

Savanta Group Limited

Annual Report and
Unaudited Financial Statements

For the Year Ended
31 January 2023

Registered Number SC281352

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Savanta Group Limited

Annual report and unaudited financial statements for the year ended 31 January 2023

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Savanta Group Limited

Company Information Annual report and unaudited financial statements for the year ended 31 January 2023

Directors

A Cunningham
R W Perowne
P J Harris
P G Bath
J A Peachey
B J Gurhan

Company Secretary

M J Sanford

Registered office

C/O Bellwether Green Limited, 225 West George Street, Glasgow, Scotland, Scotland, G2 2ND

Registered number

SC281352

Savanta Group Limited

Strategic Report for the year ended 31 January 2023

The Directors present their Strategic Report together with the unaudited financial statements of Savanta Group Limited (the "Company") for the year ended 31 January 2023.

The purpose of the Strategic Report is to inform shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company under section 172 of the Companies Act 2006.

Principal activity, review of business and future developments

The principal activity of the Company in the year under review was that of market research and business management consultancy.

On 2 September 2022, the Company purchased 100% of the issued share capital of NRM New Co Limited ("NRM") and its subsidiary This is Motif Limited ("Motif").

The year to 31 January 2023 has seen significant growth in revenue, with net revenue increasing by 15% (2022: 20%) from £25,580,000 to £29,447,000 (2022: increased from £21,327,000 to £25,580,000). Adjusted operating profit margin for the year is 19.6% (2022: 13.9%). Adjusted operating profit margin is calculated before exceptional items disclosed in Note 4.

Certain members of the senior management of the Company were granted a share in the Company's growth in order to promote the future success of the Company and incentivise key staff within it. Previously, an accounting charge £282,000 was recognised in association with this scheme, which was adjusted for within the KPI measures the Company uses to monitor the business. In the current year we re-assessed the valuation and recognised a charge of £316,000 to consider the increased value of the scheme.

The Directors do not anticipate any changes to the principal activity of the Company in the foreseeable future.

Key performance indicators

The key financial indicators that the Company uses to monitor performance are net revenue, adjusted net profit and net revenue per employee. The performance in the year was as follows:

	2023 £'000	2022 £'000
Net revenue	29,447	25,580
Adjusted net profit ¹ (before adjusting items in note 4)	4,755	3,348
Adjusted operating profit	5,774	3,564
Net revenue per employee	96	102

¹ Profit on ordinary activities before adjusting items as stated in note 4

The adjusting items relate to the write off one of the Company's investments, growth share revaluation charge and the employment linked acquisition provision. In the prior year, the adjusting item included the write off of one of the Company's investments. These are added back to aid comparability of performance year on year and further details are included in note 4.

The Company also monitors non-financial indicators and the two most significant are the rate of new business wins and the level of staff turnover.

Principal risks and uncertainties

The ongoing principal risks that the Company faces are the possible loss of staff who are key to existing client business and the possible loss of clients in excess of new business. The Company has exposure to a wide range of industry sectors and so any adverse changes affecting one particular sector are unlikely to have a significant impact on the Company's trading.

The Company places considerable importance on the motivation and retention of its people and regularly reviews its HR policies to this end.

Savanta Group Limited

Strategic Report (continued) for the year ended 31 January 2023

Principal risks and uncertainties (*continued*)

The Company monitors its cash position daily and its cash flow projections on a monthly basis as part of its control procedures, taking action as appropriate.

Financial risk management objectives and policies

Liquidity risk

Net current liabilities are £12,888,000 (2022: £13,975,000), mostly due to amounts owed to group undertakings. There is no reliance on external debt. The ultimate parent undertaking, Next 15 Group plc ("Next 15" or the "Group"), are able to provide support in relation to liquidity should it be required.

Credit risk

The Balance Sheet of the Company includes intercompany debtor balances. The Company is therefore exposed to credit risk on these balances. We have considered the impact of other risks such as interest rates and foreign exchange volatility but, whilst there is some exposure, we do not consider the risks to be material to the Company.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole. In doing so, section 172 requires the Directors to have regard, amongst other matters, to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

This statement sets out how the Directors have approached and met their responsibilities under section 172 of the Companies Act 2006. The Company's values are consistent with the requirements under section 172 of the Companies Act 2006. The Directors will consider all relevant factors when taking any decision. The examples below illustrate some of the key items under section 172 that were considered by the Directors during the year under review.

