') 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 management to exercise judgement in applying the Group's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following accounting policies have been applied:

2.2 Parent company disclosure exemptions

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 reconciliations for the Group and the parent company would be identical.
- No cash flow statement has been presented for the parent company.
- 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.
- Disclosures in respect of the parent company's financial instruments not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 Going concern

In preparing the financial statements the director is required to assess the Group's and parent company's ability to continue to trade as a going concern for the foreseeable future.

The director has performed this assessment giving due consideration to the historical and current trading, together with future projections.

In late March 2020, the UK Government ordered a lockdown as a result of the global pandemic caused by Covid-19. During these times non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. As the pandemic progresses restrictions are being eased and reimposed. Given the timing of the pandemic, there was little impact on the results for the year to 31 March 2020.

Since the year end, the Covid-19 pandemic has so far had limited financial impact on the Group's performance, and the director has concluded that the Group and parent company will be able to continue in operation for at least twelve months from the date of signing these financial statements.

All of our staff have been able to work from home, substantially as they would in our call centres, and in some instances, this has even increased productivity.

Naturally new business opportunities have declined, as prospective customers defer and cancel projects. It remains to be seen how our customers will be affected in the longer term and how this will in turn affect our business. However performance since the year end has still been positive.

Although the Group incurred a loss in the year, this was a result of the strategic decisions made throughout the previous financial year relating to the rebranding and investment in our new proposition. The Group is expected to returned to a profitability in 2020-21 and continues to have significant cash reserves.

As a result the director concludes that it is appropriate to continue to use going concern as the basis of preparation for these financial statements.

2.4 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.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of income and retained earnings over its useful economic life which, for acquisitions to date, was assessed as being five years.

2.7 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Depreciation is provided on the following bases:

Leasehold property	- 20% straight line
Fixtures and fittings	- 33% straight line

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 the consolidated statement of income and retained earnings.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

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.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.9 Financial instruments (continued)

other consideration, expected to be paid or received.

Financial assets 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 profit or loss.

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, 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.

2.10 Debtors

Short term debtors are measured at 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.

2.11 Amounts recoverable on contracts

Amounts recoverable on contracts represent an excess of the value of work carried out to the reporting date over cumulative payments on accounts. In determining the amounts at which contracts are included in the financial statements, contracting activity is reviewed on an individual contract by contract basis.

2.12 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 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.

2.14 Operating leases: Lessee

Rentals paid under operating leases are charged to the consolidated statement of income and retained earnings on a straight line basis over the lease term.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.15 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 the consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the consolidated statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of income and retained earnings in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.17 Current and deferred taxation

Tax is recognised in the consolidated statement of income and retained earnings, 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 consolidated statement of financial position 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.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

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

In preparing these financial statements, the director has had to make 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 and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12)

Tangible fixed assets 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.

- Stage of completion on long term contracts

In determining the amounts of income and profits on long term contracts to be recognised in the financial year, factors such as costs incurred to date, estimated costs to complete, risks associated with the contract and past experience of similar contracts are considered.

4. Turnover

Turnover is wholly attributable to the principal activity of the Group and arises within the United Kingdom.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	5,160,680	5,617,511
Rest of Europe	75,826	112,684
	<u>5,236,506</u>	<u>5,730,195</u>

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

5. Operating (loss)/profit

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

	2020 £	2019 £
Depreciation of tangible fixed assets	29,619	37,555
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	21,624	21,624
Fees payable to the Group's auditor for non-audit services, including tax compliance	5,952	8,435
Operating lease rentals	277,499	240,611
Exchange differences	1,455	-
Defined benefit pension cost	101,638	84,203
	298,787	672,428

6. Employees

Staff costs, including director's remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	3,567,279	3,656,247	-	-
Social security costs	266,673	272,534	-	-
Cost of defined contribution scheme	101,638	84,203	-	-
	3,935,590	4,012,984	-	-

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

	2020 No.	2019 No.
Permanent staff	54	54
Temporary staff	219	279
	273	333

The company has no employees other than the directors, who were remunerated by the subsidiary undertaking in both the current and prior year and no recharge was made.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

7. Director's remuneration

	2020 £	2019 £
Director's emoluments	<u>108,306</u>	<u>107,768</u>

8. Income from fixed asset investments

	2020 £	2019 £
Income from listed fixed asset investments	<u>924</u>	<u>924</u>

9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	<u>5,681</u>	<u>4,812</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	-	(41,514)
Adjustments in respect of previous periods	1,913	21
Taxation on (loss)/profit on ordinary activities	<u>1,913</u>	<u>(41,493)</u>

