

The Nostrum Group Limited

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2020

WEDNESDAY



AAE1Q4Q9

A10

29/09/2021

#55

COMPANIES HOUSE

The Nostrum Group Limited
Registration number: 04274181

Contents

	Page(s)
	1
Company information	2 to 3
Strategic report	4 to 5
Directors' report	6
Statement of comprehensive income	7 to 8
Statement of financial position	9
Statement of changes in equity	10 to 22
Notes to the unaudited financial statements	

The Nostrum Group Limited

Registration number: 04274181

Company information

Directors	R Carter
	N Fell
	A Green
Company secretary	Prism Cosec Limited
Registered office	Highdown House Yeoman Way Worthing West Sussex BN99 3HH United Kingdom

The Nostrum Group Limited

Registration number: 04274181

Strategic report for the year ended 31 December 2020

The directors present their strategic report for The Nostrum Group Limited for the year ended 31 December 2020.

General information

The Nostrum Group Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company is a wholly owned subsidiary of Equiniti Holdings Limited which is part of the Equiniti Group plc group of companies (the "Group"). The Group comprises Equiniti Group plc, which is listed on the London Stock Exchange, and its subsidiary companies as listed in note 4.6 of Equiniti Group plc's annual report for the year ended 31 December 2020. Copies of Equiniti Group plc's annual report are available from the locations listed in note 18 of the notes to the financial statements.

Principal activity

The principal activity of the Company is supplying IT solutions to the financial services sector. The Company offers technologies and services that comply with the Consumer Credit Act to support the whole life cycle of lenders' operations, from front-end lead generation and application processing, through to customer servicing and delinquency management across a number of different consumer and commercial financial products.

The Company is regulated by the Financial Conduct Authority ("FCA").

Review of the business

As the COVID-19 pandemic emerged at the start of 2020, the Group's priorities were to support and protect the safety and welfare of the Group's employees, which includes those assigned to work on projects in this Company, and to continue supporting the Company's clients. The Group's response involved a rapid and coordinated demobilisation of sites and an almost complete transition to home-working and flexible working hours. The Company continued to operate during 2020 and services were largely unaffected.

However, the Company completed fewer licence sales with new customers than in previous years, due to the instability in the general market and businesses opting to remain with their current systems rather than take on additional risks of system changes in the year. This resulted in a decrease in revenue of 25% from 2019 and also impacted EBITDA significantly due to licence sales having a higher margin than implementation and ongoing project work. The Company continued to invest in its software, Ice.Net.

The Company's key financial performance indicators are revenue and EBITDA, which reconcile to (loss)/profit before income tax as follows:

	2020 £ 000	2019 £ 000
Revenue	8,277	10,980
Administrative costs	(9,903)	(8,172)
EBITDA*	(1,626)	2,808
Depreciation, amortisation and dividend income	(889)	(517)
(Loss)/profit before income tax	(2,515)	2,291

*EBITDA is defined as profit before interest, tax, depreciation and amortisation. EBITDA is the performance measure used by the Company which the directors feel best reflects the sustainable operating performance of the business.

Future developments

The directors are committed to further developing the scope and capability of the Company's products and services, ensuring they remain at the forefront of the market and allow the business to further extend its client footprint.

Principal risks and uncertainties

The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Group, which include those of the Company and the Group, are discussed in the strategic report within Equiniti Group plc's annual report.

The Nostrum Group Limited

Registration number: 04274181

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement

This statement describes how the directors have taken account of the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the Company for the benefit of its members as a whole, and in doing so having regard (amongst other matters) to:

- the likely consequence of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the Company.

The Board is fully aware of its duty under section 172(1) of the Companies Act 2006 to promote the success of the Company for the benefit of its members. The Board is aware of all stakeholder interests, and as such takes a long-term view in reaching key decisions, and when taking decisions, the Board looks to act in the interests of the stakeholders and to ensure all stakeholders are treated fairly. There were no key strategic decisions made by the Board in the year.

