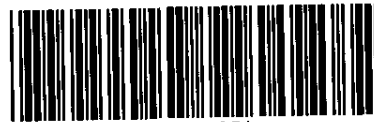


COMPANY NUMBER 03900547

System1 Research Limited

Annual Report and Accounts
for the year ended 31 March 2022
Unaudited

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System1 Research Limited
Unaudited financial statements for the year ended 31 March 2022

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Company information

Company registration number	03900547
Registered office	4 More London Riverside London SE1 2AU
Directors	John Kearon Chris Willford
Secretary	Chris Willford

System1 Research Limited
Unaudited financial statements for the year ended 31 March 2022

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Strategic report

Review of the business

The Directors' report on page 7 sets out a review of the business.

Performance indicators

The Company's financial key performance indicators are set out on page 7.

Risk

The Company's principal risks and uncertainties are set out in the Business risk review on pages 5 and 6.

BY ORDER OF THE BOARD

DocuSigned by:
Chris Willford
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Chris Willford
Director
23 December 2022

Business risk review

The Board endeavours to identify and protect the business from the big, remote, risks – those that do not occur very often, but which, when they do, have major ramifications. The types of such event that we are concerned about and seek to manage are:

- loss of a significant client;
- loss of key personnel;
- loss of a critical supplier;
- material adverse event leading to significant loss of property, software, or data, or an adverse legal claim;
- systemic tax or legal compliance error;
- major outage in our survey platform;
- cyber-attack causing a material breach in our IT infrastructure.

Loss of a significant client. This is a significant risk, with the percentage of business from our largest client in the year ended 31 March 2022 at 15% of revenue (2021: 10%). We therefore go to considerable lengths to monitor service quality and seek client feedback.

Loss of key personnel. We have a relatively senior team with broad experience and seek to ensure that System1 is as attractive to existing employees as it is to talented external recruits. Reward is competitive and regular performance evaluation identifies individuals who may be “at risk”. For the most senior executives, the LTIP arrangement in System1 Group PLC, the parent company, provides a strong motivation to stay with System1

Loss of a critical supplier. We have several mission-critical functions carried out by third-party suppliers (such as panel suppliers). For these functions, we seek to ensure we are not too reliant on any one organisation and typically have three qualified providers. We work in close co-operation with our strategic suppliers, ensuring that any issues and concerns are surfaced rapidly and resolved in partnership.

Material adverse event leading to a significant loss of property, software, or data, or an adverse legal claim. Theft of intellectual property via unauthorised or illegal access to or copying of the Company's databases, proprietary methods, and algorithms or legal action is taken against the Company by customers, employees, suppliers, or other stakeholders. We endeavour to protect the business from significant risks, through a combination of trademark protection; insurance; development of internal guidelines and policies; comprehensive information security programme, and our employee, client and supplier terms and conditions. We also endeavour to protect the business from significant risks, through our terms and conditions, trademark protection and comprehensive professional indemnity insurance.

Major outage in our survey platform. An outage or other technical issues on our survey platform results in delays in delivering customer projects. All our services are hosted on a secure external cloud infrastructure with multiple failover options. We continuously monitor system availability and endeavour to alert the customer to any delays on the rare occasions where there is disruption.

Business risk review (continued)

Cyber-attack causing a material breach in our IT infrastructure. Our business does not ordinarily hold non-employee personal data. Any personal data of clients' or suppliers' employees is held by System1 in compliance with the applicable legislation. We have invested in our controls (including penetration tests), processes and IT infrastructure and hold ISO 27001 accreditation covering information security.

Post-pandemic economy – the company's revenue streams could be affected by customers' decisions to reduce marketing budgets The Company trades principally in the UK and is exposed to the social and economic impact in this country. The recent Covid-19 pandemic demonstrated the Group's ability to operate normally without access to its offices. The main exposure is to our customers' decisions on the size of market research budgets in response to an economic downturn.

The Company is also exposed to the usual financial risks (such as credit, foreign exchange and liquidity risks), as set out in the Director's Report. However, due to the straightforward nature of the business, its international cost base, the Company's strong balance sheet, and the fact that most of the Company's clients are large, credit-worthy organisations, these risks have historically proved to be modest.

Directors' report

The directors present their report and the unaudited financial statements of the Company for the year ended 31 March 2022.

