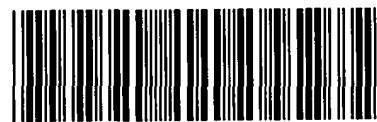


Company Registration No. 07171175 (England and Wales)

KARIAN COMMUNICATION GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

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KARIAN COMMUNICATION GROUP LIMITED

COMPANY INFORMATION

Directors	G Karian J R Haworth L Stoclet	(Appointed 25 October 2021) (Appointed 25 October 2021)
Company number	07171175	
Registered office	First Floor 22 Lendal York YO1 8AA	
Auditor	BHP LLP Rievaulx House 1 St Mary's Court Blossom Street York North Yorkshire YO24 1AH	

KARIAN COMMUNICATION GROUP LIMITED

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KARIAN COMMUNICATION GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

Overview

The principal activity of the Company is the holding company for Karian and Box Ltd and Employee Pulsecheck Ltd. The prime activity of Employee Pulsecheck Ltd is the provision of high-quality research services and advisory related to the employee experience to clients across a range of sectors.

The Company continued to operate its employee ownership scheme implemented through a Share Incentive Plan scheme. The directors are pleased with the overall performance of the group, particularly during the challenging circumstances of 2020.

In October 2021, the Company, along with all its subsidiaries were acquired by Ipsos Mori with the intention to continue the strong performance of Employee Pulsecheck Ltd.

An in depth summary of Employee Pulsecheck Ltd, the main trading entity, is provided below.

Employee Pulsecheck Limited

At the beginning of 2020, Employee Pulsecheck implemented a strategy to secure continued scalability and growth. This included implementing a new operating model and structure to allow better scaling of teams, and more focused expertise in key areas – ultimately improving the services to clients. This strategic plan was continued despite the emergence of the COVID pandemic early in the year.

The results of Employee Pulsecheck show a profit of £1,316,120 from revenues of £7,030,730, up from previous years £778,850 profit from £6,178,486 revenue. This is despite the impact of the pandemic. As the UK headed towards its first lockdown in March 2020 many clients paused or cancelled planned work. The business quickly pivoted to supply Covid-specific listening projects during a time of great upheaval for many companies. The position improved in H2 but overall growth ended short of expectations.

The underlying strength of the balance sheet enabled the business to weather the uncertainty without job losses, until the future became more certain.

Employee Pulsecheck continues to strengthen its reputation in the marketplace for providing high-end products / services. The market remains competitive and ever-changing with the emergence of new technologies. The directors remain confident the business will respond to these challenges.

Impact and Response to Covid

When the severity of the pandemic became clear in March 2020, many clients cancelled or postponed projects. This impacted forecast revenues significantly. Action was taken to restrict spend, cancelling our own contracts where possible. Employee Pulsecheck took advantage of the Government Job Retention Scheme placing around 30% of staff on furlough. At the same time, hiring decisions were suspended.

The business quickly pivoted to secure different revenue streams. Covid-specific listening programs were set up to provide clients with quick feedback loops with their colleagues. The result of this meant that revenue loss was quickly mitigated. This allowed the business to bring the majority of colleagues back from furlough within two months.

The business continued to press ahead with its strategy, embedding an new operating model and structure, alongside improving processes.

Profit margins were boosted throughout the year due to restricted spend.

KARIAN COMMUNICATION GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Strategy and Improvements

A new operating model was implemented to better serve clients with targeted areas of expertise, and provide more sustainable scalability to the business.

This was underpinned by a change in structure and improvements to delivery processes. Significant improvements were made in management decision-making processes, particularly financial and resourcing.

The implementation of a new business management tool allowed greater oversight and management of in-flight projects alongside more clarity of forecasts.

The business began a program of developing a new underlying data platform that is being rolled out in 2022.

Risk and Uncertainties

Changes in market

The market continues to be highly competitive, particularly with the advancements of technology. Continued success relies on our ability to provide effective advisory and consultancy underpinned by reliable delivery of services. In particular, leveraging new data capabilities to provide greater insight into the colleague experience, but critically at pace.

Economic trends

The impact and length of the COVID pandemic is not yet clear. While this uncertainty can generate a greater need for our services in decision making, but also limits longer term planning. The company will continue to monitor trends and tailor the strategy accordingly.