The Company's Board, however, generally aligned its consideration of matters under s172 with the directors of the Group's Board. An explanation of how the Group's Board have considered these matters at a Group level, which includes the Company, are included in the Sustainability section of the Strategic Report of the Equiniti Group plc Annual Report 2020.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
N Fell
Director

Company registration number: 04274181

The Nostrum Group Limited

Registration number: 04274181

Directors' report for the year ended 31 December 2020

The directors present their report and the unaudited financial statements for the Company for the year ended 31 December 2020.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

R Carter

N Fell (appointed 26 November 2020)

A Green

S Sangar (resigned 29 July 2020)

G Wakeley (resigned 4 January 2021)

A Stephen (resigned 31 July 2020)

Review of the business and future developments

The Company's results, future developments and principal risks and uncertainties are discussed in the strategic report on pages 2 to 3.

Dividends

The directors do not recommend a final dividend for the year ended 31 December 2020 (2019 - £nil).

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Directors' liabilities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Directors' and officers' liability insurance has been purchased by the Company's ultimate parent company, Equiniti Group plc. The insurance does not provide cover in the event that a director is proved to have acted fraudulently. Indemnity insurance is maintained for the Company's directors and officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Statement of directors responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, 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 of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

The Nostrum Group Limited

Registration number: 04274181

Directors' report for the year ended 31 December 2020 (continued)

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
N Fell

Director

Company registration number: 04274181

The Nostrum Group Limited

Registration number: 04274181

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	8,277	10,980
Administrative costs	5	(9,903)	(8,172)
Amortisation of intangible assets	11	(893)	(516)
Dividends received from subsidiaries		4	-
Finance costs	8	-	(1)
(Loss)/profit before income tax		(2,515)	2,291
Income tax credit/(expense)	9	467	(449)
(Loss)/profit and total comprehensive (loss)/income for the financial year		<u>(2,048)</u>	<u>1,842</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

The Nostrum Group Limited

Registration number: 04274181

Statement of financial position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Assets			
Non-current assets			
Intangible assets	11	6,568	6,335
Investments in subsidiaries	12	-	4
		<u>6,568</u>	<u>6,339</u>
Current assets			
Trade and other receivables	13	2,885	4,271
Contract fulfilment assets		5,856	6,380
Income tax asset		500	-
Cash and cash equivalents		43	159
		<u>9,284</u>	<u>10,810</u>
Total assets		<u>15,852</u>	<u>17,149</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	9	182	124
Current liabilities			
Trade and other payables	15	10,529	9,207
Contract fulfilment liabilities		31	306
Income tax liability		-	351
Other current financial liabilities	14	-	3
		<u>10,560</u>	<u>9,867</u>
Total liabilities		<u>10,742</u>	<u>9,991</u>
Net assets		<u>5,110</u>	<u>7,158</u>
Equity			
Share capital	16	802	802
Retained earnings		4,308	6,356
Total equity		<u>5,110</u>	<u>7,158</u>

For the financial year ended 31 December 2020 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 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The notes on pages 10 to 22 form an integral part of these financial statements.

The Nostrum Group Limited

Registration number: 04274181

Statement of financial position as at 31 December 2020 (continued)

The financial statements on pages 6 to 23 were approved by the Board on 23 September 2021 and signed on its behalf by:



.....
N Fell
Director

Company registration number: 04274181

The notes on pages 10 to 22 form an integral part of these financial statements.

The Nostrum Group Limited

Registration number: 04274181

Statement of changes in equity for the year ended 31 December 2020

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2020	802	6,356	7,158
Loss and total comprehensive loss for the financial year	-	(2,048)	(2,048)
At 31 December 2020	<u>802</u>	<u>4,308</u>	<u>5,110</u>

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2019	802	4,514	5,316
Profit and total comprehensive income for the financial year	-	1,842	1,842
At 31 December 2019	<u>802</u>	<u>6,356</u>	<u>7,158</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020

1 General information

The Company is a private company limited by shares, incorporated and domiciled in England and Wales.

The registered office address of the Company is:

Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH
United Kingdom

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or estimation and which are significant to the financial statements, are disclosed in note 3.

These financial statements are presented in British Pounds ("£") which is the Company's functional currency.