Likely consequence of any decision in the long term

Throughout the financial year, the Company experienced no significant alterations. Nevertheless, the Board of Directors continuously monitor consequences of their decisions, with a particular emphasis on strategic considerations.

Interest of the Company's employees

We are dedicated to fostering a supportive and inclusive work environment, globally, where our employees are not only valued but are active participants in shaping our culture. Their voices, experiences, and diverse backgrounds are pivotal in our approach to decision-making and innovation. As part of our comprehensive approach to employee interests, we remain deeply committed to Diversity, Equity, and Inclusion (DE&I). We firmly believe that a diverse workforce, where all employees are treated with equity and respect, is essential for our long-term growth and sustainability. Our DE&I initiatives are designed to ensure that our employees have equal access to opportunities, are empowered to reach their full potential, and are celebrated for their unique contributions. While we have made significant progress in reducing the gender pay gap, we acknowledge that there are still gaps to be filled. Our commitment to this remains and we continue to work diligently towards achieving a future where there is no gender pay gap within Savanta.

Savanta Group Limited

Strategic Report (continued) for the year ended 31 January 2023

Interest of the Company's employees (continued)

Our employees are most valuable. While technology plays an essential role in enhancing our operations, we view it as a means to empower our employees. Our investments in technology are directed at providing tools and systems that support our teams in their work, allowing them to focus on creative problem-solving, collaboration, and delivering exceptional service to our clients. This statement underscores our commitment to employee interests, employee well-being, and the integration of technology to empower and support the workforce.

Foster business relationships with suppliers, customers and others

Our Clients: At the heart of our business lies a commitment to informing and inspiring our clients with robust data, expert services, and innovative technology. Our team closely collaborates with a wide and diverse set of clients and partner organisations drawn from all sectors across global footprint. Our mission is to first deeply understand clients' goals and needs which then informs the design and delivery of a tailored approach which inspires our clients' accelerated progress. We always put clients first; through our service standards and impactful consulting as well as our commitments to innovating and transforming our own business to meet their evolving needs, challenges, and opportunities. Internally the Savanta team is supported by comprehensive account development and planning resources, including a client health scorecard and our AfterCare programme.

Our Suppliers: We highly value our relationships with all our suppliers, prioritizing the maintenance of strong and mutually beneficial partnerships. These suppliers play a crucial role in our operations, supplying the necessary tools for our team and upholding the quality of our services to clients. Our selection process for suppliers places a premium on shared values, particularly regarding quality and data security. Prompt payment is an essential commitment we make to our suppliers, and we maintain rigorous financial controls to consistently meet their payment terms.

Our Panel Community: We have over 200,000 registered members of our three panel communities. Most notable is our Youth panel of 143,000 people aged 13 to 30. Over 60% of the research conducted by our Youth division is based on the primary data obtained from this panel, making them a vital stakeholder group for us. All members of our non-app based panels join through our double opt-in sign-up process, and the profiling information we collect ensures that only relevant research opportunities are offered to them. Similarly, members joining our app-based panel provide profiling information upon joining the panel, ensuring they are only offered relevant survey opportunities. We have a committed team dedicated to ensuring our members are well looked after, engaged with the right opportunities at the right frequency and are appropriately rewarded. Security of information and control over their membership is critical to all our members and as such all data held on members adheres to GDPR standards and any member can unsubscribe as and when they want.

Impact of the Company's operations on the community and the environment

Environment: The Company is committed to preventing pollution, minimising waste from its offices and workplaces and adopting good environmental management practices. The Company seeks to improve the efficiency of its use of resources by conducting activities and operations in line with current environmental legislation and best environmental practices set by the Company and its parent company Next 15. Our robust environmental management system is a key part of our business processes.

Community: Our Charities & Volunteering committee plays a pivotal role in facilitating our employees' involvement in volunteer initiatives, including recent collaborations with Hands on London and Centrepont. We actively encourage our team members to engage in local community projects or ones of personal significance. Given that many of our employees hail from the communities surrounding their workplaces, we are committed to establishing enduring connections with local groups and the community. Additionally, our Company extends support to national charities dedicated to helping vulnerable individuals, a selection made in consultation with our Charities & Volunteering committee.

Savanta Group Limited

Strategic Report (continued)
for the year ended 31 January 2023

Company Number: SC281352

The desirability of the Company maintaining a reputation for high standards of business conduct

As with fostering relationships with suppliers, customers and others, the maintenance of high standards of ethical conduct is very important in order to run a sustainable business. The Company draws upon the influence of its parent company Next 15 and has access to its board of directors and ethics committee for support in complex decision making.

