

Company registration number 08039617 (England and Wales)

ACTIVATE SOLUTIONS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



ACTIVATE SOLUTIONS GROUP LIMITED

COMPANY INFORMATION

Directors	Mr J P Cordy Mr M J Cottman Mr P Spicer
Company number	08039617
Registered office	2-4 Packhorse Road Gerrards Cross Buckinghamshire SL9 7QE
Auditor	Nunn Hayward LLP 2-4 Packhorse Road Gerrards Cross Buckinghamshire SL9 7QE

ACTIVATE SOLUTIONS GROUP LIMITED

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ACTIVATE SOLUTIONS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

The principal activity of the group in the year under review was that of a range of services to brands, 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 £26.4 million from £23.2 million in the previous year. The group generated an overall profit before tax of £1,459,268 this year compared with £1,558,363 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 in 2021 was £1,636,384 (2020: £1,713,414).

The directors are pleased with the strong performance during the year given the impact of COVID-19 on the industry and global markets. The directors are optimistic of achieving growth in turnover and profitability for the next financial year.

Principal Risk 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 continue to identify COVID-19, that emerged globally in the early part of 2020 and continues to impact the global economy into 2022, as the most significant economic event for the group. Communications with the group's clients continue to be constructive and provide some comfort for the continued demand for the group's business activities. There remains 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 larger 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:

	2021	2020	2019
	£	£	£
Turnover (£000s)	26,364	23,178	27,174
Operating profit/(loss) (£000s)	1,458	1,551	1,623
EBITDA (£000s)	1,636	1,713	1,791

On behalf of the board


Mr P Spicer
Director

14 June 2022

ACTIVATE SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 7.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr J P Cordy
Mr M J Cottman
Mr P Spicer

Political donations

The group did not make any political donations during the year to 31 December 2021, nor for the 2020 year.

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 15 of the financial statements

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.

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.

Post reporting date events

There are no post balance sheet events to be noted.

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.

Auditor

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

ACTIVATE SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ~~prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.~~

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr P Spicer
Director

14 June 2022

ACTIVATE SOLUTIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

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 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 2021 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ACTIVATE SOLUTIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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 is 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

ACTIVATE SOLUTIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACTIVATE SOLUTIONS GROUP LIMITED

The extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are to; identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rest with those charged with governance and management.

Our approach was as follows :

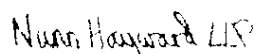
- Based on our understanding of the company, group and business, supported by making enquiries of those charged with governance, we obtained an understanding of the legal and regulatory framework that are applicable to the company and group and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulations (GDPR).
- Based on our understanding of the business, we designed our audit procedures to identify non-compliance with laws and regulations including making enquires of those charged with governance; testing journal entries, with a focus on manual, large or unusual transactions.
- We considered the controls established to address the risks identified, to prevent, deter or detect fraud, and how management and those charged with governance monitor those controls. Our audit included work to test that the systems and controls in place were as described and fit for purpose.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Given this assessment, we reviewed samples of sales, purchases, expenses and bank transactions for any evidence of fraud or irregularities.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion , omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 an auditor's report 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.



Daniel Palmer FCA (Senior Statutory Auditor)

For and on behalf of Nunn Hayward LLP

14 June 2022

Chartered Accountants
Statutory Auditor

2 4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	26,363,644	23,178,243
Other operating income		193,695	2,447,896
Staff costs	5	(16,871,187)	(17,120,223)
Depreciation and other amounts written off tangible and intangible fixed assets	4	(178,327)	(162,708)
Other operating expenses		(8,049,768)	(6,792,502)
Operating profit	4	1,458,057	1,550,706
Interest receivable and similar income	7	1,464	7,657
Interest payable and similar expenses	8	(253)	-
Profit before taxation		1,459,268	1,558,363
Tax on profit	9	(282,695)	(238,718)
Profit for the financial year		1,176,573	1,319,645

Profit for the financial year is all attributable to the owners of the parent company.

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Profit for the year	1,176,573	1,319,645
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,176,573</u>	<u>1,319,645</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Fixed assets			
Goodwill	11	146,409	219,613
Tangible assets	12	153,038	187,468
		<u>299,447</u>	<u>407,081</u>
Current assets			
Debtors	16	3,855,283	3,018,411
Cash at bank and in hand		3,425,303	5,259,998
		<u>7,280,586</u>	<u>8,278,409</u>
Creditors: amounts falling due within one year	17	(6,435,291)	(5,064,075)
Net current assets		<u>845,295</u>	<u>3,214,334</u>
Total assets less current liabilities		<u>1,144,742</u>	<u>3,621,415</u>
Creditors: amounts falling due after more than one year	18	(191,844)	(18,231)
Net assets		<u>952,898</u>	<u>3,603,184</u>
Capital and reserves			
Called up share capital	20	15,873	12,698
Share premium account		59,263	59,263
Capital redemption reserve		1,930	1,930
Other reserves	21	279,370	4,054
Profit and loss reserves		596,462	3,525,239
Total equity		<u>952,898</u>	<u>3,603,184</u>