Principal activities and business review

We provide quantitative research with clear qualitative insights. We have invested in the development of web-based software that can be used to extract research, classify it into a usable form and produce a self-generating summary of the study outputs. Our research surveys are conducted on-line and are interactive. They allow respondents to provide free-text answers, and then ask follow-up questions based on previous answers. The surveys can be accessed via the internet, allowing respondents in different countries to contribute to the same survey.

The Company's results for the year and financial position at the end of the year are shown in the attached financial statements.

During the year the Company paid interim dividends of 30.0 pence per ordinary share totalling £3,300,000 to the ultimate parent company (2021: interim dividend of £1,000,000). The directors do not recommend paying a final dividend.

Key performance indicators

The Company's key performance indicators are gross profit growth and profitability. During the year ended 31 March 2022, average gross profit per month increased from £0.41m to £0.54m. Operating profit margin decreased from 16% to 3%. Client and employee satisfaction levels are also important performance indicators and are measured through individual client feedback at the end of each project and employee satisfaction through internal surveys.

Going concern

After making enquiries, at the time of approving the financial statements the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

The directors

The membership of the Board is set out below. Both directors served throughout the year.

John Kearon
Chris Willford

Directors' report (continued)

Directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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 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.

BY ORDER OF THE BOARD

DocuSigned by:

Chris Willford

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Chris Willford,

Director

23 December 2022

Principal accounting policies

Statement of compliance

The financial statements of the Company are presented in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework'. They have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year.

The Company is included in the consolidated financial statements of System1 Group PLC for the year ended 31 March 2022. These accounts are available from the registered office address of the Company, and at www.system1group.com (investor section).

Consolidation

The Company is exempt under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its immediate and ultimate parent undertaking, System1 Group PLC, a company incorporated in England and Wales and whose financial statements are publicly available. These financial statements contain information about System1 Research Limited as an individual entity and do not contain consolidated financial information.

Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Principal accounting policies (continued)

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions available under FRS 101. Therefore these financial statements do not include:

1. A statement of cash flows and related notes.
2. The requirement to produce a balance sheet at the beginning of the earliest comparative period.
3. The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of the group.
4. Disclosure of key management personnel compensation.
5. Capital management disclosures.
6. Presentation of a comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period.
7. The effect of future accounting standards not adopted.
8. Disclosures in respect of financial instruments and fair value measurement.

Tangible assets

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Furniture, fittings and equipment	5 years
Computer hardware	2 to 3 years

The residual value and useful life of each asset is reviewed and adjusted, if appropriate, at each balance sheet date.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date the Company reviews the carrying amount of its property, plant and equipment and intangible assets for 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. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Cash at bank

Cash at bank comprises cash in hand and bank deposits available on demand.

Principal accounting policies (continued)

Revenue recognition

The Company's revenues are from the delivery of predictive marketing data and market research consultancy. Revenue from all of the Company's Research product lines (Communications, Brand, Innovation, and other research products) and its advertising agency services arise from contracts with customers within the scope of IFRS 15 and are recognised on the same basis, as set out below.

Revenue is recognised at a point in time (rather than over time) as the key performance obligation is the delivery of the final written debrief to the client.

Revenue is recognised only after the final written debrief or content has been delivered to the client, except on the rare occasion that a large project straddles a financial period end, and that project can be sub-divided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable. There are no elements of variable consideration in the contracts entered into by the Company. Revenue is measured by reference to the fair value of consideration receivable, excluding sales taxes.

Contract costs

Contract costs comprise directly-attributable external costs incurred in fulfilling customer contracts that relate to incomplete market research projects. The Company assesses at each balance sheet date whether there is objective evidence that contract assets are impaired and provision is made where there is evidence that the Company will not be able to recover all the costs incurred under the terms of the customer contract.

Cost of sales

Cost of sales includes external costs attributable to client projects including respondent sample, data processing, language translation and similar costs.

Employee benefits

All accumulating employee-compensated absences that are unused at the balance sheet date are recognised as a liability.

The Company operates a defined contribution pension plan. The Company pays contributions to the plan based upon the contractual terms agreed with each employee. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Share-based payments

Equity-settled, share-based payments are measured at fair value at the date of grant. Equity-settled, share-based payments that are made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Principal accounting policies (continued)

Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws that have been enacted or substantively enacted at the reporting date applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Provisions

Provisions for sabbatical leave are recognised when: the Company has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where material, the increase in provisions due to passage of time is recognised as interest expense. The provision for sabbatical leave is measured using the projected unit credit method.