The need to act fairly between members of the Company

We have a responsibility to our shareholders to protect their investment, safeguard the business and to deliver against our business objectives and forecasts. This goes for both the shareholders of the Company and those of our parent company Next 15. The Company's Board formally agree strategic initiatives annually with the board of Next 15 and meet on a bi-monthly basis to report on performance and progress against the agreed initiatives. We have robust policies and processes in place which are maintained, updated and enforced by the Company's Business Assurance Committee which reports into Next 15.

The Strategic Report as set out on pages 3 to 6 was approved by the Board on 26 October 2023 and signed on its behalf by:

Peter Harris

Peter Harris, [Oct 26, 2023 21:36 GMT+1]

P J Harris

Director

26 October 2023

Savanta Group Limited

Report of the Directors for the year ended 31 January 2023

The Directors present their annual report together with the unaudited financial statements for the year ended 31 January 2023. The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include financial risk management objectives and future developments of the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report. These items form part of this report by cross reference.

Results and dividends

The profit and loss account is set out on page 10 and shows the result for the year. The Company made a profit for the year of £3,012,000 (2022: £1,438,000).

The Directors did not pay a dividend in the year (2022: £nil). Subsequent to the balance sheet date and up to the date of signing, the Directors have not declared any dividend payments.

Directors

The Directors of the Company during the year and up to the date of signing were:

A Cunningham
R W Perowne
P J Harris
P G Bath
J A Peachey
B J Gurhan (appointed 20 January 2023)

Company Secretary

The company secretaries who held office during the year and up to the date of this report were:

E L Wood (resigned 30 April 2022)
M J Sanford (appointed 30 April 2022)

Charitable contributions

The Company made charitable donations of £10,767 in the year (2022: £12,779).

Going concern

The Company has net current liabilities £12,888,000 at the balance sheet date. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events after the balance sheet date

On 6 February 2023, the registered office of the Company was changed from 3 Melville Street Edinburgh Scotland EH3 7PE to C/O Bellwether Green Limited 225 West George Street Glasgow Scotland G2 2ND.

Effective 1 May 2023, the trade and assets of Motif were transferred to the Company.

There are no further significant post balance sheet events between the financial year end date and the date of this report.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Savanta Group Limited

Report of the Directors (continued) for the year ended 31 January 2023

Company Number: SC281352

Audit exemption

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act. The ultimate holding company and controlling party is Next 15 Group plc. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London W1W 7RT.

Approved by the Board on 26 October 2023 and signed on their behalf by:

Peter Harris

Peter Harris (Oct 26, 2023 21:36 GMT+1)

P J Harris

Director

26 October 2023

Savanta Group Limited

Statement of Directors' responsibilities for the year ended 31 January 2023

Directors' responsibilities statement

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), including FRS 101 "Reduced Disclosure Framework". 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 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; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Savanta Group Limited

Profit and loss account for the year ended 31 January 2023

	Notes	31 January 2023 £'000	31 January 2022 £'000
Revenue	3	40,718	36,044
Direct costs		(11,271)	(10,464)
Net revenue		29,447	25,580
Administrative costs	4	(23,673)	(22,016)
Restructuring costs	4	(1,743)	(1,910)
Operating profit		4,031	1,654
Interest payable and similar expenses	7	(258)	(86)
Profit before tax		3,773	1,568
Tax charge	8	(761)	(130)
Profit for the financial year		3,012	1,438

All amounts relate to continuing activities.

There were no items of comprehensive income or expense in the current or prior year other than the profit for the year and, accordingly, no separate statement of comprehensive income is presented.

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Savanta Group Limited

Balance Sheet at 31 January 2023

Company Number: SC281352

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Investments	9		3,090		903
Intangible assets	10		17,331		17,017
Tangible assets	11		473		564
			<hr/>		<hr/>
			20,894		18,484
Current assets					
Debtors	12	11,794		11,342	
Cash at bank and in hand		2,431		1,077	
		<hr/>		<hr/>	
		14,225		12,419	
Creditors: amounts falling due within one year	13	(27,113)		(26,394)	
		<hr/>		<hr/>	
Net current liabilities			(12,888)		(13,975)
			<hr/>		<hr/>
Total assets less current liabilities			8,006		4,509
Provisions	14		(766)		(242)
Lease liabilities	15		(67)		(106)
			<hr/>		<hr/>
Net assets			7,173		4,161
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		-		-
Share premium			16		16
Profit and loss account			8,157		5,145
Merger reserve			(1,000)		(1,000)
			<hr/>		<hr/>
Shareholders' funds			7,173		4,161
			<hr/>		<hr/>