The financial statements were approved by the board of directors and authorised for issue on 14 June 2022 and are signed on its behalf by:



Mr P Spicer
Director

ACTIVATE SOLUTIONS GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	13		936,332		936,332
Current assets					
Cash at bank and in hand		5		10	
Creditors: amounts falling due within one year	17	(850,853)		(838,650)	
Net current liabilities			(850,848)		(838,640)
Net assets			85,484		97,692
Capital and reserves					
Called up share capital	20		15,873		12,698
Share premium account			59,263		59,263
Capital redemption reserve			1,030		1,030
Other reserves	21		-		4,054
Profit and loss reserves			9,318		20,647
Total equity			85,484		97,692

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,094,021 (2020 - £15 loss).

The financial statements were approved by the board of directors and authorised for issue on 14 June 2022 and are signed on its behalf by:



Mr P Spicer
Director

Company Registration No. 08039617

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2020	12,698	59,263	1,930	4,054	2,205,594	2,283,539
Year ended 31 December 2020:						
Profit and total comprehensive income for the year	-	-	-	-	1,319,645	1,319,645
Balance at 31 December 2020	12,698	59,263	1,930	4,054	3,525,239	3,603,184
Year ended 31 December 2021:						
Profit and total comprehensive income for the year	-	-	-	-	1,176,573	1,176,573
Issue of share capital	3,175	-	-	-	-	3,175
Gift to Employee Ownership Trust	-	-	-	-	(4,105,350)	(4,105,350)
Other movements	-	-	-	275,316	-	275,316
Balance at 31 December 2021	15,873	59,263	1,930	279,370	596,462	952,898

ACTIVATE SOLUTIONS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		12,698	59,263	1,030	4,054	20,662	97,707
Year ended 31 December 2020:							
Loss and total comprehensive income for the year		-	-	-	-	(15)	(15)
Balance at 31 December 2020		12,698	59,263	1,030	4,054	20,647	97,692
Year ended 31 December 2021:							
Profit and total comprehensive income for the year		-	-	-	-	4,094,021	4,094,021
Issue of share capital	20	3,175	-	-	-	-	3,175
Gift to Employee Ownership Trust		-	-	-	-	(4,105,350)	(4,105,350)
Other movements		-	-	-	(4,054)	-	(4,054)
Balance at 31 December 2021		15,873	59,263	1,030	-	9,318	85,484

ACTIVATE SOLUTIONS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,587,221		2,787,410	
Interest paid		(253)		-	
Income taxes paid		(250,259)		(377,880)	
Net cash inflow from operating activities		2,336,709		2,409,530	
Investing activities					
Purchase of tangible fixed assets		(70,994)		(85,974)	
Proceeds on disposal of tangible fixed assets		301		-	
Interest received		1,464		7,657	
Net cash used in investing activities		(69,229)		(78,317)	
Financing activities					
Proceeds from issue of shares		3,175		-	
Gift to employee ownership trust		(4,105,350)		-	
Net cash used in financing activities		(4,102,175)		-	
Net (decrease)/increase in cash and cash equivalents		(1,834,695)		2,331,213	
Cash and cash equivalents at beginning of year		5,259,998		2,928,785	
Cash and cash equivalents at end of year		3,425,303		5,259,998	

The notes on pages 14 to 31 form part of these financial statements.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Activate Solutions Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office can be found on the company information page.

The group consists of Activate Solutions Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Taxation

Current tax

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.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

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.

1.7 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

1.8 Share-based payments

Equity-settled share-based payments that arose in 2021 are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the probability-weighted expected return method. Management incentive plan shares were awarded and vested on the same date. The fair value determined at the grant date is expensed to profit and loss at the date of grant as the shares have been issued and there is no vesting period. A corresponding adjustment is made to equity.

1.9 Leases

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

1.10 Government grants

Amounts due to the company under the Coronavirus Job Retention Scheme are credited to the accounts in the period to which the underlying payroll costs relate.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 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.