Financial instruments

Financial assets. The Company's financial assets comprise loans and receivables. The Company does not possess assets held at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets arising from contracts with customers are presented within Debtors in the Balance Sheet.

Principal accounting policies (continued)

Trade and other receivables. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are held at amortised cost under IFRS 9. The Company's amortised cost financial assets comprise trade and other debtors and cash at bank in the balance sheet.

Trade debtors are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. In accordance with IFRS 9, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. This assessment takes into account macro-economic and industry factors, as well as historical experience. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial liabilities. Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest rate method. Financial liabilities arising from contracts with customers are presented within Creditors in the Balance Sheet. 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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Share capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Employee benefits. The Company has a sabbatical leave scheme, open to all employees, that provides 20 days paid leave for each six years' of service. The carrying amount of the provision at the balance sheet date amounted to £95,790 (2021: £137,700). The provision for liabilities under the scheme is measured using the projected unit credit method. This model requires a number of estimates and assumptions. The significant inputs into the model are disclosed in Note 5.

System1 Research Limited**14****Unaudited financial statements for the year ended 31 March 2022****Profit and loss account****for the year ended 31 March 2022**

	Note	2022	2021
		£	£
Turnover	6	8,575,868	6,707,010
Cost of sales		(2,143,988)	(1,769,884)
Gross profit		6,431,880	4,937,126
Administrative expenses		(6,206,138)	(3,887,850)
Other operating income		-	20,408
Operating profit	7	225,742	1,069,684
Income from fixed asset investments – dividends		2,173,678	413,937
Net interest	10	-	(32,608)
Profit on ordinary activities before taxation		2,399,420	1,451,013
Tax on profit on ordinary activities	11	177,692	(219,658)
Profit for the financial year and total comprehensive income attributable to equity holders of the company		2,577,111	1,231,355

All of the activities of the company are classed as continuing.

There are no recognised gains or losses other than the profit for the year.

The accompanying accounting policies and notes form an integral part of these financial statements

System1 Research Limited**15****Unaudited financial statements for the year ended 31 March 2022****Balance sheet****as at 31 March 2022**

	Note	2022	2021
		£	£
Fixed assets			
Tangible assets	1	26	3,734
Investments	2	320,169	320,169
		<u>320,195</u>	<u>323,903</u>
Current assets			
Debtors due within one year	3	3,492,772	2,559,752
Debtors due after one year	3	23,948	26,163
Cash at bank		4,886,606	4,925,220
		<u>8,403,326</u>	<u>7,511,135</u>
Creditors: amounts due within one year	4	(7,570,840)	(5,898,558)
Net current assets		<u>832,486</u>	<u>1,612,577</u>
Total assets less current liabilities		1,152,681	1,936,480
Provisions for liabilities	5	(95,790)	(156,700)
Net assets		<u>1,056,891</u>	<u>1,779,780</u>
Capital and reserves			
Share capital	13	111,111	111,111
Share premium account		476,237	476,237
Retained earnings		469,543	1,192,432
Shareholders' funds		<u>1,056,891</u>	<u>1,779,780</u>

Registered company number: 03900547

For the year ended 31 March 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the directors on 23rd December 2022 and are signed on their behalf by:

DocuSigned by:

Chris Willford

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Chris Willford, Director

The accompanying accounting policies and notes form an integral part of these financial statements

System1 Research Limited**16****Unaudited financial statements for the year ended 31 March 2022****Statement of changes in equity****for the year ended 31 March 2022**

	Note	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
At 1 April 2020		111,111	476,237	961,077	1,548,425
Profit for the financial year and total comprehensive income		-	-	1,231,355	1,231,355
Transactions with owners:					
Dividends paid to owners	14	-	-	(1,000,000)	(1,000,000)
		-	-	(1,000,000)	(1,000,000)
At 31 March 2021		111,111	476,237	1,192,432	1,779,780
Profit for the financial year and total comprehensive income		-	-	2,577,111	2,577,111
Transactions with owners:					
Dividends paid to owners	14	-	-	(3,300,000)	(3,300,000)
		-	-		
At 31 March 2022		111,111	476,237	469,543	1,056,891