IT security and GDPR

GDPR and the subsequent UK version continues to require stringent management of information security. Our processes are externally audited to ensure we are compliant with and certified to international standards for information security (ISO 27001). We continue to maintain strong and effective data protection processes and are fully compliant with GDPR.

Financial risks

The company manages its financial risk including liquidity and cash flow risks to maintain sufficient available funds for daily operations.

Acquisition by Ipsos Mori and future outlook

In October 2021, Employee Pulsecheck Ltd's parent company was acquired by Ipsos Mori. The acquisition does not significantly change the direction of business and in fact strengthens our future growth ambitions. The business continues to offer high-quality research services and related advisory related to the employee experience to clients across a range of sectors. The directors remain confident in the future of the business.

On behalf of the board

John Haworth

J R Haworth
Director

28 January 2022

KARIAN COMMUNICATION GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Principal activities

The principal activity of the company and group continued to be that of market research and public opinion polling.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £232,094. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Karian	
J L Mitchell	(Resigned 3 September 2021)
N D M Smith	(Resigned 3 September 2021)
S D McCletchie	(Resigned 25 October 2021)
J R Haworth	(Appointed 25 October 2021)
L Stoclet	(Appointed 25 October 2021)

First year of audit

This is the first year that the group, and company, has required an audit of its financial statements and therefore all corresponding figures are unaudited.

Auditor

BHP LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KARIAN COMMUNICATION GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually 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 auditor of the company is aware of that information.

On behalf of the board

John Haworth

J R Haworth
Director

28 January 2022

KARIAN COMMUNICATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KARIAN COMMUNICATION GROUP LIMITED

Opinion

We have audited the financial statements of Karian Communication Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 January 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

KARIAN COMMUNICATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KARIAN COMMUNICATION GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Responsibilities of directors

As explained more fully in the directors' 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 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.

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

KARIAN COMMUNICATION GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KARIAN COMMUNICATION GROUP LIMITED

We focussed on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Other matters which we are required to address

Corresponding information in the financial statements is derived from the company's prior period financial statements which were not audited.

Use of our report

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.

Chris Neale

Chris Neale (Jan 28, 2022 12:27 GMT)

Chris Neale
For and on behalf of BHP LLP

Jan 28, 2022
Date:

Chartered Accountants
Statutory Auditor

Rievaulx House
1 St Mary's Court
Blossom Street
York
North Yorkshire
YO24 1AH

KARIAN COMMUNICATION GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	2020 £
Turnover	3	7,030,730	6,178,486
Cost of sales		(635,408)	(1,026,746)
Gross profit		6,395,322	5,151,740
Administrative expenses		(4,761,780)	(3,994,062)
Other operating income		109,301	-
Operating profit	4	1,742,843	1,157,678
Interest receivable and similar income	8	21,636	30,244
Interest payable and similar expenses	9	(6,909)	-
Profit before taxation		1,757,570	1,187,922
Tax on profit	10	(309,002)	(231,076)
Profit for the financial year		1,448,568	956,846
Profit for the financial year is attributable to:			
- Owners of the parent company		1,304,986	840,040
- Non-controlling interests		143,582	116,806
		1,448,568	956,846
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,304,986	840,040
- Non-controlling interests		143,582	116,806
		1,448,568	956,846

KARIAN COMMUNICATION GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 JANUARY 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	12		11,743		-
Tangible assets	13		62,603		84,191
Investments	14		100,000		100,000
			<u>174,346</u>		<u>184,191</u>
Current assets					
Debtors	16	2,159,325		1,994,149	
Cash at bank and in hand		5,053,432		3,522,970	
		<u>7,212,757</u>		<u>5,517,119</u>	
Creditors: amounts falling due within one year	17	<u>(2,925,677)</u>		<u>(1,950,927)</u>	
Net current assets			4,287,080		3,566,192
Total assets less current liabilities			<u>4,461,426</u>		<u>3,750,383</u>
Deferred tax liability	18		(12,641)		(15,996)
Net assets			<u>4,448,785</u>		<u>3,734,387</u>
Capital and reserves					
Called up share capital	21		527,487		527,487
Employee share ownership plan reserve			(817,031)		(789,884)
Other reserves	22		200,414		165,911
Profit and loss reserves			4,029,605		3,237,144
Equity attributable to owners of the parent company			<u>3,940,475</u>		<u>3,140,658</u>
Non-controlling interests			508,310		593,729
			<u>4,448,785</u>		<u>3,734,387</u>