For the year ending 31 January 2023, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. 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. 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 financial statements were approved by the Board of Directors and authorised for issue on 26 October 2023. They were signed on its behalf by:

Peter Harris

Peter Harris: Oct 26, 2023 21:36 GMT+1

P Harris

Director

26 October 2023

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Savanta Group Limited

Statement of changes in equity at 31 January 2023

	Called up share capital (note 17) £'000	Share premium £'000	Profit and loss account £'000	Merger reserve £'000	Total £'000
Balance at 1 February 2021	-	16	3,707	(1,000)	2,723
Profit for the year	-	-	1,438	-	1,438
Total comprehensive Income for the year	-	-	1,438	-	1,438
Balance at 31 January 2022	-	16	5,145	(1,000)	4,161
Profit for the year	-	-	3,012	-	3,012
Total comprehensive income for the year	-	-	3,012	-	3,012
Balance at 31 January 2023	-	16	8,157	(1,000)	7,173

The accompanying notes on pages 13 to 28 form an integral part of these financial statements.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023

1 General information

Savanta Group Limited is a private company limited by shares, incorporated and registered in Scotland under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 6. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of Next 15. The Group financial statements of Next 15 are available to the public and can be obtained as set out in note 18.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) and has applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2017.

2 Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions.

The financial statements are prepared under the historical cost convention.

Adoption of new and revised standards

The Company has adopted all new accounting standards which were required to be adopted in the current period, none of which had a significant impact on the Company's results or financial position.

The Company has not yet adopted certain new standards which have been published but are only effective for accounting periods beginning on or after 1 February 2023 or later periods. The Directors do not expect that the adoption of these standards to have a material impact on the financial statements of the Company in the future.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report details the financial position of the Company, as well as the Company's objectives and financial risk management policies. After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue comprises commission and fees earned and is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered.

Savanta Group Limited
Notes to the financial statements
for the year ended 31 January 2023 (continued)

2 Significant accounting policies (continued)

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. In the majority of cases, relevant output measures such as the progress against performance obligations set out in the contract are used to assess proportional performance. Where this is not the case, then an input method based on costs incurred to date is used to measure performance. The primary input of substantially all work performed is represented by labour. As a result of the relationship between labour and cost there is normally a direct correlation between costs incurred and the proportion of the contract performed to date.

The amount of revenue recognised depends on whether we act as an agent or as a principal. The Company acts as principal when we control the specified goods or service prior to transfer. When the Company acts as a principal the revenue recorded is the gross amount billed. Out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as a direct cost. Certain other arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, we are acting as an agent and we do not control the relevant good or service before it is transferred to the client. When the Company is acting as an agent, the revenue is recorded at the net amount retained. There is deemed to be no significant judgements in applying IFRS 15 and in evaluating when customers obtain control of the promised goods or services.

Direct costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients but where the Company retains quality control oversight, such as production or research costs.

Accrued and deferred income

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income on the Company's Balance Sheet. These balances are considered contract liabilities and are typically related to prepayments for third party expenses that are incurred shortly after billing.

Income from shares in Group undertakings

Income from shares in Group undertakings relates to dividends received in the year.

Operating profit

Operating profit is stated after charging adjusting items but before investment income and finance costs.

Tangible assets

Fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Office equipment - 20%-33% per annum

Intangible assets

Software is stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is provided on all intangible assets at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Software - 10%-33% per annum

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

2 Significant accounting policies (continued)

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of five to six years.

Goodwill represents the excess of the fair value of consideration payable, the amount of any non-controlling interest in the acquiree and acquisition date fair value of any previous equity interest in the acquiree, over the fair value of the Company's share of the identifiable net assets acquired. The fair value of consideration payable includes assets transferred, liabilities assumed and equity instruments issued. The amount relating to the non-controlling interest is measured on a transaction-by-transaction basis, at either fair value or the non-controlling interest's proportionate share of net assets acquired. Goodwill is capitalised as an intangible asset, not amortised, but reviewed annually for impairment or in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in carrying value is charged to the Profit and Loss account.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Growth Share Accounting

- Next 15 grants brand equity appreciation rights to key individuals in the form of restricted ordinary shares in the relevant subsidiary. The restricted ordinary shares give the individuals a right to a percentage of the future appreciation in their particular brand's equity. Appreciation is measured based on a multiple of the brand's operating earnings in subsequent year(s), over the base line value determined at the date of grant.