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements

1 Tangible fixed assets

For the year ended 31 March 2022:

	Furniture, Fittings and equipment	Computer hardware	Total
	£	£	£
At 1 April 2021			
Cost	-	19,256	19,256
Accumulated depreciation	-	(15,520)	(15,520)
Net book amount	-	3,736	3,736
Year ended 31 March 2022			
Opening net book amount	-	3,736	3,736
Additions	-	-	-
Disposals	-	-	-
Depreciation charge for the year	-	(3,710)	(3,710)
Closing net book amount	-	26	26
At 31 March 2022			
Cost	-	8,436	8,436
Accumulated depreciation	-	(8,410)	(8,410)
Net book amount	-	26	26

For the year ended 31 March 2021:

	Furniture, Fittings and equipment	Computer hardware	Total
	£	£	£
At 1 April 2020			
Cost	225,627	323,804	549,431
Accumulated depreciation	(220,737)	(310,115)	(530,852)
Net book amount	4,890	13,689	18,579
Year ended 31 March 2021			
Opening net book amount	4,890	13,689	18,579
Additions	-	-	-
Disposals	(4,153)	(86)	(4,239)
Depreciation charge for the year	(737)	(9,867)	(10,604)
Closing net book amount	-	3,736	3,736
At 31 March 2021			
Cost	-	19,256	19,256
Accumulated depreciation	-	(15,520)	(15,520)
Net book amount	-	3,736	3,736

System1 Research Limited**18****Unaudited financial statements for the year ended 31 March 2022****Notes to the financial statements (continued)****2 Investments**

	Group companies
	£
Cost and net book amount	
At 1 April 2021 and at 31 March 2022	320,169

Subsidiary undertakings

Details of subsidiary undertakings at 31 March 2022 are as follows:

	Interest in issued share capital	Country of incorporation
System1 Research BV	100%	Netherlands
System1 Research Inc	100%	USA
System1 Research Sarl	100%	Switzerland
System1 Research GmbH	100%	Germany
System1 Marketing Consulting (Shanghai) Co., Ltd	100%	China
System1 Research Do Brazil Servicos de Marketing Ltda.	99%	Brazil
System1 Research France SARL	100%	France
System1 Market Research Pte Ltd	100%	Singapore

The activity of each of the subsidiary undertakings is that of the provision of online market research services.

3 Debtors

	2022	2021
	£	£
Due within one year		
Contract costs	69,406	82,338
Trade debtors	1,267,733	1,343,296
Amounts due from group undertakings	2,116,188	1,126,766
Corporation tax debtor	31,751	-
Deferred tax (Note 12)	7,164	7,352
Prepayments	530	-
	3,492,772	2,559,752
Due after one year		
Deferred tax (Note 12)	23,948	26,163

Amounts invoiced to customers where the right to consideration was not unconditional at the balance sheet date totalled £89,794 at 31 March 2022 (2021: £140,510).

System1 Research Limited**19****Unaudited financial statements for the year ended 31 March 2022****Notes to the financial statements (continued)****4 Creditors: amounts due within one year**

	2022	2021
	£	£
Contract liabilities	393,529	250,933
Trade creditors	250,177	1,654,005
Social security and other taxes	319,939	715,475
Amounts due to group undertakings	6,054,806	2,518,241
Accruals and deferred income	-	597,687
Corporation tax payable	552,389	162,217
	<u>7,570,840</u>	<u>5,898,558</u>

Trade and other payables are due within one year and are not interest bearing. The contractual terms for the payment of trade payables are generally 45 days from receipt of invoice. From time to time, payments are received from customers prior to work being completed. Such payments are recognised in the balance sheet as contract liabilities. No revenue has been recognised in the year from performance conditions satisfied, or partially satisfied, in previous periods.

5 Provisions for liabilities

	Deferred tax liability	Dilapidation provision	Sabbatical provision	Total
	£	£	£	£
At 1 April 2020	1,426	19,000	119,600	193,449
(Utilised)/provided in the year	(1,426)	-	18,100	16,674
At 31 March 2021	-	19,000	137,700	156,700
(Utilised)/provided in the year	-	(19,000)	(41,910)	(60,910)
At 31 March 2022	-	-	95,790	95,790

The Company has a sabbatical leave scheme, open to all employees. The scheme provides 20 days paid leave for each successive period of 6 years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is measured using the projected unit credit method.

