

NATIVE DESIGN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NATIVE DESIGN LIMITED

COMPANY INFORMATION

Directors	M V Warren M A Hoggarth P J Warren
Registered number	03703075
Registered office	5 Garden Walk London EC2A 3EQ
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

NATIVE DESIGN LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Introduction

Native Design Ltd is a fully integrated design company working across both digital and physical disciplines. The Company's principal activity is consultancy across all industry sectors both in the UK and overseas.

Business review

2020/21 represented a challenging year for the business. COVID-19 and Brexit impacted upon client demand for design services and consultancy. The impact was felt globally which resulted in a slowdown of new business opportunities and a more stringent procurement approach when investing in design services. This had a knock-on effect to our own business growth, so our focus shifted to preserving our excellent team, maintaining existing relationships and turning a profit.

Our company objective for the year, was to further diversify our client portfolio whilst expanding on existing relationships. Unfortunately, the global pandemic hampered our ability to grow, however, we were able to navigate our way through the period in a profitable position. This has put us in a strong position to continue to push forward with our growth strategy and invest where necessary.

We go into the new financial year with a clear growth plan and business strategy. Our approach remains flexible whilst we continue to monitor the economic environment.

Principal risks and uncertainties

Economic Conditions

Brexit has not made an impact from a cost perspective, but it started to impact on client demand.

The outbreak of COVID-19 had the biggest impact on our ability to win new work as client budgets were closed for several months to circumvent unpredictable losses elsewhere. When the budgets did open, there was a more competitive procurement process which provides a new challenge to the industry. Our business has started to see more traction in new client opportunities, but the environment remains highly competitive, which requires a new approach.

Competition

The Company operates in a highly competitive market with most of the players operating at a much larger scale. Being one of the few privately owned independent companies in the marketplace has advantages but requires a greater effort in networking and client engagement from its management team. We have continued to invest in our Commercial team over the period, to improve our ability to compete for new innovative work. This also plays into our PR strategy and helps us stay no. 1 in terms of the commercial value add we bring to our global client base. This in turn helps us constantly refine and communicate our brand values..

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial key performance indicators

The Company considers the key financial indicators to be turnover and profit before tax.

For the year ended 31 March 2021 the turnover was £6,616,740 (2020: £7,829,264) representing a 15% decrease in turnover from the prior year. Profit before tax for the year was £697,594 (2020: £191,671). A significant increase on 2020, due to our management of costs and reduction in our commitment of resource supporting a new product from internal development.

The fall in turnover was a direct result of the economic backdrop impacting our clients' demand for innovative work. Fortunately, we were able to manage costs effectively to ensure the business remained profitable.

Another key financial indicator that the business uses to monitor performance is the level of current assets. The Company maintains a high level of asset cover at all times to ensure the long-term financial stability of the Company. Furthermore, the cash position of the Company continues to be strong.

Other key performance indicators

The Company considers the ability to retain high quality clients a strong indicator of its performance. This was borne out by our portfolio of blue-chip clients retained and won during the year ended 31 March 2021.

This report was approved by the board on 16 December 2021 and signed on its behalf.

M V Warren
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £493,818 (2020 - £553,791).

There were dividends proposed and paid of £2,032,886 (2020: £1,000,000) in the year.

Directors

The directors who served during the year were:

M V Warren
M A Hoggarth
P J Warren

NATIVE DESIGN LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Future developments

The Company plans to continue in the same course of business.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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's auditors are aware of that information.

Post balance sheet events

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

Auditors

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

This report was approved by the board on 16 December 2021 and signed on its behalf.

M V Warren
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIVE DESIGN LIMITED

Opinion

We have audited the financial statements of Native Design Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIVE DESIGN LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIVE DESIGN LIMITED (CONTINUED)

Auditors' 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 Auditors' 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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

NATIVE DESIGN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIVE DESIGN LIMITED (CONTINUED)

Ian Cliffe (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

11 March 2022

NATIVE DESIGN LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	6,466,734	7,829,264
Cost of sales		(3,373,878)	(3,736,596)
Gross profit		<u>3,092,856</u>	<u>4,092,668</u>
Administrative expenses		(2,545,267)	(3,923,671)
Other operating income		143,852	(2,270)
Operating profit	6	<u>691,441</u>	<u>166,727</u>
Interest receivable and similar income	9	6,153	24,944
Profit before tax		<u>697,594</u>	<u>191,671</u>
Tax on profit	10	(203,776)	362,120
Profit for the financial year		<u><u>493,818</u></u>	<u><u>553,791</u></u>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 23 form part of these financial statements.