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(130,997)</u>	<u>328,465</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(24,889)	62,408
Effects of:		
Expenses not deductible for tax purposes	3,400	3,054
Income not taxable for tax purposes	(176)	(176)
Additional deduction for R&D expenditure	-	(119,534)
Deferred tax not recognised	20,243	3,518
Surrender of tax losses for R&D expenditure	-	9,216
Other permanent differences	750	-
Fixed asset differences	672	-
Adjustments to tax charge in respect of prior periods	1,913	21
Total tax charge/(credit) for the year	<u><u>1,913</u></u>	<u><u>(41,493)</u></u>

Factors that may affect future tax charges

The Group has tax losses of £34,241 (2019: £nil) which are available to offset against future taxable profits.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 April 2019	1,941,790
At 31 March 2020	<u>1,941,790</u>
Amortisation	
At 1 April 2019	1,941,790
At 31 March 2020	<u>1,941,790</u>
Net book value	
At 31 March 2020	<u><u>-</u></u>
At 31 March 2019	<u><u>-</u></u>

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

12. Tangible fixed assets

Group

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2019	291,847	532,592	824,439
Additions	-	6,417	6,417
At 31 March 2020	291,847	539,009	830,856
Depreciation			
At 1 April 2019	279,824	496,636	776,460
Charge for the year on owned assets	4,511	25,108	29,619
At 31 March 2020	284,335	521,744	806,079
Net book value			
At 31 March 2020	7,512	17,265	24,777
At 31 March 2019	12,023	35,956	47,979

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Fixed asset investments

Group

	Listed investments £
Cost or valuation	
At 1 April 2019 and 31 March 2020	12,312

Company

	Investments in subsidiary undertakings £
Cost or valuation	
At 1 April 2019 and 31 March 2019	2,266,028

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
This is Motif Limited (formerly Network Research and Marketing Limited)	Market research	Ordinary	100%

The registered office address of This is Motif Limited is the same as that of the company which is shown on the company information page of these accounts.

14. Debtors: amounts falling due within one year

	Group 2020 £	Group 2019 £
Trade debtors	596,992	702,392
Other debtors	11,615	3,911
Prepayments and accrued income	342,736	302,180
Amounts recoverable on long term contracts	385,425	116,525
Tax recoverable	-	40,638
	1,336,768	1,165,646

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

15. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	1,816,307	2,123,212	239,723	239,723

16. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	238,837	197,341	-	-
Amounts owed to group undertakings	-	-	1,404,624	1,404,624
Other taxation and social security	74,245	98,852	-	-
Other creditors	167	192	-	-
Accruals and deferred income	620,713	683,652	-	-
	933,962	980,037	1,404,624	1,404,624

17. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,424,914	2,829,515	-	-
Financial liabilities				
Financial liabilities measured at amortised cost	(515,570)	(474,094)	(1,404,624)	(1,404,624)

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

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owned by group undertakings and accruals.

The Group's financial instruments measured at fair value through profit and loss comprise listed investments, the carrying value of which is given in note 13 and the income from which is given in note 8.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

18. Provisions

Group

	Dilapidations provision £
At 1 April 2019	160,997
Charged to profit or loss	20,000
At 31 March 2020	180,997

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1,000	1,000

20. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Other reserves

Other reserves represent the merger reserve being the difference between the nominal value of the shares acquired by the company and those issued by the company to acquire them taken to reserves.

Profit and loss account

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

21. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £101,638 (2019 - £84,203). Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the reporting date.

NRM New Co Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

22. Commitments under operating leases

At 31 March 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	277,018	142,347
Later than 1 year and not later than 5 years	88,333	-
	365,351	142,347

The company had no commitments at either reporting date.

23. Related party transactions

The company has taken advantage of the exemption conferred by Section 33.1A related party disclosures paragraph 33.1A not to disclose transactions with wholly owned Group undertakings.

During the year, key management personnel received total remuneration of £442,019 (2019 - £505,372).

24. Controlling party

The company's ultimate controlling party is V E Monk by virtue of her majority shareholding.

25. Analysis of net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	2,123,212	(306,905)	1,816,307
	2,123,212	(306,905)	1,816,307