Summary of disclosure exemptions

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 1 Presentation of Financial Statements, paragraphs:
 - 10(d) - Statement of cash flows
 - 16 - Statement of compliance with all IFRS
 - 38B-D - Additional comparative information in respect of IAS 16 Property, Plant and Equipment paragraph 73(e) and IAS 38 Intangible Assets paragraph 118(e)
 - 134 to 136 - Capital management disclosures
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 30 and 31 - New standards issued but not yet effective
- IAS 24 Related Party Disclosures, paragraphs 17 and 18A - Certain key management personnel information and related party disclosures with transactions entered into between wholly owned group companies
- IAS 36 Impairment of Assets, paragraphs 134(d) to 134(f) and 135(c) to 135(e) - Key assumptions and estimates used to measure value in use of cash-generating units
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement, paragraphs 91 to 99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities
- IFRS 15 Revenue from Contracts with Customers, paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 - Detailed revenue disclosures

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Exemption from preparing group financial statements

These financial statements contain information about The Nostrum Group Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the Company's ultimate parent, *Equiniti Group plc*, a company incorporated in England and Wales.

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

New standards, interpretations and amendments

There are no standards, interpretations and amendments effective for the first time from 1 January 2020 that had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Intangible assets

Goodwill

Goodwill arises on the purchase of trade and assets of a business and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred is less than the fair value of the net assets acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, development and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs, an appropriate portion of relevant overheads and external consultancy costs. Other development related costs that are not directly attributable or do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised software also includes purchased licences when the expenditure satisfies the recognition criteria in IAS 38 Intangible Assets. These items are capitalised at cost and amortised on a straight line basis over their useful economic life or the term of the contract.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets, from the date they are available for use. The estimated useful lives are as follows:

Software	5 years
----------	---------

Investments

Investments in subsidiaries are carried at cost less any provisions for impairment.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that have suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

Trade receivables represent amounts invoiced to customers, but not yet paid. Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Expected credit losses are recognised using the simplified approach as set out in IFRS 9 Financial Instruments and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. The expected credit loss model applies a percentage, based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets. Where there is objective evidence that the Company will not be able to collect any amounts due according to the original terms of the agreement with the customer, the receivable is fully impaired and the loss is recognised within administrative costs in the statement of comprehensive income.

Amounts due from Group undertakings

Amounts due from Group undertakings are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. Provisions for impairment are recognised using the simplified approach as set out in IFRS 9 and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. Balances are unsecured and repayable on demand.

Contract fulfilment assets

When software or services are supplied to a customer before an invoice is raised, a contract fulfilment asset is recognised in the statement of financial position, and represents the right to receive consideration from the customer for goods or services delivered. The asset is measured as the fair value of the goods or services supplied, less provisions for impairment. The Company's contracts with customers often include a payment schedule which determine when invoices are raised, and settlement is received, during the contractual term.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are recognised within current liabilities in the statement of financial position.

Financial instruments

A financial asset or financial liability is only recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Classification and measurement

The Company's financial assets which include trade and other receivables (excluding prepayments) and contract fulfilment assets, are initially recognised at fair value, plus any transactions costs that are directly attributable to the acquisition of the financial asset. They are subsequently measured at amortised cost, less expected credit losses.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Under IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Financial liabilities are classified and measured at amortised cost using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Trade and other payables

Trade and other payables represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade and other payables are unsecured. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Amounts due to Group undertakings

Amounts due to Group undertakings represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. Balances are unsecured and repayable on demand. Amounts due to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract fulfilment liabilities

Contract fulfilment liabilities are recorded when the Company has received consideration from customers, but still has an obligation to deliver software or services to the customer and meet performance obligations for that consideration. The liability is measured as the fair value of the consideration received.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Defined contribution pension scheme

The employees of the Company participate in a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separately administered fund. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue, which excludes sales tax, represents the value of software and services provided under contract to customers in the United Kingdom. Contract revenue is measured as the fair value of the consideration receivable for software and services provided.

The Company's contracts may contain multiple deliverables to the customer. Management evaluates whether those deliverables are distinct, which requires them to be accounted for as separate performance obligations under IFRS 15 Revenue from Contracts with Customers. If the deliverables are not distinct, they are combined with other deliverables until a distinct performance obligation can be identified in the contract. If a series of distinct deliverables are substantially the same and have the same pattern of transfer to the customer, the deliverables may be combined and accounted for as a single performance obligation.

Revenue is recognised either at a point in time, or over time, as the Company satisfies each contractual performance obligation and control of the performance obligation is transferred to the customer.