The financial statements were approved by the board of directors and authorised for issue on 28 January 2022 and are signed on its behalf by:

John Haworth

J R Haworth
Director

KARIAN COMMUNICATION GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Investments	14		566,191		71,980
Current assets					
Debtors	16	497,935		229,165	
Cash at bank and in hand		229,953		192,384	
		<u>727,888</u>		<u>421,549</u>	
Creditors: amounts falling due within one year	17	<u>(1,274,410)</u>		<u>(524,048)</u>	
Net current liabilities			<u>(546,522)</u>		<u>(102,499)</u>
Net assets/(liabilities)			<u>19,669</u>		<u>(30,519)</u>
Capital and reserves					
Called up share capital	21		527,487		527,487
Employee share ownership plan reserve			(817,031)		(789,884)
Other reserves	22		200,414		165,911
Profit and loss reserves			108,799		65,967
Total equity			<u>19,669</u>		<u>(30,519)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £274,926 (2020 - £320,479 profit). The restatement of 2020 is explained in Note 29.

The financial statements were approved by the board of directors and authorised for issue on 28 January 2022 and are signed on its behalf by:

John Haworth

J R Haworth
Director

Company Registration No. 07171175

KARIAN COMMUNICATION GROUP LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021**

	Notes	Share capital £	Employee share ownership plan reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 February 2019		527,487	-	-	2,750,520	3,278,007	502,055	3,780,062
Year ended 31 January 2020:								
Profit and total comprehensive income for the year		-	-	-	840,040	840,040	116,806	956,846
Dividends	11	-	-	-	(353,416)	(353,416)	(25,132)	(378,548)
Redemption of shares	21	-	(789,884)	-	-	(789,884)	-	(789,884)
Reduction of shares	20	-	-	-	-	-	-	-
Equity-settled share based payments	22	-	-	165,911	-	165,911	-	165,911
Balance at 31 January 2020		527,487	(789,884)	165,911	3,237,144	3,140,658	593,729	3,734,387
Year ended 31 January 2021:								
Profit and total comprehensive income for the year		-	-	-	1,304,986	1,304,986	143,582	1,448,568
Dividends	11	-	-	-	(232,094)	(232,094)	(15,221)	(247,315)
Redemption of shares	21	-	(27,147)	-	-	(27,147)	-	(27,147)
Reduction of shares	20	-	-	-	-	-	-	-
Equity-settled share based payments	22	-	-	34,503	-	34,503	-	34,503
Purchase of shares in subsidiary from non-controlling interest		-	-	-	(280,431)	(280,431)	(213,780)	(494,211)
Balance at 31 January 2021		527,487	(817,031)	200,414	4,029,605	3,940,475	508,310	4,448,785

KARIAN COMMUNICATION GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	Share capital £	Employee share ownership plan reserve £	Other reserves £	Profit and loss reserves £	Total £
As restated for the period ended 31 January 2020:						
Balance at 1 February 2019		527,487	-	-	73,441	600,928
Effect of prior year adjustment		-	-	-	25,463	25,463
As restated		<u>527,487</u>	<u>-</u>	<u>-</u>	<u>98,904</u>	<u>626,391</u>
Year ended 31 January 2020:						
Profit and total comprehensive income for the year		-	-	-	320,479	320,479
Dividends	11	-	-	-	(353,416)	(353,416)
Redemption of shares	20	-	(789,884)	-	-	(789,884)
Equity-settled share based payments	22	-	-	165,911	-	165,911
Balance at 31 January 2020		<u>527,487</u>	<u>(789,884)</u>	<u>165,911</u>	<u>65,967</u>	<u>(30,519)</u>
Year ended 31 January 2021:						
Profit and total comprehensive income for the year		-	-	-	274,926	274,926
Dividends	11	-	-	-	(232,094)	(232,094)
Redemption of shares	20	-	(27,147)	-	-	(27,147)
Equity-settled share based payments	22	-	-	34,503	-	34,503
Balance at 31 January 2021		<u>527,487</u>	<u>(817,031)</u>	<u>200,414</u>	<u>108,799</u>	<u>19,669</u>