Since any brand appreciation payments are to be settled in equity in the ultimate parent, to be paid for by the subsidiary, they are accounted for as cash-settled share-based payments in the subsidiary. The Next 15 Group fair values the restricted ordinary shares at the date of grant and expenses them fully at that point. The subsidiary reassesses the fair value of the liability each year and revalues the liability; any movement in the fair value is recognised in the Profit and Loss account. The Group determines that these brand appreciation rights (or growth shares) are exceptional in nature as they are the continuation of acquisition-related payments used to incentivise key management to grow their business.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (*continued*)

2 Significant accounting policies (*continued*)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Leases

The Company recognises a right-of-use asset and a corresponding lease liability at the commencement date with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, where the Company has elected to use the exemption. The total rentals payable under these leases are charged to the profit and loss account on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. When this rate cannot be determined, the Company uses the incremental borrowing rate for the same term as the underlying lease. The lease liability is subsequently remeasured when there is a change in future lease payments due to a renegotiation or market rent review, or a reassessment of the lease term. Lease modifications result in remeasurement of the lease liability with a corresponding adjustment to the related right-of-use asset. Interest expense is included within finance expense in the Profit and Loss Account.

The right-of-use asset is initially measured based on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, plus the estimated cost for any restoration costs the Group is obligated to at lease inception. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Acquisitions

Acquisitions of businesses are accounted for using the acquisition method under IFRS 3. Goodwill represents the excess of the fair value of consideration payable, the amount of any non-controlling interest in the acquiree and acquisition date fair value of any previous equity interest in the acquiree, over the fair value of the Company's share of the identifiable net assets acquired. The fair value of consideration payable includes assets transferred, liabilities assumed and equity instruments issued. Goodwill is capitalised as an intangible asset, not amortised but reviewed annually for impairment or in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in carrying value is charged to Profit and Loss account.

For those acquisitions which are under common control, are outside the scope of IFRS 3. In such instances and where allowed under the standard, merger accounting is used in accordance with FRS 101. In the separate financial statements, any net assets transferred are recognised at book value and the difference between the consideration paid and book value of net assets transferred is recognised in equity.

Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes party to the contractual provisions of the asset or liability. The Company's accounting policies for different types of financial asset and liability are described below.

Trade debtors are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment. An allowance for impairment of trade debtors is established when there is objective evidence (such as significant financial difficulties on the part of the counterparty, or default or significant delay in payment) that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows associated with the impaired receivable.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the administrative expenses line in the profit and loss account. On confirmation that the trade debtors will not be collectable, the gross carrying value is written off against the associated allowance.

Trade payables are initially recognised at fair value and thereafter at amortised cost.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 *(continued)*

2 Significant accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The only material key source of estimation uncertainty relates to the accounting for growth shares. The growth shares are valued using a model to determine a probability weighted average forecast value of the brand appreciation rights on settlement with shares. This involves making judgements of the future revenue growth and profit margins of the brands over a number of years, as well as making assumptions on timing of the exercise of the put option by employees. If these judgements are incorrect, it could result in a material adjustment to the value of the liabilities within the next financial year. A one percent point increase in the estimated future revenue growth rate and estimated future profit margin would increase the liability by approximately £70,000.

The identification of adjusting items is a judgement in terms of which costs or credits are not associated with the underlying trading of the business or otherwise impact the comparability of the Company's results year on year.

Management believes there are no other material critical accounting judgements or estimates present.

3 Revenue	2023 £'000	2022 £'000
An analysis of the Company's revenue is as follows:		
Rendering of services	40,718	36,044
	40,718	36,044

All revenue relates to continuing operations.

The revenue and profit before taxation are attributable to the one principal activity of the Company. An analysis of revenue by geographical market is UK £34,213,000 (2022: £31,266,000) EMEA £3,562,000 (2022: £2,962,000) and Rest of the World is £2,943,000 (2022: is £1,816,000).