Revenue recognised for software supplied and services provided, but not yet invoiced, is reflected in the statement of financial position within contract fulfilment assets. Amounts invoiced in advance of work being performed are deferred in the statement of financial position as contract fulfilment liabilities.

Professional services

Revenue from fixed-price contracts, which may span a number of years, is recognised rateably over the expected life of the contract, where the Company satisfies the over time revenue recognition criteria. When the over time criteria are not satisfied, the Company recognises revenue at a point in time when the contractual performance obligations are delivered. Where the Company provides staff to customers at hourly or daily rates, revenue is recognised on the basis of time worked.

Software sales, hosting and support services

Revenue for software licences is recognised at a point in time when the licences are delivered to the customer, as this results in the customer having the right to use the licence, and therefore the performance obligation is delivered in full. Revenue for hosting and support services are recognised rateably over the term of the agreement.

When products are bundled together for the purpose of sale, the associated revenue net of all applicable discounts, is allocated between the constituent performance obligations on a relative fair value basis. The Company has a systematic basis for allocating relative fair values in these situations, based upon published list prices.

Long term contracts

Where delivery of services spans more than one accounting period, revenue is either recognised over time or at a point in time. Where the over time criteria in IFRS 15 are satisfied, the Company recognises revenue using the 'percentage of completion' method. These services typically take less than one year to perform but, when the service falls into two or more accounting periods, there is management judgement around how much revenue to recognise in each period. Where provided for under the terms of the contract, the stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period, as a percentage of the total estimated cost for the contract. Total costs incurred under contracts in progress, net of amounts transferred to the statement of comprehensive income, are stated less foreseeable losses and payments on account. Where the over time criteria are not satisfied, and the contract allows, revenue is recognised when the performance obligations are delivered to the customer, which may not be until the end of the contractual period.

In determining how much revenue to recognise, management is required to make an assessment of the expected costs to complete the contract. Forecasting contract costs involves judgements around the number of hours to complete a task, cost savings to be achieved over time, anticipated profitability of the contract, as well as contract-specific performance KPIs. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Finance income and costs

Finance income and finance costs comprise interest payable and interest receivable on own funds. Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

Tax on the result for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Company is a member of the Equiniti Group plc tax group in which all eligible Group company's taxable profits and losses are group relieved. All eligible Group companies share liability for the Groups overall tax liability and record their own share of tax payable or receivable at the reporting date. The balance is subsequently paid to or received from a fellow Group company or settled via the intercompany account.

Current tax is the expected tax payable on the taxable profits for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset in respect of trading losses is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no significant accounting estimates or judgements within these financial statements.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Rendering of services	8,277	10,980

Revenue recognised in the year from:

	2020 £ 000	2019 £ 000
Amounts included in contract fulfilment liabilities at the beginning of the year	258	299

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

5 Administrative costs

Expenses by nature:	2020 £ 000	2019 £ 000
Net staff costs recharged from fellow Group companies	602	4,578
Staff costs capitalised in respect of software development	-	(1,364)
Direct costs	818	2,889
Printing and postage	6	18
IT licences and maintenance	921	16
Bought in services	934	815
Premises costs	140	141
Other expenses	6,482	1,079
	<u>9,903</u>	<u>8,172</u>

At the start of the reporting year, the recharging process for staff costs changed and staff costs where employees spent time working on projects in this Company were recharged as part of an overall expense and included within other expenses.

6 Staff numbers and costs

The Company did not employ any persons during the current or prior year, however staff costs were recharged from fellow Group companies where staff time was spent on projects within this Company. The aggregate staff costs recharged to the Company are included within administrative costs in note 5.

7 Directors' remuneration

One (2019 - two) director was remunerated by the Company for their services during the year. Their remuneration for the year, which was recharged to the Company from a fellow Group company, was as follows:

	2020 £ 000	2019 £ 000
Remuneration	251	303
Company contributions to money purchase pension schemes	27	32
	<u>278</u>	<u>335</u>

During the year the number of directors who were receiving pension benefits and share incentives was as follows:

	2020 Number	2019 Number
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	251	167
Company contributions to money purchase pension schemes	27	18
	<u>278</u>	<u>185</u>

The Nostrum Group Limited

Registration number: 04274181

**Notes to the unaudited financial statements for the year ended 31 December 2020
(continued)****7 Directors' remuneration (continued)**

Five (2019 - three) directors were remunerated by other Group companies in the year for their services to the Group as a whole. No remuneration was paid for their services to this Company, so no apportionment of the emoluments in respect of this Company were made. Accordingly, the above details include no emoluments in respect of these directors as they are included in the aggregate emoluments in the financial statements of a fellow Group company.