NATIVE DESIGN LIMITED
REGISTERED NUMBER: 03703075

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	114,024	189,496
		<u>114,024</u>	<u>189,496</u>
Current assets			
Debtors: amounts falling due within one year	13	3,774,698	3,301,227
Cash at bank and in hand		2,360,323	2,888,580
		<u>6,135,021</u>	<u>6,189,807</u>
Creditors: amounts falling due within one year	14	(2,416,293)	(1,007,483)
Net current assets		<u>3,718,728</u>	<u>5,182,324</u>
Total assets less current liabilities		<u>3,832,752</u>	<u>5,371,820</u>
Net assets		<u><u>3,832,752</u></u>	<u><u>5,371,820</u></u>
Capital and reserves			
Called up share capital	16	153	153
Profit and loss account	17	3,832,599	5,371,667
		<u>3,832,752</u>	<u>5,371,820</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2021.

M V Warren
Director

The notes on pages 12 to 23 form part of these financial statements.

NATIVE DESIGN LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	153	5,817,876	5,818,029
Profit for the year	-	553,791	553,791
Dividends	-	(1,000,000)	(1,000,000)
At 1 April 2020	153	5,371,667	5,371,820
Profit for the year	-	493,818	493,818
Dividends	-	(2,032,886)	(2,032,886)
At 31 March 2021	<u>153</u>	<u>3,832,599</u>	<u>3,832,752</u>

The notes on pages 12 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

The Company is a private company limited by shares, registered in England and Wales. The address of the registered office and trading address is 5 Garden Walk, London, EC2A 3EQ. The Company's registration number is 03703075.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aurallia Ltd as at 31 March 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The accounts have been prepared on a going concern basis. The directors in their assessment of going concern have reviewed forecasts and projections of this company, the parent company and the wider group, to confirm the appropriateness and validity of the support provided for the foreseeable future. They believe they are able to meet any obligations as and when they fall due and as such have prepared the accounts on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. During the year the company received revenue based grants. The grants received were in relation to the Coronavirus Job Retention Scheme (CJRS) and they have been recognised as Other Income in the Statement of Comprehensive Income. The amounts recognised to 31 March 2021 reflect the employees covered by CJRS in the period leading up to this date.

2.8 Pensions

Defined contribution pension plan

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

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

2.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line and reducing balance method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	10% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	25% straight line
Office equipment	-	20-25% 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 profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Significant judgements

No critical accounting judgement were made by management in the process of applying the company's accounting policies that have a significant effect on amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty.

No critical sources of estimation uncertainty were made by management in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements, other than the following:

R&D tax credits have been accounted for on the accruals basis. Where the tax return has not been submitted at the time of preparing the financial statements, a provision is made for the expected R&D tax credit receivable.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Rendering of Services	6,466,734	7,829,264
	<u>6,466,734</u>	<u>7,829,264</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	1,418,784	957,944
Rest of Europe	475,897	2,588,385
Rest of the world	4,572,053	4,282,935
	<u>6,466,734</u>	<u>7,829,264</u>

NATIVE DESIGN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Other operating income

	2021 £	2020 £
Government grants receivable	89,624	-
Profit on disposal of tangible assets	54,228	(2,270)
	<u>143,852</u>	<u>(2,270)</u>

6. Operating profit

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

	2021 £	2020 £
Depreciation	102,266	129,652
Exchange differences	(12,877)	11,236
Other operating lease payments	5,613	5,613
Auditors remuneration	16,000	14,750
Auditors non-audit remuneration	<u>1,850</u>	<u>1,750</u>

7. Employees

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

	2021 £	2020 £
Wages and salaries	3,664,596	3,674,188
Social security costs	405,060	478,700
Cost of defined contribution scheme	165,340	175,598
	<u>4,234,996</u>	<u>4,328,486</u>

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

	2021 No.	2020 No.
Production Staff	39	39
Administrative Staff	12	15
	<u>51</u>	<u>54</u>

The Key Management Personnel are considered to be 2 (2020: 2) senior employees who are also directors. Total remuneration in respect of these employees was £627,437 (2020: £631,993).

NATIVE DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	651,695	662,998
Company contributions to defined contribution pension schemes	22,411	22,411
	<u>674,106</u>	<u>685,409</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £497,947 (2020 - £493,649).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,575 (2020 - £14,575).

9. Interest receivable

	2021 £	2020 £
Other interest receivable	6,153	24,944
	<u>6,153</u>	<u>24,944</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	200,217	-
Adjustments in respect of previous periods	-	(360,612)
	<u>200,217</u>	<u>(360,612)</u>
Total current tax	<u>200,217</u>	<u>(360,612)</u>
Deferred tax		
Origination and reversal of timing differences	3,559	(1,508)
Total deferred tax	<u>3,559</u>	<u>(1,508)</u>
Taxation on profit/(loss) on ordinary activities	<u>203,776</u>	<u>(362,120)</u>

NATIVE DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>697,594</u>	<u>191,671</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	134,932	36,417
Effects of:		
Expenses not deductible for tax purposes	1,058	9,070
Capital allowances for year in excess of depreciation	610	848
Adjustments to tax charge in respect of R&D credits	-	(489,608)
Non-taxable income	-	(212)
Deferred tax differences	-	(2,825)
Group relief	-	84,190
Adjustments in respect of previous periods	<u>67,176</u>	<u>-</u>
Total tax charge for the year	<u><u>203,776</u></u>	<u><u>(362,120)</u></u>

The adjustments in respect of R&D credits in 2021 and 2020 relate to R&D credits which were claimed for in the year/period after the R&D expenditure occurred.