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

4 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging:		
Depreciation on owned tangible assets (note 11)	210	211
Depreciation of right of use assets (note 11)	49	49
Amortisation of intangible assets (note 10)	2,016	1,532
Staff costs (note 5)	18,562	15,883
Short-term lease expense:		
land and buildings	711	27
Adjusting items ¹ :		
Write-off of investment	902	1,910
Growth share revaluation	316	-
Employment linked acquisition provision	525	-

1 Adjusted net profit of £4,755,000 is calculated as the profit for the year of £3,012,000 net of the total adjusting items of £1,743,000

The write-off of investment relates to the Company's investment in OpinionPanel Limited ("YouthSight"). YouthSight ceased trading and the trade and assets were transferred to the Company on 1 May 2022 and it is expected that YouthSight will be struck off in the foreseeable future. In the prior year, the write-off of investment relates to CommunicateResearch Limited (ComRes). ComRes did not trade in the prior period and is in a net liability position and it is expected that ComRes will be struck off in the foreseeable future. These costs relate to a specific transformational event and doesn't relate to the underlying trading of the Company and therefore has been added back to aid comparability of performance year on year.

The employment linked acquisition provisions, relates to the payments linked to the continuing employment of the sellers which is being recognised over the required period of employment. Although these costs are not non-recurring, the Company determines they should be excluded from the underlying performance, as the costs solely relate to acquiring the business. The sellers are typically paid market rate salaries and bonuses in addition to these acquisition related payments.

The Company's share-based payments (also known as the growth shares), whereby the senior management of the Company will be remunerated in Next 15 shares are revalued each year as they are settled in the parent's equity for which the Company will be recharged. They are therefore accounted for within the Company as a cash-settled share-based payment scheme and the liability is reassessed each year with any movement in the fair value recognised in the profit and loss account. As the agreements do not include any service requirements, the accounting is not aligned with the timing of the anticipated benefit of the incentive, and therefore is excluded from the underlying performance.

Savanta Group Limited
Notes to the financial statements
for the year ended 31 January 2023 (continued)

5 Employees

	2023 £'000	2022 £'000
Staff costs, including Directors, consist of:		
Wages and salaries	16,354	14,028
Social security costs	1,735	1,453
Other pension costs	473	402
	18,562	15,883

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

	Number	Number
Directors	3	3
Other staff	282	224
	285	227

6 Directors' remuneration

	2023 £'000	2022 £'000
Total remuneration of all Directors:		
Aggregate emoluments	576	510
Company contributions to defined contribution scheme	19	18
	595	528

P J Harris, J A Peachey, R W Perowne and P G Bath are directors of more than one Group company. P J Harris and J A Peachey are employees and directors of the ultimate parent Next 15. P J Harris and J A Peachey received emoluments from other entities within the Next 15 Group during the year but it is not practicable to allocate this between their services as Directors of the Company and as directors of other Group companies. The costs of their services is paid by Next 15. Included within this amount are amounts accruing under individual pension schemes for their services to the Group.

Remuneration of highest paid Director:	2023 £'000	2022 £'000
Aggregate emoluments	247	220
Company contributions to defined contribution scheme	11	10
	258	230

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

7 Interest payable and similar expenses

	2023 £'000	2022 £'000
Intercompany interest payable	130	83
Interest on lease liabilities (note 15)	2	3
Unwinding of discount on contingent consideration	5	-
Change in estimate of future contingent consideration payable	121	-
	<hr/>	<hr/>
Total interest payable and similar expenses	258	86
	<hr/>	<hr/>

8 Taxation on profit

	2023 £'000	2022 £'000
a) Analysis of tax charge in the year		
Current tax for the year	808	-
Adjustments in respect of prior periods	(564)	175
	<hr/>	<hr/>
Analysis of deferred tax balances (note 16)		
Origination and reversal of timing differences	523	(33)
Adjustments in respect of prior periods	(6)	(12)
	<hr/>	<hr/>
Total deferred tax	517	(45)
	<hr/>	<hr/>
Taxation charge on profit (note 8b)	761	130
	<hr/>	<hr/>
b) Factors affecting current tax charge		
The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	2023 £'000	2022 £'000
Profit on ordinary activities before tax	3,773	1,568
	<hr/>	<hr/>
Profit at the standard rate of corporation tax in the UK of 19% (2022: 19%)	717	298
Effects of:		
Non-deductible expense	138	390
Group relief for no consideration	217	(721)
Adjustment in respect of prior year	(570)	163
Impact of tax rate change on deferred tax balances	259	-
	<hr/>	<hr/>
Total tax charge for the year (note 8a)	761	130
	<hr/>	<hr/>

Savanta Group Limited
Notes to the financial statements
for the year ended 31 January 2023 (continued)

8 Taxation on profit (continued)

The UK income tax expense is based on the statutory rate of UK corporation tax during the year to 31 January 2023 of 19% (2022: 19%). An increase in the UK corporation tax rate from 19% to 25% effective 1 April 2023 was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 January 2023 has been calculated based on these rates, reflecting the expecting timing of reversal of the related temporary differences.