8 Finance costs

	2020 £ 000	2019 £ 000
Interest paid	-	1

9 Income tax (credit)/expense

Tax (credited)/charged in the statement of comprehensive income:

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	(500)	378
Adjustments in respect of prior periods	(25)	(34)
	<u>(525)</u>	<u>344</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	24	50
Arising from changes in tax rates and laws	17	-
Adjustments in respect of prior periods	17	55
	<u>58</u>	<u>105</u>
Tax (credit)/expense in the statement of comprehensive income	<u>(467)</u>	<u>449</u>

The tax on profit before income tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
(Loss)/profit before income tax	<u>(2,515)</u>	<u>2,291</u>
Corporation tax at the standard UK rate of 19% (2019 - 19%)	(478)	435
Non-deductible expenses	1	1
Effect of share-based payment transactions	-	(13)
Effect of changes in tax rates	17	(6)
Effect of research and development tax credit	1	11
Adjustments in respect of prior periods	(8)	21
Total tax (credit)/expense	<u>(467)</u>	<u>449</u>

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

9 Income tax (credit)/expense (continued)

Future tax changes

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. A reduction to the rate to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016 and deferred tax balances at 31 December 2019 were recognised on this basis. The tax rate reduction from 19% to 17% was reversed on 17 March 2020 and the deferred tax balances have been restated in the year accordingly.

On 3 March 2021, the Government announced that, with effect from 1 April 2023, the main rate of UK corporation tax will increase to 25%. As the proposal to increase the UK corporation tax rate had not been substantively enacted at the balance sheet date, its effects have not been reflected in these financial statements. This is expected to increase the Company's future tax charge accordingly.

Deferred tax

Deferred tax assets and liabilities are as follows:

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2020			
Amortisation	-	(193)	(193)
Accelerated tax depreciation	11	-	11
Other post-employment benefits	-	-	-
	<u>11</u>	<u>(193)</u>	<u>(182)</u>
2019			
Amortisation	-	(136)	(136)
Accelerated tax depreciation	12	-	12
Other post-employment benefits	-	-	-
	<u>12</u>	<u>(136)</u>	<u>(124)</u>

The deferred tax assets and liabilities, which are calculated using the UK corporation tax rate of 19% that was substantively enacted on 17 March 2020, are expected to be recovered at least 12 months after the statement of financial position date.

Deferred tax assets are recognised on temporary differences between the tax base and the accounting base of tangible fixed assets, *intangible fixed assets*, *pension contributions and losses carried forwards* to the extent that it is *reasonably certain* they will be realised in future periods against taxable profits.

Deferred tax movement during the current year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Amortisation	(136)	(57)	(193)
Accelerated tax depreciation	12	(1)	11
Other post-employment benefits	-	-	-
Net tax assets/(liabilities)	<u>(124)</u>	<u>(58)</u>	<u>(182)</u>

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

9 Income tax (credit)/expense (continued)

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Amortisation	(36)	(100)	(136)
Accelerated tax depreciation	14	(2)	12
Other post-employment benefits	3	(3)	-
Net tax assets/(liabilities)	(19)	(105)	(124)

10 Property, plant and equipment

	Office equipment £ 000
Cost or valuation	
At 1 January 2020	233
At 31 December 2020	233
Accumulated depreciation	
At 1 January 2020	233
At 31 December 2020	233
Carrying amount	
At 31 December 2020	-
At 31 December 2019	-

11 Intangible assets

	Goodwill £ 000	Software £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	1,737	5,323	7,060
Additions	-	1,127	1,127
At 31 December 2020	1,737	6,450	8,187
Accumulated amortisation			
At 1 January 2020	-	726	726
Charge for the year	-	893	893
At 31 December 2020	-	1,619	1,619
Carrying amount			
At 31 December 2020	1,737	4,831	6,568
At 31 December 2019	1,737	4,598	6,335

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

11 Intangible assets (continued)

On 31 December 2011, the trade and assets of icenet Limited, the Company's subsidiary undertaking were transferred to the Company at their net book value ("the hive-up"). The goodwill arose following the transfer of the trade and assets and represents the excess of the post hive-up net assets of icenet limited.

