

NMG Financial Services Consulting Limited
Filleted Financial Statements
31 December 2019

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COMPANIES HOUSE

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 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	6	55,055	79,339
Investments	7	439,480	439,480
		<u>494,535</u>	<u>518,819</u>
Current assets			
Debtors	8	6,046,176	5,411,448
Cash at bank and in hand		841,964	577,300
		<u>6,888,140</u>	<u>5,988,748</u>
Creditors: amounts falling due within one year	9	<u>4,659,337</u>	<u>4,874,159</u>
Net current assets		<u>2,228,803</u>	<u>1,114,589</u>
Total assets less current liabilities		<u>2,723,338</u>	<u>1,633,408</u>
Creditors: amounts falling due after more than one year	10	1,050,000	50,962
Provisions			
Taxation including deferred tax		6,284	8,483
Net assets		<u>1,667,054</u>	<u>1,573,963</u>
Capital and reserves			
Called up share capital		200	200
Share premium account		164,970	164,970
Profit and loss account		<u>1,501,884</u>	<u>1,408,793</u>
Shareholders funds		<u>1,667,054</u>	<u>1,573,963</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 Section 1A of 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 comprehensive income 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 13 form part of these financial statements.

NMG Financial Services Consulting Limited

Statement of Financial Position *(continued)*

31 December 2019

These financial statements were approved by the board of directors and authorised for issue on 30 December 2020, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'D N Burns', with a long horizontal stroke extending to the right.

D N Burns
Director

Company registration number: 03787947

NMG Financial Services Consulting Limited

Notes to the Financial Statements

Year ended 31 December 2019

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.

Going concern

The COVID-19 pandemic has caused global disruption to business and travel throughout 2020, to which the company and wider NMG group have not been immune. That said while the initial months of the pandemic brought significant disruption and uncertainty to the business, it has subsequently been able to adapt to flexible and remote working requirements.

The company's client base has been relatively resilient and remained loyal to the company. The directors believe UK revenue and profit for the year ended 31 December 2020 will be in the region of £3.50m and £0.45m respectively. This is a significant improvement on what was anticipated at the outset of the pandemic, and this trend of better than expected performance has been experienced throughout the group's global consulting business.

The directors also cautiously forecast a similar performance for 2021. The company was able to cut costs during 2020 with headcount reductions and also moving offices in September 2020 which means that it has a lower fixed cost base moving forward. The company was able to obtain a CBIL facility of £650,000 from its bank in June 2020 for which monthly capital repayments don't start until July 2021. This coupled with the other pre-existing long term external loan facility and aforementioned cost reductions means the company has not experienced any liquidity issues to date. The same is true of the wider group. The ultimate parent company, NMG Holdings Ltd, also remains able to financially support the company as necessary.

Given the above the directors remain confident the company will be able to meet its liabilities as they fall due for a period of at least 12 months.

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.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

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 judgement (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that has the most significant effect on the amounts recognised in the financial statements concerns the recognition of revenue. Management has to make judgements concerning the stage of completion at the year end of the projects and research studies being undertaken for clients. Revenue is then accrued or deferred with reference to the stage of completion.

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. Management does not believe there are any key assumptions or 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.

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.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

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

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.

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.

NMG Financial Services Consulting Limited**Notes to the Financial Statements** *(continued)***Year ended 31 December 2019****3. Accounting policies** *(continued)***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.

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.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

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.

Share-based payments

The company participates in a share-based payment arrangement established by the ultimate parent company and has taken advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

4. Employee numbers

The average number of persons employed by the company during the year amounted to 27 (2018: 19).