3 Turnover and other revenue

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

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue	(Continued)	
	2021	2020
	£	£
Other revenue		
Interest income	1,464	7,657
Grants received	193,695	2,447,896

4 Operating profit	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(3,513)	6,899
Government grants	(193,695)	(2,447,896)
Depreciation of owned tangible fixed assets	105,123	89,504
Auditors remuneration	13,400	13,000
Amortisation of intangible assets	73,204	73,204
Share-based payments	275,316	-
Operating lease charges	100,691	103,717

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Head office	97	94	3	3
Field staff	372	473	-	-
Total	469	567	3	3

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees (Continued)

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	14,972,620	15,245,598	(4,054)	-
Social security costs	1,415,746	1,424,144	-	-
Pension costs	482,821	450,481	-	-
	<u>16,871,187</u>	<u>17,120,223</u>	<u>(4,054)</u>	<u>-</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	392,133	498,875
Company pension contributions to defined contribution schemes	52,186	60,717
	<u>444,319</u>	<u>559,592</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	180,678	172,905
Company pension contributions to defined contribution schemes	12,925	12,100
	<u>193,603</u>	<u>185,005</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2).

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1,258	2,264
Other interest income	206	5,393
	<u>1,464</u>	<u>7,657</u>

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,258	2,264
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8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	253	-

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	249,489	239,500
Adjustments in respect of prior periods	33,206	(782)
Total current tax	282,695	238,718

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	1,459,268	1,558,363
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	277,261	296,089
Tax effect of expenses that are not deductible in determining taxable profit	16,482	24,022
Tax effect of income not taxable in determining taxable profit	(770)	-
Other adjustments	(10,278)	(81,393)
Taxation charge	282,695	238,718

Factors that may affect future tax charges

It was announced that the standard rate of corporation tax will increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. A small profits rate of 19% will apply to profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 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.

11 Intangible fixed assets

Group	Goodwill	Other intangibles	Total
	£	£	£
Cost			
At 1 January 2021 and 31 December 2021	820,091	22,212	842,303
Amortisation and impairment			
At 1 January 2021	600,478	22,212	622,690
Amortisation charged for the year	73,204	-	73,204
At 31 December 2021	673,682	22,212	695,894
Carrying amount			
At 31 December 2021	146,409	-	146,409
At 31 December 2020	219,613	-	219,613

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Short leasehold	Plant and equipment	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2021	195,303	11,725	40,389	386,007	633,424
Additions	-	-	-	70,994	70,994
Disposals	(33,935)	-	(2,812)	(30,314)	(67,061)
At 31 December 2021	161,368	11,725	37,577	426,687	637,357
Depreciation and impairment					
At 1 January 2021	96,813	11,725	24,440	312,978	445,956
Depreciation charged in the year	32,220	-	8,541	64,362	105,123
Eliminated in respect of disposals	(33,634)	-	(2,812)	(30,314)	(66,760)
At 31 December 2021	95,399	11,725	30,169	347,026	484,319
Carrying amount					
At 31 December 2021	65,969	-	7,408	79,661	153,038
At 31 December 2020	98,490	-	15,949	73,029	187,468

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	936,332	936,332
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 January 2021 and 31 December 2021					936,332
Carrying amount					
At 31 December 2021					936,332
At 31 December 2020					936,332

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Field Sales Solutions Limited	2-4 Packhorse Road, Gerrards Cross, Bucks, SL9 7QE	Field Marketing	Ordinary	100.00
Field Sales Solutions Tactical Limited	2-4 Packhorse Road, Gerrards Cross, Bucks, SL9 7QE	Field Marketing	Ordinary	100.00
Fieldology Limited	2-4 Packhorse Road, Gerrards Cross, Bucks, SL9 7QE	Group IT Development	Ordinary	100.00
Box Marketing Limited	2-4 Packhorse Road, Gerrards Cross, Bucks, SL9 7QE	Direct Marketing	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Field Sales Solutions Limited	1,387,081	1,077,936
Field Sales Solutions Tactical Limited	86,508	64,763
Fieldology Limited	28,635	(881)
Box Marketing Limited	155,112	107,992

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 2021. 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 2021.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Financial instruments

	Notes	Group 2021 £	2020 £
Financial assets			
Measured at amortised cost:			
- Cash at bank		3,425,303	5,259,998
- Trade debtors	16	3,156,746	2,003,222
- Other debtors	16	5,896	8,962
- Accrued income	16	45,903	273,519
		<u>6,633,848</u>	<u>7,545,701</u>
Financial liabilities			
Measured at amortised cost:			
- Banks loans and overdrafts		-	-
- Trade creditors	17	554,017	594,447
- Other creditors	18	147,866	66,469
- Accruals and deferred income	17/18	4,485,962	2,365,388
		<u>5,187,845</u>	<u>3,026,304</u>

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	3,156,746	2,003,222	-	-
Other debtors	5,896	8,962	-	-
Prepayments and accrued income	692,641	1,006,227	-	-
	<u>3,855,283</u>	<u>3,018,411</u>	<u>-</u>	<u>-</u>

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

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	554,017	594,447	-	-
Amounts owed to group undertakings	-	-	850,853	838,650
Corporation tax payable	163,114	130,678	-	-
Other taxation and social security	1,276,176	1,925,324	-	-
Other creditors	147,866	66,469	-	-
Accruals and deferred income	4,294,118	2,347,157	-	-
	<u>6,435,291</u>	<u>5,064,075</u>	<u>850,853</u>	<u>838,650</u>

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.

