

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
ACTIVATE SOLUTIONS GROUP LIMITED**

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ACTIVATE SOLUTIONS GROUP LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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ACTIVATE SOLUTIONS GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

DIRECTORS:

M J Cottman
P Spicer
J P Cordy

REGISTERED OFFICE:

2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

REGISTERED NUMBER:

08039617 (England and Wales)

AUDITORS:

Nunn Hayward LLP
Chartered Accountants
Statutory Auditor
2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

The principal activity of the group in the year under review was that of a range of services to brands, from brand design, direct consumer engagement, field marketing and outsourced sales services.

REVIEW OF BUSINESS

Consolidated group financial statements are prepared in order to reflect the financial performance and position of the group. The results of the subsidiary undertakings are reflected in these consolidated group accounts. As shown in the group's consolidated profit and loss account, the group's sales in continuing operations have increased to £27.2 million compared with £22.3 million in the previous year. The group generated an overall profit before tax of £1,636,763 this year, compared with £534,992 in the previous year.

The directors consider a key measure of the group's performance to be the commonly used measure 'Earnings Before Interest, Taxation, Depreciation and Amortisation' (EBITDA). EBITDA for the group for 2019 was £1,790,541 (2018: £687,147).

The directors are pleased with the 21.6% increase in turnover which has generated a strong EBITDA for the year. The directors are looking for continued growth in turnover and profitability for the next financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal business risk to the group would be the loss of business that would result should significant clients transfer their custom elsewhere.

The directors have identified COVID-19, that emerged globally in the early part of 2020, as the most significant economic event for the group. In light of the risk, communications with the top clients were constructive and provided assurances that the clients support the directors' decision to retain employees under the government's Coronavirus Job Retention Scheme for the months of April and May 2020 due to the reduction in demand for the group's services during that period. There is uncertainty around how the economy will emerge, however, it is the belief of management that the demand for the group's various services will continue to be strong, particularly with the group's largest clients, and management believe that the group will be able to continue as a going concern for the foreseeable future.

KEY PERFORMANCE INDICATORS

Key performance indicators are used to measure the company's performance. The director considers the key measure of the company's performance to be revenue, operating profit and EBITDA as follows:

	2019 £000	2018 £000	2017 £000	2016 £000
Turnover	27,174	22,417	20,715	16,701
Operating (loss)/profit	1,623	530	(262)	253
EBITDA	1,791	687	(7)	496

ON BEHALF OF THE BOARD:



P Spicer - Director

27 May 2020

ACTIVATE SOLUTIONS GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

DIVIDENDS

Total dividend distribution in the year amounted to £500,003 (2018: £nil).

FUTURE DEVELOPMENTS

The directors intend to continue with the current business strategies undertaken by the group and to continue to support the group companies for the foreseeable future.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

M J Cottman
P Spicer
J P Cordy

FINANCIAL INSTRUMENTS

The group experiences exposure to credit, cash flow and liquidity risk. The financial risk management objectives and policies of the group with respect to these risks are disclosed in note 24 of the financial statements.

POLITICAL DONATIONS AND EXPENDITURE

The group did not make any political donations during the year to 31 December 2019, nor for the 2018 year.

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employees at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

DISABLED PERSONS

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACTIVATE SOLUTIONS GROUP LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Nunn Hayward LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



P Spicer - Director

27 May 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACTIVATE SOLUTIONS GROUP LIMITED

Opinion

We have audited the financial statements of Activate Solutions Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

COVID-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and impacts unknown. We applied a standardised, firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACTIVATE SOLUTIONS GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 a Report of the Auditors 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.

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 Report of the Auditors.

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 a Report of the Auditors 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.

Nunn Hayward LLP

Daniel Palmer (Senior Statutory Auditor)
for and on behalf of Nunn Hayward LLP
Chartered Accountants
Statutory Auditor
2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

Date: 27th May 2020

ACTIVATE SOLUTIONS GROUP LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 Continuing £	2019 Discontinued £	2019 Total £
TURNOVER	3	27,174,115	-	27,174,115
Staff costs		(16,911,748)	-	(16,911,748)
Depreciation		(167,472)	-	(167,472)
Other operating expenses		(8,471,826)	-	(8,471,826)
OPERATING PROFIT	5	1,623,069	-	1,623,069
Interest receivable and similar income		13,694	-	13,694
Amounts written off investments		-	-	-
PROFIT BEFORE TAXATION		1,636,763	-	1,636,763
Tax on profit	6	(269,956)	-	(269,956)
PROFIT FOR THE FINANCIAL YEAR		1,366,807	-	1,366,807
Profit attributable to: Owners of the parent				1,366,807