5. Intangible assets

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	<u>542,500</u>
Amortisation	
At 1 January 2019 and 31 December 2019	<u>542,500</u>
Carrying amount	
At 31 December 2019	<u>–</u>
At 31 December 2018	<u>–</u>

6. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2019	104,052	175,971	18,965	298,988
Additions	10,206	1,476	–	11,682
At 31 December 2019	<u>114,258</u>	<u>177,447</u>	<u>18,965</u>	<u>310,670</u>
Depreciation				
At 1 January 2019	75,911	125,904	17,834	219,649
Charge for the year	13,980	21,616	370	35,966
At 31 December 2019	<u>89,891</u>	<u>147,520</u>	<u>18,204</u>	<u>255,615</u>
Carrying amount				
At 31 December 2019	<u>24,367</u>	<u>29,927</u>	<u>761</u>	<u>55,055</u>
At 31 December 2018	<u>28,141</u>	<u>50,067</u>	<u>1,131</u>	<u>79,339</u>

7. Investments

	Other investments other than loans £
Cost	
At 1 January 2019 and 31 December 2019	<u>460,655</u>
Impairment	
At 1 January 2019 and 31 December 2019	<u>21,175</u>

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

7. Investments *(continued)*

	Other investments other than loans £
Carrying amount At 31 December 2019	439,480
At 31 December 2018	<u>439,480</u>

The company owns 100% of the share capital in NMG Consulting Inc., a subsidiary incorporated in the USA.

Additionally the company owns 25% of Solution-2 BVBA, a company incorporated in Belgium, and Solutions 2 (London) Limited, a company incorporated in England & Wales.

8. Debtors

	2019 £	2018 £
Trade debtors	417,446	1,161,273
Amounts owed by group undertakings	4,590,491	3,883,897
Prepayments and accrued income	874,183	206,318
Corporation tax repayable	–	9,590
Other debtors	164,056	150,370
	<u>6,046,176</u>	<u>5,411,448</u>

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	–	53,881
Trade creditors	9,727	72,227
Amounts owed to group undertakings	3,720,921	3,115,104
Accruals and deferred income	755,993	907,120
Corporation tax	13,778	–
Social security and other taxes	97,489	198,903
Director loan accounts	5,563	–
Other loans	49,283	526,924
Other creditors	6,583	–
	<u>4,659,337</u>	<u>4,874,159</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.

The other loans balance is the accrued interest on the loan principal included in creditors falling due after one year (note 12). This amount is due for payment in June 2020.

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

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

	2019 £	2018 £
Other loans	1,000,000	–
Director loan accounts	50,000	50,962
	<u>1,050,000</u>	<u>50,962</u>

Other loans

The other loans included above were drawn down from a £1,500,000 facility in June 2019. Repayment of the principal is due 36 months from the date of drawdown, meaning £500,000 is due for repayment on 26 June 2022 and a further £500,000 on 2 July 2022.

Interest accrues on the principal at 1 year GBP LIBOR plus 8%. The interest is compounded quarterly and payable annually in arrears each June. Any accrued interest is presented in creditors falling due within one year in note 11.

The loan has been guaranteed by the ultimate parent company, NMG Holdings Ltd.

Director loan accounts

The director loan account above is a £50,000 loan from A W Baker drawn down in October 2018. The principal is due for repayment in October 2021. Interest accrues on the principal balance at 12 month GBP LIBOR plus 8%. The interest is payable annually in arrears in October each year. Any accrued interest is presented in creditors falling due within one year in note 11.

11. Operating leases

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

	2019 £	2018 £
Not later than 1 year	131,760	175,680
Later than 1 year and not later than 5 years	–	131,760
	<u>131,760</u>	<u>307,440</u>

12. Events after the end of the reporting period

During 2020 the outbreak of COVID-19 has gripped the world causing unprecedented restrictions on travel and business. It will likely be considered one of the most significant social and economic events for the world in modern history.

While the expectation of the directors is that the company is well placed to continue as a going concern over the next twelve months due to the company's strong balance sheet and ongoing shareholder support, at the date of this report the full effects of COVID-19 are subject to unprecedented level of uncertainty of outcomes, with the full range of possible effects unknown. It is therefore not possible for the directors to estimate the likely financial effect of this non-adjusting post balance sheet event.

