

NMG Financial Services Consulting Limited
Filleted Financial Statements
31 December 2018



COVENEY NICHOLLS PARTNERSHIP LLP

Chartered Accountants & Statutory Auditor

The Old Wheel House

31/37 Church Street

Reigate

Surrey

UK

RH2 0AD

NMG Financial Services Consulting Limited

Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	79,339	110,442
Investments	7	439,480	439,480
		<u>518,819</u>	<u>549,922</u>
Current assets			
Debtors	8	5,411,448	4,490,439
Cash at bank and in hand		577,300	475,523
		<u>5,988,748</u>	<u>4,965,962</u>
Creditors: amounts falling due within one year	9	<u>4,874,159</u>	<u>3,251,712</u>
Net current assets		<u>1,114,589</u>	<u>1,714,250</u>
Total assets less current liabilities		<u>1,633,408</u>	<u>2,264,172</u>
Creditors: amounts falling due after more than one year	10	50,962	525,872
Provisions			
Taxation including deferred tax		8,483	15,976
Net assets		<u>1,573,963</u>	<u>1,722,324</u>
Capital and reserves			
Called up share capital		200	200
Share premium account		164,970	164,970
Profit and loss account		1,408,793	1,557,154
Shareholders funds		<u>1,573,963</u>	<u>1,722,324</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 3 to 10 form part of these financial statements.

NMG Financial Services Consulting Limited

Statement of Financial Position *(continued)*

31 December 2018

These financial statements were approved by the board of directors and authorised for issue on 24/09/2019, and are signed on behalf of the board by:



D N Burns
Director

Company registration number: 03787947

NMG Financial Services Consulting Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

NMG Financial Services Consulting Limited is a private company, limited by shares, registered in England and Wales. The address of the registered office is 18a Tower 42, Old Broad Street, London, England, EC2N 1HQ.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements 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.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- a.) The accrual and deferral of income.

Management makes a judgement regarding the stage of completion of a project in determining the revenue to recognise in relation to each project.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- a.) Useful economic lives of tangible assets.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Revenue recognition

Turnover represents amounts receivable for services provided to customers excluding VAT.

The company provides information and research studies regarding the financial services industry. The market studies are prepared over an agreed period and recognised in instalments throughout. It is necessary to accrue or defer income based on the timing of the delivery of the reports.

The company also carries out ad-hoc work on request of the client, this is billed on completion and is recognised over the period of effort once the client has accepted the terms of the engagement.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	3 - 7 years straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer Equipment	- 33% straight line
Fixtures & Fittings	- 25% reducing balance
Equipment	- 25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

4. Employee numbers

The average number of persons employed by the company during the year amounted to 19 (2017: 24).

5. Intangible assets

	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	<u>542,500</u>
Amortisation	
At 1 January 2018 and 31 December 2018	<u>542,500</u>
Carrying amount	
At 31 December 2018	<u>–</u>
At 31 December 2017	<u>–</u>

6. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2018	92,580	175,971	18,273	286,824
Additions	11,472	–	692	12,164
At 31 December 2018	<u>104,052</u>	<u>175,971</u>	<u>18,965</u>	<u>298,988</u>
Depreciation				
At 1 January 2018	60,610	102,510	13,262	176,382
Charge for the year	15,301	23,394	4,572	43,267
At 31 December 2018	<u>75,911</u>	<u>125,904</u>	<u>17,834</u>	<u>219,649</u>
Carrying amount				
At 31 December 2018	<u>28,141</u>	<u>50,067</u>	<u>1,131</u>	<u>79,339</u>
At 31 December 2017	<u>31,970</u>	<u>73,461</u>	<u>5,011</u>	<u>110,442</u>

7. Investments

	Other investments other than loans £
Cost	
At 1 January 2018 and 31 December 2018	<u>460,655</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>21,175</u>

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

7. Investments *(continued)*

	Other investments other than loans £
Carrying amount	
At 31 December 2018	439,480
At 31 December 2017	439,480

During the previous year the company purchased 100% of the share capital in NMG Consulting Inc. Additionally the company purchased 25% of Solution-2 BVBA, a company incorporated in Belgium, and Solutions 2 (London) Limited, a company incorporated in England & Wales.