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2018 Continuing £	2018 Discontinued £	2018 Total £
TURNOVER	3	22,351,022	65,872	22,416,894
Other operating income		47,745	-	47,745
		<u>22,398,767</u>	<u>65,872</u>	<u>22,464,639</u>
Staff costs		(13,984,625)	(16,239)	(14,000,864)
Depreciation		(89,367)	(67,364)	(156,731)
Other operating expenses		<u>(7,686,290)</u>	<u>(90,338)</u>	<u>(7,776,628)</u>
OPERATING PROFIT/(LOSS)	5	638,485	(108,069)	530,416
Interest receivable and similar income		4,576	-	4,576
Amounts written off investments		-	-	-
		<u>643,061</u>	<u>(108,069)</u>	<u>534,992</u>
PROFIT/(LOSS) BEFORE TAXATION				
Tax on profit/(loss)	6	(31,802)	-	(31,802)
		<u>611,259</u>	<u>(108,069)</u>	<u>503,190</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR				
Profit/(loss) attributable to: Owners of the parent				<u>503,190</u>

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		1,366,807	503,190
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,366,807</u>	<u>503,190</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,366,807</u>	<u>503,190</u>

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED (REGISTERED NUMBER: 08039617)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	9		292,817		366,021
Tangible assets	10		190,998		115,970
Investments	11		-		-
			<u>483,815</u>		<u>481,991</u>
CURRENT ASSETS					
Debtors	12	3,482,255		3,436,494	
Cash at bank and in hand		<u>2,928,785</u>		<u>2,254,380</u>	
		6,411,040		5,690,874	
CREDITORS					
Amounts falling due within one year	13	<u>4,511,530</u>		<u>4,669,710</u>	
NET CURRENT ASSETS			<u>1,899,510</u>		<u>1,021,164</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,383,325		1,503,155
CREDITORS					
Amounts falling due after more than one year	14		<u>99,786</u>		<u>86,416</u>
NET ASSETS			<u>2,283,539</u>		<u>1,416,739</u>
CAPITAL AND RESERVES					
Called up share capital	17		12,698		12,702
Share premium	18		59,263		59,263
Capital redemption reserve	18		1,930		1,930
Other reserves	18		4,054		4,054
Retained earnings	18		<u>2,205,594</u>		<u>1,338,790</u>
SHAREHOLDERS' FUNDS			<u>2,283,539</u>		<u>1,416,739</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2020 and were signed on its behalf by:



P Spicer - Director

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED (REGISTERED NUMBER: 08039617)

COMPANY BALANCE SHEET
31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		936,332		936,332
			<u>936,332</u>		<u>936,332</u>
CREDITORS					
Amounts falling due within one year	13	838,625		838,606	
NET CURRENT LIABILITIES			<u>(838,625)</u>		<u>(838,606)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>97,707</u>		<u>97,726</u>
CAPITAL AND RESERVES					
Called up share capital	17		12,698		12,702
Share premium	18		59,263		59,263
Capital redemption reserve	18		1,030		1,030
Other reserves	18		4,054		4,054
Retained earnings	18		20,662		20,677
SHAREHOLDERS' FUNDS			<u>97,707</u>		<u>97,726</u>
Company's profit/(loss) for the financial year			<u>499,988</u>		<u>(13,294)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2020 and were signed on its behalf by:

.....
P Spicer - Director

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £
Balance at 1 January 2018	11,254	835,600	59,263	1,930
Changes in equity				
Issue of share capital	1,448	-	-	-
Total comprehensive income	-	503,190	-	-
Balance at 31 December 2018	12,702	1,338,790	59,263	1,930
Changes in equity				
Issue of share capital	(4)	-	-	-
Dividends	-	(500,003)	-	-
Total comprehensive income	-	1,366,807	-	-
Balance at 31 December 2019	12,698	2,205,594	59,263	1,930
	Other reserves £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	4,054	912,101	-	912,101
Changes in equity				
Issue of share capital	-	1,448	-	1,448
Total comprehensive income	-	503,190	-	503,190
Balance at 31 December 2018	4,054	1,416,739	-	1,416,739
Changes in equity				
Issue of share capital	-	(4)	-	(4)
Dividends	-	(500,003)	-	(500,003)
Total comprehensive income	-	1,366,807	-	1,366,807
Balance at 31 December 2019	4,054	2,283,539	-	2,283,539