KARIAN COMMUNICATION GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,209,369		2,166,535	
Interest paid		(6,909)		-	
Income taxes refunded/(paid)		107,436		(254,514)	
Net cash inflow from operating activities		2,309,896		1,912,021	
Investing activities					
Purchase of intangible assets		(12,830)		-	
Purchase of tangible fixed assets		(19,567)		(38,185)	
Receipts arising from loans made		-		67,877	
Interest received		21,636		30,244	
Net cash (used in)/generated from investing activities		(10,761)		59,936	
Financing activities					
Redemption of shares		(27,147)		(789,884)	
Purchase of shares in subsidiary from non-controlling interest		(494,211)		-	
Dividends paid to equity shareholders		(232,094)		(353,416)	
Dividends paid to non-controlling interests		(15,221)		(25,132)	
Net cash used in financing activities		(768,673)		(1,168,432)	
Net increase in cash and cash equivalents		1,530,462		803,525	
Cash and cash equivalents at beginning of year		3,522,970		2,719,445	
Cash and cash equivalents at end of year		5,053,432		3,522,970	

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

Company information

Karian Communication Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is First Floor, 22 Lendal, York, YO1 8AA.

The group consists of Karian Communication Group Limited and all of its subsidiaries.

1.1 First year of audit

This is the first year that the group, and company, has required an audit of its financial statements and therefore all corresponding figures are unaudited.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.3 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Karian Communication Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 January 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportion of the share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

1.5 Going concern

At the time of approving the financial statements, the directors have assessed the current financial position of the group as well as its forecasted performance for the next 12 months and have concluded that the group, and parent company, remain a going concern. Furthermore, the directors have not identified any material uncertainties which in their view cast a significant doubt over the going concern of the group.

The directors took account of the following in their assessment:

- At the time of signing these financial statements the group was in a strong net asset position with sufficient cash in hand and continuing to generate profits and positive cash flows;
- The group does not hold any external debt obligations;
- The strategic plans of the business, which take account of the October 2021 acquisition by Ipsos Mori are to continue to trade and to seek growth opportunities.

On the basis of the above the directors have concluded that the business is a going concern and have therefore adopted this in the basis of preparation for these financial statements.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Straight line over 2 years
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1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% reducing balance
Computers	33% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies (Continued)

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the parent company as an expense which is subsequently recharged through management charges to the subsidiary.

With regards to the Share Incentive Plan, the expense in relation to those shares are also recognised by the parent company as an expense which is subsequently recharged through management charges to the subsidiary.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.20 Prior year adjustment

During the year the control of the employee benefit trust was reassessed and the company was deemed to have de-facto control. As a result, the comparative figures for the company have been restated to consolidate the results of the employee benefit trust within Karian Communication Group Limited.

The trust's acquisition of Karian Communication Group's shares as part of an intermediary payment arrangement has therefore been reclassified as a receivable from the trust to be a deduction from equity. See note 28 for further details.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Intermediary payment arrangements

The company operates an employee share ownership plan and an employee benefit trust which are used to facilitate employee shareholdings under remuneration schemes. Judgement has been applied in concluding that the sponsoring entity has de facto control due to the trusts being specifically designed to serve the purposes of the sponsoring entity. As a result, the assets and liabilities of the trusts have been recognised in the individual financial statements of the sponsoring company (Karian Communication Group Limited), as well as in the group financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is determined with reference to total expected cost and time.

When revenue is earned and recognised by the company prior to issuing of a formal invoice to the customer, the company accounts for accrued income on that transaction which is subsequently reversed when the invoice is issued.

Where the company issues formal invoices in advance of earning revenues then the company accounts for deferred income on those transactions and reverses it and recognises the associated revenue only when the revenue is earned in line with the policies described above.

The directors closely monitor actual outcomes against expected performance for individual contracts.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of services	7,030,730	6,178,486
	<u> </u>	<u> </u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

3	Turnover and other revenue	(Continued)	
		2021	2020
		£	£
	Other significant revenue		
	Interest income	21,636	30,244
	Grants received	101,542	-
		<u>123,178</u>	<u>30,244</u>
		2021	2020
		£	£
	Turnover analysed by geographical market		
	UK sales	6,170,923	5,460,084
	Non-UK sales	859,807	718,402
		<u>7,030,730</u>	<u>6,178,486</u>
		2021	2020
		£	£
4	Operating profit		
	Operating profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	10,140	7,627
	Government grants	(101,542)	-
	Depreciation of owned tangible fixed assets	34,692	32,179
	Loss on disposal of tangible fixed assets	6,463	-
	Amortisation of intangible assets	1,087	-
	Share-based payments	34,503	165,911
		<u>119,345</u>	<u>205,717</u>
5	Auditor's remuneration		
	Fees payable to the company's auditor and associates:	2021	2020
		£	£
	For audit services		
	Audit of the financial statements of the group and company	7,800	-
	Audit of the financial statements of the company's subsidiaries	27,200	-
		<u>35,000</u>	<u>-</u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
	84	70	4	4
	<u>84</u>	<u>70</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,450,504	2,657,816	118,072	205,119
Social security costs	320,788	234,794	-	-
Pension costs	232,019	71,547	-	-
	<u>4,003,311</u>	<u>2,964,157</u>	<u>118,072</u>	<u>205,119</u>