The calculation of the provision assumes an annual rate of growth in salaries of 7% (2021: 7%), and a discount rate of 2.5% (2021: 1.2%) based upon 6-year corporate bond yields.

The dilapidation provision has been transferred to the parent Company, System1 Group PLC, who is the contracting party to the leasehold arrangements.

Notes to the financial statements (continued)

6 Turnover

Turnover is attributable to services provided from the United Kingdom.

7 Operating profit

Operating profit is stated after charging:

	2022	2021
	£	£
Depreciation	3,710	10,604
Foreign exchange (gains)/losses	50,073	(35,612)

For the year ended 31 March 2022 the Company took advantage of audit exemption under section 479C of the Companies Act 2006. Auditor's remuneration for the year ended 31 March 2022 was borne by System1 Group PLC and is disclosed in that company's financial statements.

8 Employee benefit expense

The average number of staff employed by the Company during the financial year amounted to:

	2022	2021
	No	No
Number of administrative staff	35	29

The aggregate employment costs of the above were:

	2022	2021
	£	£
Wages and salaries	2,185,935	1,391,055
Social security costs	263,147	158,542
Pension costs – defined contribution plans	103,686	67,662
	<u>2,552,768</u>	<u>1,617,259</u>

9 Directors

The directors receive remuneration, including pension benefits, through System1 Group PLC. The details of directors' remuneration are disclosed in the consolidated financial statements of System1 Group PLC.

System1 Research Limited**21****Unaudited financial statements for the year ended 31 March 2022****Notes to the financial statements (continued)****10 Net interest**

	2022	2021
	£	£
Bank interest receivable	-	-
Intra-group interest receivable	-	-
Intra-group interest payable	-	32,608
	-	32,608

11 Income tax (credit)/expense

	2022	2021
	£	£
Current tax	(180,095)	213,639
Deferred tax	2,403	6,019
	(177,692)	219,658

Income tax expense for the year differs from the standard rate of taxation as follows:

	2022	2021
	£	£
Profit on ordinary activities before taxation	2,399,420	1,451,013
Profit on ordinary activities multiplied by standard rate of tax	455,890	275,693
Dividends not subject to taxation	(412,999)	(78,648)
Expenses not deductible for tax purposes	89	10,645
Adjustment to tax charge in respect of prior year	(194,449)	39,535
Adjustment for temporary differences	(3,528)	(27,567)
Group relief claimed	(15,228)	-
Remeasurement of deferred tax for change in tax rates	(7,467)	-
	(177,692)	219,658

Notes to the financial statements (continued)

12 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2022	2021
	£	£
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	23,948	26,163
- Deferred tax assets to be recovered within 12 months	7,164	7,352
	<u>31,112</u>	<u>33,515</u>
Deferred tax liabilities:		
- Deferred tax liability to be recovered within 12 months	-	-
Deferred tax asset (net):	<u>31,112</u>	<u>33,515</u>

The gross movement in deferred tax is as follows:

	2022	2021
	£	£
At beginning of year	33,515	39,534
Income statement	(2,403)	(6,019)
At end of year	<u>31,112</u>	<u>33,515</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Other provisions	Sabbatical provision	Total
	£	£	£
At 1 April 2021	7,352	26,163	33,515
Charged to income statement	(188)	(2,215)	(2,403)
At 31 March 2022	<u>7,164</u>	<u>23,948</u>	<u>31,112</u>

Notes to the financial statements (continued)

13 Share capital

Equity shares

Ordinary shares of 1 pence each:

Allotted, called up and fully paid	Number	£
At 1 April 2021 and 31 March 2022	11,111,110	111,111

Share options

System1 Group PLC has issued share options to directors and employees under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme. Details of the share options can be found in the financial statements of System1 Group PLC.

14 Dividends

	2022	2021
	£	£
Equity – Ordinary		
Interim paid: 30.0 pence (2021: 9.0 pence) per share	3,300,000	1,000,000

15 Related party transactions

The Company has taken advantage of the exemption available from the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of the group.

16 Ultimate controlling party

The immediate and ultimate controlling party of System1 Research Limited is System1 Group PLC, a company registered in England and Wales. The smallest and largest group of undertakings for which group accounts are prepared is that headed by System1 Group PLC. Copies of the group accounts are available from the Company Secretary at 4 More London Riverside, London, SE1 2AU.