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2018	11,254	33,971	59,263
Changes in equity			
Issue of share capital	1,448	-	-
Total comprehensive income	-	(13,294)	-
Balance at 31 December 2018	12,702	20,677	59,263
Changes in equity			
Issue of share capital	(4)	-	-
Dividends	-	(500,003)	-
Total comprehensive income	-	499,988	-
Balance at 31 December 2019	12,698	20,662	59,263
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2018	1,030	4,054	109,572
Changes in equity			
Issue of share capital	-	-	1,448
Total comprehensive income	-	-	(13,294)
Balance at 31 December 2018	1,030	4,054	97,726
Changes in equity			
Issue of share capital	-	-	(4)
Dividends	-	-	(500,003)
Total comprehensive income	-	-	499,988
Balance at 31 December 2019	1,030	4,054	97,707

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	1,314,187	667,876
Tax paid		15,827	(47,822)
Net cash from operating activities		<u>1,330,014</u>	<u>620,054</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(180,021)	(81,003)
Sale of tangible fixed assets		10,725	-
Interest received		13,694	4,576
Net cash from investing activities		<u>(155,602)</u>	<u>(76,427)</u>
Cash flows from financing activities			
Loan repayments in year		-	(12,501)
Share buyback		(4)	1,448
Equity dividends paid		(500,003)	-
Net cash from financing activities		<u>(500,007)</u>	<u>(11,053)</u>
Increase in cash and cash equivalents		<u>674,405</u>	<u>532,574</u>
Cash and cash equivalents at beginning of year	2	2,254,380	1,721,806
Cash and cash equivalents at end of year	2	<u><u>2,928,785</u></u>	<u><u>2,254,380</u></u>

The notes form part of these financial statements

ACTIVATE SOLUTIONS GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Profit before taxation	1,636,763	534,992
Depreciation charges	178,197	99,690
(Profit)/loss on disposal of fixed assets	(10,725)	1,386
Goodwill impairment	-	55,655
Finance income	(13,694)	(4,576)
	<u>1,790,541</u>	<u>687,147</u>
Increase in trade and other debtors	(93,506)	(1,041,321)
(Decrease)/increase in trade and other creditors	(382,848)	1,022,050
Cash generated from operations	<u><u>1,314,187</u></u>	<u><u>667,876</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u><u>2,928,785</u></u>	<u><u>2,254,380</u></u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	<u><u>2,254,380</u></u>	<u><u>1,721,806</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,254,380</u>	<u>674,405</u>	<u>2,928,785</u>
	<u>2,254,380</u>	<u>674,405</u>	<u>2,928,785</u>
Total	<u><u>2,254,380</u></u>	<u><u>674,405</u></u>	<u><u>2,928,785</u></u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Activate Solutions Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial information is presented in pounds sterling, rounded to the nearest £1.

The fair value of the investments reflects the existence of events known as of 31 December 2019. The COVID-19 pandemic has been deemed as a non-adjusting event, as it wasn't a known factor at the balance sheet date.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated balance sheet immediately below goodwill.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. All intra-group transactions, balances, income and expenses are eliminated fully on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2. 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 for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is impaired to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Goodwill and intangible assets

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the consolidated balance sheet and amortised on a straight line basis over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

The directors have identified the COVID-19 pandemic as a significant economic event for the global economy and hence for the business. The directors made enquiries of its significant customers and considered the financial position of the parent company and its group undertakings. The conclusion of this review supports the decision to continue to trade as a going concern and to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover consists of amounts receivable for field marketing and out-sourced sales services and is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. Revenue is recognised as the service is performed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 20% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost and 20% on cost
Computer equipment	- 50% on cost, 33% on cost and 25% on cost

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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 recognised when income or expenses from a subsidiary have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated 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.

With the exception of changes arising on the initial recognition of a business combination, the tax expense or income is presented either in profit or loss, other comprehensive income or equity, depending on the transaction that resulted in the tax expense or income.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities or which are intended to be realised and settled simultaneously.