18 Creditors: amounts falling due after more than one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Accruals and deferred income	<u>191,844</u>	<u>18,231</u>	<u>-</u>	<u>-</u>

19 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>482,821</u>	<u>450,481</u>

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 are shown above.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
A Ordinary of 1p each	1,269,822	455,000	12,698	4,550
B Ordinary of 1p each	253,962	455,000	2,540	4,550
C Ordinary of 1p each	63,492	-	635	-
D Ordinary of 1p each	-	38,490	-	385
E Ordinary of 1p each	-	127,144	-	1,271
F Ordinary of 1p each	-	49,789	-	498
G Ordinary of 1p each	-	2,764	-	28
H Ordinary of 60p each	-	2,328	-	1,397
I Ordinary of 1p each	-	1,455	-	14
J Ordinary of 1p each	-	500	-	5
	<u>1,587,276</u>	<u>1,132,470</u>	<u>15,873</u>	<u>12,698</u>

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

A and B ordinary shares have the right to receive notice, attend and vote at any general meeting of the company. C ordinary shares have no right to receive notice, attend or vote at any general meeting of the company. All shares are not redeemable.

On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of shares) the surplus assets of the company after the payment of its liabilities shall be applied as follows:

1. 80% of such surplus assets shall be paid to the holders of A ordinary shares pro rata to their respective holdings of A ordinary shares.
2. The remaining 20% of such surplus assets shall be paid to the holders of B ordinary shares and C ordinary shares pro rata to their holding of B ordinary shares and C ordinary shares (as if the B ordinary shares and C ordinary shares constituted one and the same class).

Subject to articles 28 and 29, upon the board determining to distribute any amount of profits from the overall profits the board so determines are available for distribution to shareholders, the shareholders shall be entitled to such distribution as follows:

1. The holders of A ordinary shares as a class shall be entitled to 80% of the distribution pro rata to the relevant holder's holding of A ordinary shares.
2. The holders of B ordinary shares and C ordinary shares shall be entitled to the remaining 20% of the distribution (as if the B ordinary shares and C ordinary shares constituted one and the same class) pro rata to the relevant holder's holding of such B ordinary shares and/or C ordinary shares.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Other reserves

Group	£
At the beginning of the prior year	4,054
At the end of the prior year	4,054
Additions	279,370
Other movements	(4,054)
At the end of the current year	279,370
Company	£
At the beginning of the prior year	4,054
At the end of the prior year	4,054
Other movements	(4,054)
At the end of the current year	-

Other reserves comprise:

On 25th February 2021, all previous shareholdings were converted to "A" ordinary shares and transferred into an Employee Ownership Trust. Following this, the management incentive plan issued 317,454 "B" and "C" ordinary shares in Activate Solutions Group Limited to the management team employed in the subsidiary undertaking Field Sales Solutions Limited and these vested at the same time. The "B" and "C" ordinary shares issued as part of the management Incentive plan resulted in a fair value of £279,370 (excluding nominal value), measured using the probability-weighted expected return method, and has been recognised under other reserves. See the share capital note for further information on the rights associated with the issues of shares.

22 Financial commitments, guarantees and 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.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	104,179	103,742	-	-
Between two and five years	297,414	394,373	-	-
	<u>401,593</u>	<u>498,115</u>	<u>-</u>	<u>-</u>

24 Related party transactions

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.

There were no other related party transactions during the year.

25 Controlling party

The ultimate controlling party of the group is Trident Trust Company Limited in its capacity as trustee of the Activate Solutions Group Limited Employee Ownership Trust.

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 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.

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,176,573	1,319,645
Adjustments for:		
Taxation charged	282,695	238,718
Finance costs	253	-
Investment income	(1,464)	(7,657)
Amortisation and impairment of intangible assets	73,204	73,204
Depreciation and impairment of tangible fixed assets	105,123	89,504
Equity settled share based payment expense	275,316	-
Movements in working capital:		
(Increase)/decrease in debtors	(836,872)	1,297,333
Increase/(decrease) in creditors	1,512,393	(223,337)
Cash generated from operations	2,587,221	2,787,410

ACTIVATE SOLUTIONS GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Analysis of changes in net funds - group

	1 January 2021	Cash flows	Other non-cash changes	31 December 2021
	£	£	£	£
Cash at bank and in hand	5,259,998	(1,834,695)	-	3,425,303
Gift to employee ownership trust	-	4,105,350	(4,105,350)	-
	<u>5,259,998</u>	<u>2,270,655</u>	<u>(4,105,350)</u>	<u>3,425,303</u>