13. Summary audit opinion

The auditor's report for the year dated 30 December 2020 was unqualified.

NMG Financial Services Consulting Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2019

13. Summary audit opinion (continued)

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

14. Directors' advances, credits and guarantees

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

2019				
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
M Prichard	–	–	–	–
G C Baars	–	–	–	–
A W Baker	(50,962)	(4,601)	–	(55,563)
	<u>(50,962)</u>	<u>(4,601)</u>	<u>–</u>	<u>(55,563)</u>
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>

The loan balance due to A W Baker is a £50,000 loan plus accrued interest of £5,563. Full terms of the loan are disclosed in note 12 to the financial statements.

15. Related party transactions

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

	Transaction value		Balance owed by/(owed to)	
	2019 £	2018 £	2019 £	2018 £
BQM Holdings Pte. Limited	137,105	198,988	3,332,228	3,195,123
BQM UK Limited	(675,886)	(273,171)	(2,002,224)	(1,326,338)
Flaspohler Research Group Inc.	7,477	6,703	27,315	19,838
Solutions2 BBVA	(77,033)	(166,225)	9,015	–
Black Swan Capital Limited	1,692	(3,785)	21,537	19,845
NMG FSC Singapore Limited	<u>(435,558)</u>	<u>(388,042)</u>	<u>(468,759)</u>	<u>(33,201)</u>

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

15. Related party transactions *(continued)*

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

BQM Holdings Pte. Limited is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding. During the period the company charged BQM Holdings Pte Limited £578,840 (2018 - £449,489) in respect of company resources used on BQM Holdings Pte projects. Separately the company charged BQM Holdings Pte Limited £22,196 (2018 - £901) in respect of time cross charges. Also during the period the company incurred expenses of £172,475 (2018 - £143,008) and invoiced revenue of £228,109 (2018 - £36,259) on behalf of BQM Holdings Pte Limited. BQM Holdings Pte Limited also incurred expenses of £49,908 (2018 - £58,151) on behalf of the company and advanced funding of £358,389 (2018 - £300,000) to the company. All of these amounts are rolled up and included in the loan balances disclosed in the table above.

BQM UK Limited is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding. During the period the company charged BQM UK Limited £422,161 (2018 - £271,431) in respect of employment costs, £131,993 (2018 - £101,519) in respect of other overheads and £74,863 (2018 - £79,308) in respect of management fees. Also during the period the company incurred expenses of £223,917 (2018 - £) and invoiced revenue of £524,337 (2018 - £484,147) on behalf of BQM UK Limited. During the period the company was charged £16,690 (2018 - £34,973) in respect of software usage and received funding of £991,656 (2018 - £392,496) from BQM UK Limited. All of these amounts are rolled up and included in the loan balances disclosed in the table above.

Flaspohler Research Group Inc is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding. During the year the company incurred expenses of £7,477 (2018 - £6,704) on behalf of Flaspohler Research Group Inc. All of these amounts are rolled up and included in the loan balances disclosed in the table above.

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.

NMG FSC Singapore Limited is a subsidiary in which NMG Holdings Limited has an indirect majority shareholding. During the period the company was charged £475,050 (2018 - £331,740) by NMG FSC Singapore Limited in respect of practice management fees. Separately the company charged NMG FSC Singapore Limited £2,959 (2018 (was charged by) - £16,621) in respect of time cross charges. Also during the period the company incurred expenses of £3,645 (2018 - £11,622) on behalf of NMG FSC Singapore Limited. NMG FSC Singapore Limited also incurred expenses of £49,668 (2018 - £51,303) and invoiced revenue of £82,557 (2018 - £nil) on behalf of the company. All of these amounts are rolled up and included in the loan balances disclosed in the table above.

NMG Holdings Ltd has provided a guarantee to the company in respect of the loan borrowings included in creditors due after more than one year.

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

NMG Financial Services Consulting Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

15. Related party transactions *(continued)*

under FRS102.

16. 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.