Operating lease commitments

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Debtors

Short term debtors are measured at transaction price, less any impairment. They do not carry any interest.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	15,171,664	12,612,139
Social security costs	1,326,704	1,120,875
Other pension costs	413,380	267,850
	<u>16,911,748</u>	<u>14,000,864</u>

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018
Head office	87	83
Field staff	444	387
	<u>531</u>	<u>470</u>

	2019 £	2018 £
Directors' remuneration	411,560	283,915
Directors' pension contributions to money purchase schemes	<u>61,714</u>	<u>35,358</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	157,871	131,220
Pension contributions to money purchase schemes	<u>11,733</u>	<u>-</u>

5. OPERATING PROFIT

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

	2019 £	2018 £
Hire of plant and machinery	-	4,470
Other operating leases	117,170	201,727
Depreciation - owned assets	104,993	14,777
(Profit)/loss on disposal of fixed assets	(10,725)	1,386
Goodwill amortisation	73,204	84,913
Auditors' remuneration	12,600	12,300
Other non- audit services	8,266	6,109
Foreign exchange differences	(7,835)	7,610
Goodwill impairment	<u>-</u>	<u>55,655</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	269,840	31,802
Corporation tax adjustment re previous year	<u>116</u>	<u>-</u>
Tax on profit	<u>269,956</u>	<u>31,802</u>

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	1,636,763	534,992
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	310,985	101,648
Effects of:		
Other adjustments	(41,029)	(69,846)
Total tax charge	269,956	31,802

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	2019 £	2018 £
A Ordinary shares of 1p each Interim	202,147	-
B Ordinary shares of 1p each Interim	202,148	-
D Ordinary shares of 1p each Interim	17,100	-
E Ordinary shares of 1p each Interim	56,488	-
F Ordinary shares of 1p each Interim	22,120	-
	500,003	-

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Other intangibles £	Totals £
COST			
At 1 January 2019 and 31 December 2019	820,091	22,212	842,303
AMORTISATION			
At 1 January 2019	454,070	22,212	476,282
Amortisation for year	73,204	-	73,204
At 31 December 2019	527,274	22,212	549,486
NET BOOK VALUE			
At 31 December 2019	292,817	-	292,817
At 31 December 2018	366,021	-	366,021

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2019	104,769	11,725	156,118	804,828	1,077,440
Additions	142,343	-	7,713	29,965	180,021
Disposals	(51,809)	-	(120,643)	(526,454)	(698,906)
At 31 December 2019	195,303	11,725	43,188	308,339	558,555
DEPRECIATION					
At 1 January 2019	78,002	11,725	122,910	748,833	961,470
Charge for year	35,247	-	13,326	56,420	104,993
Eliminated on disposal	(51,809)	-	(120,643)	(526,454)	(698,906)
At 31 December 2019	61,440	11,725	15,593	278,799	367,557
NET BOOK VALUE					
At 31 December 2019	133,863	-	27,595	29,540	190,998
At 31 December 2018	26,767	-	33,208	55,995	115,970

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019 and 31 December 2019	936,332
NET BOOK VALUE	
At 31 December 2019	936,332
At 31 December 2018	936,332

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Field Sales Solutions Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Field Marketing

Class of shares:	% holding	2019 £	2018 £
Ordinary	100.00		
Aggregate capital and reserves		2,673,185	1,837,114
Profit for the year		1,081,073	323,187

ACTIVATE SOLUTIONS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. FIXED ASSET INVESTMENTS - continued

Field Sales Solutions Tactical Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Field Marketing

	% holding	2019	2018
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		24,418	50,484
Profit for the year		8,934	19,713

Ovation London Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Creative Agency

	% holding	2019	2018
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		-	100
Profit for the year		-	4,690

Fieldology Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Field Marketing

	% holding	2019	2018
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		10,174	(160,416)
Profit for the year		170,590	127,619

Box Marketing Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Field Marketing

	% holding	2019	2018
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		121,564	165,227
Profit for the year		176,337	72,463

Activate Fulfilment Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Warehousing and storage facilities

	% holding	2019	2018
Class of shares:	100.00	£	£
Ordinary			
Aggregate capital and reserves		-	(156)
Profit for the year/period		-	20,619