Impairment

Goodwill

Goodwill is tested annually for impairment. The recoverable amount of each cash-generating unit ("CGU") has been determined in accordance with IAS 36 Impairment of Assets. This is determined from value in use calculations, being the present value of net cash flows generated by the business over the period which management expects to benefit from the acquired business.

The key assumptions for the value in use calculations are those regarding discount rates, the generation of free cash flows over the forecast period and revenue and EBITDA growth rates. Each CGU derives cash flows from its approved business plans over a five-year period. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific to the CGUs.

The outcome of the impairment assessment has been that the directors do not consider that goodwill has been impaired, given that the value in use is greater than the carrying value of the net assets of the CGUs.

12 Investments in subsidiaries

	£ 000
Cost or valuation	
At 1 January 2020	4
At 31 December 2020	4
Provision	
At 1 January 2020	-
Provision	4
At 31 December 2020	4
Carrying amount	
At 31 December 2020	-
At 31 December 2019	4

Details of the subsidiary held directly by the Company as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2020	2019
icenet Limited	Non-trading	Highdown House, Yeoman Way, Worthing, West Sussex, BU99 3HH, United Kingdom	100%	100%

The Nostrum Group Limited

Registration number: 04274181

**Notes to the unaudited financial statements for the year ended 31 December 2020
(continued)****13 Trade and other receivables**

	2020 £ 000	2019 £ 000
Trade receivables	3,162	4,032
Expected credit loss allowance	(555)	-
Net trade receivables	2,607	4,032
Amounts due from Group undertakings	6	6
Prepayments	264	180
Other receivables	8	53
	<u>2,885</u>	<u>4,271</u>

Excluding trade receivables, none of these financial assets are either past due or impaired. Amounts due from Group undertakings are non-interest bearing and are repayable on demand.

Ageing of overdue trade receivables at the reporting date

	2020 £ 000	2019 £ 000
0 to 30 days	253	1,296
31 to 60 days	17	204
61 to 90 days	40	80
More than 90 days	2,222	1,248
	<u>2,532</u>	<u>2,828</u>

14 Other financial liabilities

	2020 £ 000	2019 £ 000
Current financial liabilities		
Other creditors	-	3

15 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	404	-
Amounts due to Group undertakings	9,344	8,088
Accrued expenses	213	621
Other payables	568	498
	<u>10,529</u>	<u>9,207</u>

Amounts due to Group undertakings are non-interest bearing and repayable on demand.

The Nostrum Group Limited

Registration number: 04274181

Notes to the unaudited financial statements for the year ended 31 December 2020 (continued)

16 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	Number	£ 000	Number	£ 000
Ordinary shares of £1 each	<u>802,045</u>	<u>802</u>	<u>802,045</u>	<u>802</u>

17 Dividends

The Company did not pay a dividend during the year (2019 - £nil) and no dividends have been proposed post year end (2019 - £nil).

18 Parent and ultimate parent undertaking

The Company is a wholly owned subsidiary of Equiniti Holdings Limited, a company incorporated in England and Wales. The Company is controlled by its ultimate parent company Equiniti Group plc, a public listed company incorporated in England and Wales and listed on the London Stock Exchange.

The most senior parent entity, and the parent of the smallest and largest group producing publicly available financial statements in which the Company is consolidated, is Equiniti Group plc. The consolidated financial statements which are contained within Equiniti Group plc's annual report are available online at www.equiniti.com or upon request from:

Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

19 Non adjusting events after the financial year

On 19 July 2021, the shareholders of Equiniti Group plc voted in favour of a resolution proposing for Earth Private Holdings Ltd, a newly-formed company owned by funds managed or advised by Siris Capital Group, LLC, to acquire the entire share capital of Equiniti Group plc for 180p per share. Completion of the acquisition remains subject to the satisfaction or waiver of the other conditions set out in the Scheme Document which was published on 21 June 2021.