NATIVE DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2021 £	2020 £
Dividends	2,032,886	1,000,000
	<u>2,032,886</u>	<u>1,000,000</u>

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation				
At 1 April 2020	156,235	120,259	929,718	1,206,212
Additions	5,851	-	25,835	31,686
Disposals	-	(90,525)	(1,121)	(91,646)
At 31 March 2021	<u>162,086</u>	<u>29,734</u>	<u>954,432</u>	<u>1,146,252</u>
Depreciation				
At 1 April 2020	96,543	73,496	846,678	1,016,717
Charge for the year	28,411	24,407	49,448	102,266
Disposals	-	(86,753)	-	(86,753)
At 31 March 2021	<u>124,954</u>	<u>11,150</u>	<u>896,126</u>	<u>1,032,230</u>
Net book value				
At 31 March 2021	<u>37,132</u>	<u>18,584</u>	<u>58,306</u>	<u>114,022</u>
At 31 March 2020	<u>59,692</u>	<u>46,763</u>	<u>83,041</u>	<u>189,496</u>

NATIVE DESIGN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Debtors

	2021 £	2020 £
Trade debtors	1,720,784	1,536,696
Amounts owed by group undertakings	352,528	554,466
Other debtors	1,438,186	996,963
Prepayments and accrued income	223,297	187,581
Tax recoverable	17,941	-
Deferred taxation	21,962	25,521
	<u>3,774,698</u>	<u>3,301,227</u>

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	409,868	360,552
Corporation tax	201,098	-
Other taxation and social security	138,728	231,774
Other creditors	114,745	84,057
Accruals and deferred income	1,551,854	331,100
	<u>2,416,293</u>	<u>1,007,483</u>

15. Deferred taxation

	2021 £	2020 £
At beginning of year	25,521	24,013
Charged to profit or loss	(3,559)	1,508
At end of year	<u>21,962</u>	<u>25,521</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	21,962	25,521
	<u>21,962</u>	<u>25,521</u>

NATIVE DESIGN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 10,000) Ordinary shares of £0.0001 - each -	1	1
1,500,000 (2020 - 1,500,000) Ordinary 'A' Shares of £0.0001- each	150	150
16,522 (2020 - 16,522) Ordinary 'B' Shares of £0.0001- each	2	2
	<u>153</u>	<u>153</u>

17. Reserves

Profit and loss account

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – this reserve records retained earnings and accumulated losses.

18. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	5,613	5,613
Later than 1 year and not later than 5 years	8,419	14,032
	<u>14,032</u>	<u>19,645</u>

19. Related party transactions

Native Design Ltd entered into sales transactions totalling £517,505 (2020: £698,000) with Native Design LLC, a company in which Morten Warren is a director and shareholder. Native Design Ltd also entered into sales transactions totalling £352,221 (2020: £398,149) with Zuma Array Ltd. Native Design Ltd charged Native Design LLC management charges totalling £278,195 (2020: £287,964) in the year. Native Design also charged Zuma Array Ltd management charges of £285,549 (2019: £18,000) in the year. The year-end Other Debtors balance includes amounts due from Native Design LLC £714,048 (2020: £747,423).

Zuma Array Ltd and Zuma Array LLC are both companies controlled by Morten Warren who is a director of both entities. Zuma Array Limited is wholly owned by Zuma Array Holdings Limited and Morten Warren is the majority shareholder of Zuma Array Holdings Limited.

At the year-end, Debtors include amounts due from Zuma Array Ltd £246,468 (2020: £58,922) and Zuma Array LLC £11,725 (2020: £11,725). These are in relation to expenses paid on behalf of the two companies, as well as cash advances made.

NATIVE DESIGN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

20. Controlling party

The immediate and ultimate parent company is Auralia Limited, a company registered in England and Wales, in which these accounts are consolidated within.

The largest and smallest group in which the results of the Company are consolidated is Auralia Limited, the ultimate parent company.

The consolidated financial statements of Auralia Limited may be obtained from Companies House.

The ultimate controlling party is the managing director M V Warren.

21. Pension Commitments

At 31 March 2021, Native Design Limited owed £19,659 (2020: £20,670) to a defined contribution pension scheme. This was subsequently paid post year-end.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.