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2019**

11. FIXED ASSET INVESTMENTS - continued

StreetAd Limited

Registered office: 2-4 Packhorse Road, Gerrards Cross, Bucks. SL9 7QE

Nature of business: Digital Screen Advertising

	%		
Class of shares:	holding		
Ordinary	100.00		
		2019	30.11.18
		£	£
Aggregate capital and reserves		-	10
Profit for the year/period		-	8,413
		<u> </u>	<u> </u>

Subsidiary undertakings Box Marketing Limited, Field Sales Solutions Tactical Limited and Fieldology Limited have claimed audit exemption under Companies Act 2006 Section 479A with respect to the year ended 31 December 2019. The group parent company, Activate Solutions Group Limited, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby Activate Solutions Group Limited will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 December 2019.

Subsidiary undertakings Activate Fulfilment Limited, StreetAd Limited and Ovation London Limited all ceased to trade during the previous year. Activate Fulfilment Limited was formally dissolved on 23 April 2019, StreetAd Limited was formally dissolved on 7 May 2019 and Ovation London Limited was formally dissolved on 21 May 2019.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2019	2018
	£	£
Trade debtors	2,540,740	2,331,535
Other debtors	60,413	91,313
Tax	-	47,745
Prepayments and accrued income	881,102	965,901
	<u>3,482,255</u>	<u>3,436,494</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	-	-	5	-
Trade creditors	721,162	606,166	-	-
Amounts owed to group undertakings	-	-	838,620	838,606
Corporation tax	269,840	31,802	-	-
Social security and other taxes	1,056,925	1,233,135	-	-
Other creditors	133,481	125,851	-	-
Accruals and deferred income	2,330,122	2,672,756	-	-
	<u>4,511,530</u>	<u>4,669,710</u>	<u>838,625</u>	<u>838,606</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2019	2018
	£	£
Accruals and deferred income	99,786	86,416
	<u> </u>	<u> </u>

ACTIVATE SOLUTIONS GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	2019	Non-cancellable operating leases 2018
	£	£
Within one year	103,742	109,794
Between one and five years	405,815	385,175
In more than five years	50,346	-
	<u>559,903</u>	<u>494,969</u>

16. FINANCIAL INSTRUMENTS

The carrying amount of the group's financial instruments are as follows:

	2019 £	2018 £
Financial assets		
Measured at amortised cost:		
-Cash at bank	2,928,785	2,254,380
-Trade debtors (note 12)	2,540,740	2,331,535
-Other debtors (note 12)	83,722	91,313
-Accrued income (note 12)	125,174	249,359
	<u>5,678,421</u>	<u>4,926,587</u>
Financial liabilities		
Measured at amortised cost:		
-Bank loans and overdrafts (note 12)	-	-
-Trade creditors (note 12)	721,162	606,166
-Other creditors (note 12)	133,405	125,851
-Accruals and deferred income (note 12 & 13)	2,429,908	2,759,172
	<u>3,284,475</u>	<u>3,491,189</u>

The total interest income for financial assets that are not measured at fair value through profit or loss was £13,694 (2018: £4,576).

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
455,000	A Ordinary	1p	4,550	4,550
455,000	B Ordinary	1p	4,550	4,550
38,490	D Ordinary	1p	385	385
127,144	E Ordinary	1p	1,271	1,271
49,789	F Ordinary	1p	498	498
2,764	G Ordinary	1p	28	28
2,328	H Ordinary	60p	1,397	1,397
1,455	I Ordinary	1p	14	17
500	J Ordinary	1p	5	6
			<u>12,698</u>	<u>12,702</u>

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 DECEMBER 2019**

17. CALLED UP SHARE CAPITAL - continued

As determined in the company's Articles of Association, available from the Companies House, the share rights of the different classes are as follows:

A, B and C ordinary shares are non-redeemable, have the right to receive notice of and attend and vote at any general meeting of the company.

H ordinary shares are non-redeemable, have the right to receive notice of and attend and vote at any general meeting of the company. Each holder of H ordinary shares present in person or by proxy shall be entitled to 45 votes for each H ordinary share held.

D, E, F, G, I, and J ordinary shares are non-redeemable, have no right to receive notice of, attend or vote at any general meeting of the company.

EBITDA is required to exceed £1.5 million in any financial year of the company before dividends can be declared or paid to holders of G, H, I and J ordinary shares. Dividends are paid as if all shares were constituted as one class unless otherwise directed by a shareholders' resolution, the directors' decision to pay a dividend or the terms on which shares are issued. Dividends are paid by reference to each shareholder's holding on the date of the resolution or decision to declare or pay it.