7 Directors' remuneration

	2021 £	2020 £
Company pension contributions to defined contribution schemes	<u>67,845</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 0).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	6,593	11,243
Other interest income	15,043	19,001
Total income	<u>21,636</u>	<u>30,244</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Other interest	<u>6,909</u>	<u>-</u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	367,264	259,894
Adjustments in respect of prior periods	(48,351)	-
Total current tax	<u>318,913</u>	<u>259,894</u>
Deferred tax		
Origination and reversal of timing differences	<u>(9,911)</u>	<u>(28,818)</u>
Total tax charge	<u>309,002</u>	<u>231,076</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	<u>1,757,570</u>	<u>1,187,922</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	333,938	225,705
Tax effect of expenses that are not deductible in determining taxable profit	1,928	3,799
Change in unrecognised deferred tax assets	-	22
Adjustments in respect of prior years	(48,351)	-
Other permanent differences	-	14
Share based payment charge	22,842	-
Under/(over) provided in prior years	-	(1,364)
Deferred tax adjustments in respect of prior years	(1,355)	-
Deferred tax not recognised	-	2,900
Taxation charge	<u>309,002</u>	<u>231,076</u>

An increase in the UK corporate tax rate from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11 Dividends

	2021	2020
	£	£
Recognised as distributions to equity holders:		
Interim paid	<u>232,094</u>	<u>353,416</u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

12 Intangible fixed assets

Group	Software £
Cost	
At 1 February 2020	-
Additions	12,830
At 31 January 2021	<u>12,830</u>
Amortisation and impairment	
At 1 February 2020	-
Amortisation charged for the year	1,087
At 31 January 2021	<u>1,087</u>
Carrying amount	
At 31 January 2021	<u>11,743</u>
At 31 January 2020	<u>-</u>

The company had no intangible fixed assets at 31 January 2021 or 31 January 2020.

13 Tangible fixed assets

Group	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost				
At 1 February 2020	52,657	170,786	2,321	225,764
Additions	-	19,567	-	19,567
Disposals	(2,663)	(39,909)	-	(42,572)
At 31 January 2021	<u>49,994</u>	<u>150,444</u>	<u>2,321</u>	<u>202,759</u>
Depreciation and impairment				
At 1 February 2020	26,983	112,673	1,917	141,573
Depreciation charged in the year	10,037	24,554	101	34,692
Eliminated in respect of disposals	(2,650)	(33,459)	-	(36,109)
At 31 January 2021	<u>34,370</u>	<u>103,768</u>	<u>2,018</u>	<u>140,156</u>
Carrying amount				
At 31 January 2021	<u>15,624</u>	<u>46,676</u>	<u>303</u>	<u>62,603</u>
At 31 January 2020	<u>25,674</u>	<u>58,113</u>	<u>404</u>	<u>84,191</u>

The company had no tangible fixed assets at 31 January 2021 or 31 January 2020.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	566,191	71,980
Unlisted investments		100,000	100,000	-	-
		<u>100,000</u>	<u>100,000</u>	<u>566,191</u>	<u>71,980</u>

Movements in fixed asset investments

Group	Investments £
Cost or valuation	
At 1 February 2020 and 31 January 2021	100,000
Carrying amount	
At 31 January 2021	100,000
At 31 January 2020	100,000

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 February 2020	71,980
Additions	494,211
At 31 January 2021	566,191
Carrying amount	
At 31 January 2021	566,191
At 31 January 2020	71,980

15 Subsidiaries

Details of the company's subsidiaries at 31 January 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Karian and Box Limited	First Floor, 22 Lendal, York, YO1 8AA	Ordinary	67.50	32.50
Employee Pulsecheck Limited	First Floor, 22 Lendal, York, YO1 8AA	Ordinary	90.30	9.70