8. Debtors

	2018 £	2017 £
Trade debtors	1,161,273	341,741
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,883,897	3,857,820
Other debtors	366,278	290,878
	<u>5,411,448</u>	<u>4,490,439</u>

9. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	53,881	–
Trade creditors	72,227	16,623
Amounts owed to group undertakings and undertakings in which the company has a participating interest	3,115,104	2,538,622
Corporation tax	–	72,151
Social security and other taxes	198,903	63,582
Other creditors	1,434,044	560,734
	<u>4,874,159</u>	<u>3,251,712</u>

National Westminster Bank Plc holds a fixed and floating charge over the undertakings and all property assets and rights of the company present and future.

Included in other creditors are borrowings of £526,924 due for repayment in June 2019. The loan attracts interest of 1 year GBP LIBOR plus 8%.

10. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	50,962	525,872

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

10. Creditors: amounts falling due after more than one year *(continued)*

Included in creditors falling due after more than one year is a directors loan balance of £50,000 principal plus accrued interest of £962. The loan is due for repayment in October 2021. Interest accrues on the principal balance at 12 month GBP LIBOR plus 8%.

11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	175,680	175,680
Later than 1 year and not later than 5 years	131,760	307,440
	<u>307,440</u>	<u>483,120</u>

12. Summary audit opinion

The auditor's report for the year dated 24/09/2019 was unqualified.

The senior statutory auditor was J N Kelly, for and on behalf of Coveney Nicholls Partnership LLP.

13. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	2018			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
M Prichard	24,263	—	(24,263)	—
G C Baars	2,000	—	(2,000)	—
A W Baker	—	(50,962)	—	(50,962)
	<u>26,263</u>	<u>(50,962)</u>	<u>(26,263)</u>	<u>(50,962)</u>
	2017			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£	£	£	£
M Prichard	—	24,263	—	24,263
G C Baars	—	2,000	—	2,000
A W Baker	—	—	—	—
	<u>—</u>	<u>26,263</u>	<u>—</u>	<u>26,263</u>

The loan balance due to A W Baker is a £50,000 loan plus accrued interest of £962. The loan is due for repayment in October 2021. Interest accrues on the principal balance at 12 month GBP LIBOR plus 8%.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

14. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2018	2017	2018	2017
	£	£	£	£
BQM Holdings Pte. Limited	198,988	746,145	3,195,123	2,996,135
BQM UK Limited	(273,171)	(963,411)	(1,326,338)	(1,053,167)
Flaspohler Research Group Inc.	6,703	9,250	19,838	13,135
Solutions2 BBVA	(77,258)	(40,283)	–	–
Black Swan Capital Limited	<u>(3,785)</u>	<u>(10,207)</u>	<u>19,845</u>	<u>23,630</u>

The company was a wholly owned subsidiary of NMG Consulting Limited throughout the current and previous year. NMG Consulting Limited is the immediate holding company. The ultimate parent company of the group is NMG Holdings Limited. No one individual controls the group.

The company has taken advantage of the exemption offered by FRS102 from disclosing transactions with other entities also wholly owned by NMG Holdings Limited, the ultimate sole shareholder in the company.

Description of transactions and relationships

The company recharges costs to and collects revenue on behalf of BQM UK Limited. BQM UK Limited is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding.

The company recharges costs and has a revenue sharing agreement with BQM Holdings Pte. Limited. BQM Holdings Pte. Limited is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding.

The company recharges costs to Flaspohler Research Group Inc. Flaspohler Research Group Inc is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding.

The company recharges costs to Black Swan Capital Limited in respect of shared office space and administrative expenses. Black Swan Capital Limited is a company in which NMG Holdings Limited has an indirect participating shareholding.

The company transacts in the normal course of business with Solutions2 BBVA, acquiring IT services and support. The company has a direct 25% shareholding in Solutions2 BBVA.

No other transactions with related parties were undertaken such as are required to be disclosed under FRS102.

15. Controlling party

The company's ultimate holding company is NMG Holdings Limited, a company registered in Guernsey, which is the parent undertaking of the largest group of undertakings to which the company belongs.

The parent undertaking of the smallest group of undertakings to which the company belongs is NMG Consulting Limited, a company registered in Guernsey.

Copies of the consolidated accounts may be obtained from Granite House, La Grande Rue, St Martin, Guernsey.