The distribution of assets on a liquidation or a return of capital (other than a conversion, redemption, or purchase of shares), shall be paid as follows:

1. £1 to the holders of deferred share, if any;
2. The first £11,104,986 shall be paid out, pari passu, to the holders of A, B, C, D, E and F ordinary shares;
3. The next £2,895,014 shall be paid out, pari passu, to the holders of A, B, C, D, E and F ordinary share where the allocation to the B and F ordinary shares are reduced by 4 below.
4. To G, H and I ordinary shares calculated as a proportion of the payment to B and F ordinary shares calculated in 3 above.

Assets available for distribution in excess of £14 million shall be paid as follows:

5. To the holders of A, B, C, D, E and F ordinary shares, pari passu, where the allocation to the B and F ordinary shares are reduced by 6 below.
6. To G, H and I ordinary shares calculated as a proportion of the payment to B and F ordinary shares calculated in 5 above.
7. To A ordinary shares calculated in 5 above but reduced by the payment to J ordinary shares as calculated in 8 below;
8. To J ordinary shares calculated as a proportion of the payment to A ordinary shares calculated in 5 above.

18. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2019	1,338,790	59,263	1,930	4,054	1,404,037
Profit for the year	1,366,807				1,366,807
Dividends	(500,003)				(500,003)
At 31 December 2019	<u>2,205,594</u>	<u>59,263</u>	<u>1,930</u>	<u>4,054</u>	<u>2,270,841</u>

ACTIVATE SOLUTIONS GROUP LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****18. RESERVES - continued****Company**

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2019	20,677	59,263	1,030	4,054	85,024
Profit for the year	499,988				499,988
Dividends	(500,003)				(500,003)
At 31 December 2019	<u>20,662</u>	<u>59,263</u>	<u>1,030</u>	<u>4,054</u>	<u>85,009</u>

Other reserves comprise the share-based payment reserve, which arose on the granting of 45,039 "E" ordinary shares to the employees of subsidiary undertaking Field Sales Solutions Limited on 30 April 2012. These shares were awarded and vested on 30 April 2012 and their fair value has been determined based on a valuation of 10 pence per "E" ordinary share and was accounted for as an equity-settled share-based payment transaction. A weighted average fair value of the shares was not calculated as there were no vesting conditions.

19. PENSION COMMITMENTS

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group into the funds. The contributions payable by the group for the year amount to £413,380 (2018: £267,850).

20. CONTINGENT LIABILITIES

The company has given guarantees and charges over its assets in favour of other group companies in support of certain borrowings of those companies. At the balance sheet date there was no amount outstanding under these borrowings.

21. RELATED PARTY DISCLOSURES

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the group and other related parties are disclosed below.

During the year, Field Sales Solutions Limited paid £99,740 (2018: £128,758) for the rent of the business premises owned by S P McQuillan's and M J Cottman's Self Invested Personal Pension Plans. Included in prepayments is an amount of £39,246 (2017: £35,662) relating to future rental periods.

22. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic has been identified as a relevant event, but it is deemed to be a non-adjusting post balance sheet event as the condition did not exist at the balance sheet date. The effects of the pandemic on the industry and wider economic markets is not known at this stage and it is therefore difficult to predict how the group will be affected. However, the directors have been in contact with some of the main customers the group provides services for and those services are being considered essential. This indicates a continuing demand for the group's services for the immediate future and the strength of the group's financial position along with the support from its customers, in the short term, supports the decision to prepare accounts on the going concern basis.

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties of the group are S P McQuillan and M J Cottman.

24. **FINANCIAL RISK MANAGEMENT**

The group's activities expose it to a variety of financial risks which include credit risk, cash flow risk and liquidity risk.

The group uses different methods to measure different types of risk to which it is exposed. For the purposes of financial statements disclosures, these methods include ageing analysis for credit and liquidity risks as well as regular budget reviews and cashflow forecasting for cash flow risk.

Credit risk

The group may offer credit terms to its customers which allow payment of the debt after goods have been transported and services utilised. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships developed and the fact that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Cash flow risk

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day to day operations. The group manages cash flow risk by careful negotiation of terms with customers and suppliers.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation and cash collection.