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

16 Debtors

	Group 2021	2020	Company 2021	2020 as restated
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,250,364	1,018,332	-	-
Unpaid share capital	175	175	1	1
Other debtors	529,194	607,029	459,855	197,641
Prepayments and accrued income	341,513	337,090	-	-
	<u>2,121,246</u>	<u>1,962,626</u>	<u>459,856</u>	<u>197,642</u>
Deferred tax asset (note 18)	38,079	31,523	38,079	31,523
	<u><u>2,159,325</u></u>	<u><u>1,994,149</u></u>	<u><u>497,935</u></u>	<u><u>229,165</u></u>

17 Creditors: amounts falling due within one year

	Group 2021	2020	Company 2021	2020 as restated
Notes	£	£	£	£
Trade creditors	51,036	56,489	-	-
Amounts owed to group undertakings	-	-	676,429	3,665
Corporation tax payable	611,787	185,438	334,298	71,609
Other taxation and social security	874,344	417,810	-	-
Deferred income	839,195	265,948	-	-
Other creditors	100,792	804,971	256,883	448,774
Accruals	448,523	220,271	6,800	-
	<u>2,925,677</u>	<u>1,950,927</u>	<u>1,274,410</u>	<u>524,048</u>

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
Group	£	£	£	£
Accelerated capital allowances	14,119	17,202	-	-
Retirement benefit obligations	(1,478)	(1,206)	-	-
Share based payments	-	-	38,079	31,523
	<u>12,641</u>	<u>15,996</u>	<u>38,079</u>	<u>31,523</u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

18	Deferred taxation	(Continued)			
		Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
	Company				
	Share based payments	-	-	38,079	31,523
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
				Group 2021 £	Company 2021 £
	Movements in the year:				
	Asset at 1 February 2020			(15,527)	(31,523)
	Credit to profit or loss			(9,911)	(6,556)
				<u> </u>	<u> </u>
	Asset at 31 January 2021			<u>(25,438)</u>	<u>(38,079)</u>
				<u> </u>	<u> </u>
	19 Retirement benefit schemes			2021 £	2020 £
	Defined contribution schemes				
	Charge to profit or loss in respect of defined contribution schemes			232,019	71,547
				<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share option scheme

The Karian Communication Group Limited Employee Benefit Trust equity settled share option plan has been granted as per the details below and in agreement with HM Revenue & Customs on the date of the grant. All the options outstanding at 31st January 2021 are vested and have a maximum life of 5 years.

The estimated fair value was calculated by applying the Black Scholes option pricing model.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

20 Share option scheme (Continued)

Group and company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 February 2020	527,486	-	-	-
Granted	105,496	527,486	0.97	0.97
Outstanding at 31 January 2021	<u>632,982</u>	<u>527,486</u>	<u>0.97</u>	<u>0.97</u>
Exercisable at 31 January 2021	<u>632,982</u>	<u>527,486</u>	<u>0.97</u>	<u>0.97</u>

The options outstanding at 31 January 2021 had an exercise price ranging of £0.97, and a remaining contractual life of 4 years.

Group and company

Inputs were as follows:

	2021	2020
Share price at date of grant	£1.28	£1.28
Weighted average exercise price	£0.97	£0.97
Expected volatility	21.07%	20.36%
Expected life (years)	5.00	5.00
Risk free rate	0.32%	0.00%
Expected dividends yields	<u>3.88%</u>	<u>4.03%</u>

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2021

20 Share option scheme

(Continued)

Expected volatility was determined by calculating the average of historical volatility of the AIM 250 market over the period following the grant date.

Further details of the share plan is as follows:

Nature of scheme	Method of settlement accounts	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award granted to key personnel on 23 January 2020	Equity	527,486	Employment at grant date - vested	Exercisable until 24 January 2025
Equity-settled award granted to key personnel on 29 October 2020	Equity	105,496	Employment at grant date - vested	Exercisable until 29 October 2025

To facilitate the equity share option plan arrangements the trust acquired equity shares in Karian Communication Group Limited from the majority shareholder. The shares are held in trust until such time that the options to acquire them are exercised. The Directors consider that these arrangements fall under the definition of intermediate payment arrangements and therefore the initial purchase of the shares in Karian Communication Group Limited by the trust has been treated as a deduction from equity (Employee share ownership plan reserve).