9 Investments

	Total £'000
Cost	
At 1 February 2022	2,813
Additions	3,089
	<hr/>
At 31 January 2023	5,902
	<hr/>
Provisions for Impairment	
At 1 February 2022	(1,910)
Charge for the period	(902)
	<hr/>
At 31 January 2023	(2,812)
	<hr/>
Carrying Value	
At 31 January 2023	3,090
	<hr/>
At 31 January 2022	903
	<hr/>

On 2 September 2022, the Company purchased 100% of the issued share capital of NRM New Co Limited ("NRM") and its subsidiary This is Motif Limited ("Motif") which led to an increase of £3,089,000.

On 30 April 2021, the Company purchased 100% of the issued share capital of OpinionPanel Limited ("YouthSight"). On 1 May 2022 the trade and assets were transferred to the Company and YouthSight did not trade for the remainder of the period. It is expected that YouthSight will be struck off in the foreseeable future. Therefore, the Company has recognised an impairment in the carrying value of the investment.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

10 Intangible assets

	Goodwill £'000	Customer relationships £'000	Software £'000	Total £'000
Cost				
At 1 February 2022	11,805	1,444	7,081	20,330
Additions	61	135	2,134	2,330
At 31 January 2023	11,866	1,579	9,215	22,660
Amortisation and impairment				
At 1 February 2022	-	813	2,500	3,313
Amortisation charge for the year	-	390	1,626	2,016
At 31 January 2023	-	1,203	4,126	5,329
Net book value				
At 31 January 2023	11,866	376	5,089	17,331
At 31 January 2022	11,805	631	4,581	17,017

Goodwill additions in the year relate to the Company's acquisition of MindSpark Research International SARL ("MindSpark") on 3 February 2022.

Software additions in the year relate primarily to the capitalisation of the following costs incurred in the period, relating to new software development which is not yet available for use;

- the cost of sample data
- the cost of staff salaries whose role is entirely related to the development of software
- the cost acquiring panel members.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (*continued*)

11 Tangible assets

	Office equipment £'000	Right of use assets £'000	Total £'000
<i>Cost</i>			
At 1 February 2022	955	246	1,201
Additions during the year	182	-	182
Disposals	(39)	-	(39)
Transfers in	63	-	63
	<hr/>	<hr/>	<hr/>
At 31 January 2023	1,161	246	1,407
	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>			
At 1 February 2022	563	74	637
Depreciation charge for the year	210	49	259
Disposals	(11)	-	(11)
Transfers in	49	-	49
	<hr/>	<hr/>	<hr/>
At 31 January 2023	811	123	934
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 January 2023	350	123	473
	<hr/>	<hr/>	<hr/>
At 31 January 2022	392	172	564
	<hr/>	<hr/>	<hr/>

On 1 May 2022 the trade and assets of Youthsight were transferred to the Company.

Savanta Group Limited
Notes to the financial statements
for the year ended 31 January 2023 (continued)

12 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade debtors	7,569	7,985
Amounts owed by Group undertakings	1,006	891
Prepayments	539	369
Accrued income	1,908	1,412
Corporation tax	619	532
Rent deposit	106	150
Other debtors	47	3
	<u>11,794</u>	<u>11,342</u>

Amounts owed by Group undertakings are unsecured, free of interest and repayable on demand.

13 Creditors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade creditors	2,240	2,009
Lease liabilities (note 15)	39	47
Amounts owed to Group undertakings	14,530	13,652
Corporation tax	619	375
Deferred tax (note 16)	1,112	606
Other taxation and social security	1,800	1,829
Other creditors	856	44
Contingent consideration	216	500
Accrued expenses	1,737	2,023
Deferred income	3,964	5,309
	<u>27,113</u>	<u>26,394</u>

Amounts owed to Group undertakings are unsecured, free of interest and repayable on demand.

14 Provision for liabilities

	£'000
Opening balance at 1 February 2022	242
Charged in year	524
Closing balance at 31 January 2023	<u>766</u>

The provision at 31 January 2023 relate to dilapidations for a previous office, provision for corporation tax made at acquisition of a subsidiary and the employment linked acquisition payments for Motif and MindSpark.