	Group 2021 £	2020 £	Company 2021 £	2020 £
Expenses recognised in the year				
Arising from equity settled share based payment transactions	34,503	165,911	34,503	165,911
	<u>34,503</u>	<u>165,911</u>	<u>34,503</u>	<u>165,911</u>
21 Share capital				
	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and not fully paid				
Ordinary shares of 10p each	5,274,870	5,274,870	527,487	527,487
	<u>5,274,870</u>	<u>5,274,870</u>	<u>527,487</u>	<u>527,487</u>

22 Other reserves

The reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

23 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	30,007	30,007	-	-
Between two and five years	125,029	155,036	-	-
	<u>155,036</u>	<u>185,043</u>	<u>-</u>	<u>-</u>

24 Events after the reporting date

Following the year end, on 25 October 2021, shares in Karian Communication Group Limited were acquired by Ipsos Mori and therefore the ultimate controlling party is now Ipsos Mori.

25 Related party transactions

A management charge of £322,888 (2020: £424,850) was charged to Employee Pulsecheck Limited during the year. As at the year end £893,319 (2020: £679,179) was owed by the company to Employee Pulsecheck Limited. The comparatives in this note have been restated.

26 Employee share incentive plan

During the year the group operated an HMRC approved Share Incentive Plan for the employees of the group who work in the UK, are subject to UK tax and have been employed for the qualifying 12 months. Employees who are able to invest up to £3,600 per tax year (or 10% of salary if lower). Employees receive Partnership shares for their investments along with Free and Matching shares from the company. The shares are held in trust for the employees.

At the balance sheet date 945,939 shares (2020: 979,681) had been allocated to 42 employees (2020: 34).

An employee benefit trust has been set up in order to facilitate the acquisition and issue of shares as part of the employee Share Incentive Plan. The group has de-facto control over the trust and therefore the assets and liabilities of the trust have been incorporated into the financial statements.

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,448,568	956,846
Adjustments for:		
Taxation charged	309,002	231,076
Finance costs	6,909	-
Investment income	(21,636)	(30,244)
Loss on disposal of tangible fixed assets	6,463	-
Amortisation and impairment of intangible assets	1,087	-
Depreciation and impairment of tangible fixed assets	34,692	32,179
Equity settled share based payment expense	34,503	165,911
Movements in working capital:		
(Increase)/decrease in debtors	(158,620)	977,186
Decrease in creditors	(24,846)	(385,505)
Increase in deferred income	573,247	219,086
Cash generated from operations	<u>2,209,369</u>	<u>2,166,535</u>

28 Analysis of changes in net funds - group

	1 February 2020 £	Cash flows £	31 January 2021 £
Cash at bank and in hand	3,522,970	1,530,462	5,053,432

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

29 Prior period adjustment

Reconciliation of changes in equity - company

	1 February 2019 £	31 January 2020 £
Adjustments to prior year		
Redemption of shares by EBT	-	(789,884)
Retained earnings	25,463	32,572
Total adjustments	25,463	(757,312)
Equity as previously reported	600,928	726,793
Equity as adjusted	626,391	(30,519)
Analysis of the effect upon equity		
Employee share ownership plan reserve	-	(789,884)
Profit and loss reserves	25,463	32,572
	25,463	(757,312)

Reconciliation of changes in profit for the previous financial period

	2020 £
Adjustments to prior year	
Administrative expenses	(11,899)
Interest received	19,009
Taxation	(1)
Total adjustments	7,109
Profit as previously reported	313,370
Profit as adjusted	320,479

KARIAN COMMUNICATION GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2021

29 Prior period adjustment

(Continued)

Notes to reconciliation

Certain errors have been identified in the previously reported financial information relating to prior years, including:

i) During the year the control of the SIP and EMI schemes were reassessed and the company was deemed to have de-facto control. As a result, the comparative figures have been restated to consolidate the results of the trusts within Karian Communication Group Limited. This has resulted in restatement of the company Balance Sheet for Debtors, Cash at bank and in hand and Creditors: amounts falling due within one year.

The trusts' acquisition of Karian Communication Group's shares as part of an intermediary payment arrangement has therefore been reclassified as a receivable from the trust to be a deduction from equity.

ii) Interest income and related expenditure, including bad debt charges, which should have been recognised in previous years that have been identified and adjusted for.