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (continued)

15	Lease liabilities		Total £'000
	At 1 February 2022		153
	Interest expense related to lease liabilities		2
	Repayment of lease liabilities		(49)
			<hr/>
	Closing balance at 31 January 2023		106
			<hr/>
	The maturity of the lease liabilities is as follows:		
	Amounts payable:		
	Within one year		41
	In two to five years		67
			<hr/>
	Total gross future liability		108
	Effect of discounting		(2)
			<hr/>
	Lease liability at 31 January 2023		106
			<hr/>
16	Deferred taxation	2023 £'000	2022 £'000
	The deferred tax liability included in the Balance Sheet is as follows:		
	Included in creditors (note 13)	(1,112)	(606)
		<hr/>	<hr/>
	Balance at 31 January	(606)	(651)
		<hr/>	<hr/>
	Credit/(charge) to the profit and loss account for the year (note 8)	(517)	45
	Transfer in from subsidiary undertaking	11	-
		<hr/>	<hr/>
	Balance at 31 January	(1,112)	(606)
		<hr/>	<hr/>
	The balance of the deferred taxation asset consists of the tax effect of timing differences in respect of:		
	Depreciation in excess of capital allowances	(156)	(104)
	Excess book basis over tax basis of intangibles	(983)	(509)
	Other	27	7
		<hr/>	<hr/>
		(1,112)	(606)
		<hr/>	<hr/>

Savanta Group Limited
Notes to the financial statements
for the year ended 31 January 2023 (continued)

17 Called up share capital and share premium

	2023 Number	2022 Number	2023 £'000	2022 £'000
Allotted, called up and fully paid				
Ordinary shares of £0.0001 each	1,312,215	1,312,215	-	-
F Ordinary shares of £0.0001 each	41,500	41,500	-	-
A2020 Ordinary shares of £0.0001 each	65,500	65,500	-	-
B2020 Ordinary shares of £0.0001 each	42,500	42,500	-	-

Each Ordinary Share shall carry 1 vote and have the right to attend, speak and vote at all general meetings. The F Ordinary, A2020 and B2020 Ordinary Shareholders shall not be entitled to receive notice of, to attend, to speak or to vote in any general meeting of the Company. The Shares have attached to them dividend and capital distribution (including on winding up) rights as more particularly described in the articles of association.

18 Controlling party

The immediate parent undertaking, controlling party and parent of the smallest and largest group in which the Company is consolidated is Next 15 Group plc, which is incorporated and registered in England and Wales. The consolidated financial statements of Next 15 Group plc are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London W1W 7RT.

19 Related undertakings disclosure

The parent company and the Company have investments in the following subsidiary undertakings, associates and other investments.

Subsidiary undertakings	Country of incorporation	Holding	Registered Office
CommunicateResearch Limited	England and Wales	100%*	60 Great Portland Street, London W1W 7RT.
HPI Research Limited	England and Wales	100%*	60 Great Portland Street, London W1W 7RT.
NRM New Co Limited	England and Wales	100%*	60 Great Portland Street, London W1W 7RT.
OpinionPanel Limited	England and Wales	100%*	60 Great Portland Street, London W1W 7RT.
Savanta Analytics Limited	Canada	100%*	3250 Bloor Street West, East Tower, Suite 600 Toronto, ON, M8X 2X9, Canada
Savanta Analytics Private Limited	India	99.98*	C-1101 Antriksh Golf View 2, Sector-78, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201301, India
This is Motif Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.

**Shares held directly by Savanta Group Limited.*

Savanta Group Limited

Notes to the financial statements for the year ended 31 January 2023 (*continued*)

19 Related undertakings disclosure (*continued*)

The principal activity of OpinionPanel Limited, Savanta Analytics Limited, Savanta Analytics Private Limited and This is Motif Limited were that of market research. During the year HPI Research Limited and CommunicateResearch Limited were non-trading companies.

20 Contingent liabilities

The Company participates in a multilateral guarantee ("RCF") with HSBC and Bank of Ireland relating to the overdraft facilities of the parent and certain Group companies. The maximum amount of the contingent liability which could arise from this guarantee at 31 January 2023 was limited to £100,000,000 (2022: £60,000,000). At the start of the year, £20m of the Next 15 accordion was committed and available within the RCF. Subsequent to this, the Group entered into an amendment and restatement agreement, amending and restating the existing facility agreement on 20 May 2022 and increasing the RCF to £100m. Therefore the maximum amount of the contingent liability which would arise from this guarantee is now £100,000,000.