Parent A/c's

SC295046

Avidity Group Limited

Annual report and consolidated financial statements

Registered number SC513441

30 June 2022

Contents

Directors and officers

Directors	P Dougall DF Prada Herrera M Jordan J Matheson J Ross A Yaxley
Secretary	M Jordan
Registered office	c/o Dickson Minto WS 16 Charlotte Square Edinburgh EH2 4DF
Auditor	Mazars LLP 100 Queen Street Glasgow G1 3DN
Bankers	Bank of Scotland 110 St Vincent Street Glasgow G2 5ER HSBC plc 141 Bothwell Street Glasgow G2 7EQ
Solicitors	Dickson Minto WS 16 Charlotte Square Edinburgh EH2 4DF

Strategic report

The directors present their strategic report for the Group for the year ended 30 June 2022.

Principal activity

The principal activity of the Company is to provide support and management services to the Group. The principal activity of the Group is the provision of a range of specialist sales and marketing services that help brands to sell more. These services include field marketing, experiential, digital and data products and consultancy.

Results

The ongoing pressures in the retail sector and the wider economy from Covid-19, the war in Ukraine and other factors mean that both the Company and Group continue to operate in a challenging commercial environment. Labour shortages and supply chain complications have also contributed to rising inflationary pressures, although these remain manageable. This has contributed to a year in which there have been client contract wins, successful retention of existing client re-tenders and several changes in client service scale. As before, the Group takes a long-term view through investment in innovative solutions for our clients and maintained its provision of high quality services and strategies. We continue to deliver incremental sales and profit to our clients in a cost-effective manner.

The consolidated loss before tax of £6,502,000 *(2021: loss of £16,509,000)* is largely driven by non-cash goodwill amortisation and loan note interest charges. This is in line with our focus on generating long term sustainable value and the directors are satisfied with the results for the year.

No interim dividends were paid during the year *(2021: £nil)*. The directors do not recommend payment of a final dividend *(2021: £nil)*.

Future prospects

We offer our clients a wide range of services including field marketing, data and digital products, experiential and consultancy tailored to their needs, and we expect this to continue. The key drivers for the business are expansion in the FMCG and technology sectors and developing new and innovative digital and data-driven agile solutions to help clients maximise sales. This approach is delivering success with a number of new clients having been won during the year.

We've evolved from a field sales business into a multi-agency, multi-service sales and marketing group. The Group now consists of the following independently operated agencies: McCurrach, Standout, Wave, Thumbprint and Sellex. This evolution has allowed the Group to widen its client base and enable future growth.

Our success, both in the past and in the future, lies firmly in delivering incremental sales and profit in a cost-effective manner to our clients.

Our current cycle of investment continues with capital investments having a significant impact on the results of the business in this and future years. This, combined with the pressure from retailers and manufacturers, means that we are ever more focussed on building an efficient business to ensure that we are well positioned to work with our clients to continue to deliver a value adding service.

We continue to expect that the challenges our clients will face will centre on influencing sales of their brands, with a view to enhancing sales by having access to directive data, influencing execution in outlets, and engaging consumers. Through our understanding of point-of-purchase and continued investment in ever evolving data and digital technology, we believe we are well placed to continue to improve the performance of our clients and expect this to be an area of ongoing growth.

Principal risks and uncertainties affecting the business

The Group regularly considers the main risks and uncertainties affecting the business.

The economic uncertainty, emerging cost pressures and currency exposures affecting our clients results in a closer review of our services.

Other key business risks and uncertainties affecting the Group are considered to relate to:

- wider economic pressures, such as the cost of living, residual impacts of Covid-19 and any potential effects from the war in Ukraine;
- competition in the field sales market; and
- employee recruitment and retention.

Strategic report *(continued)*

Principal risks and uncertainties affecting the business *(continued)*

The Group has sought to reduce its risk by improving its service to its clients, widening its client base, continuing to innovate its products and services, and by investing in recruitment and retention practices.

Information on the Group's cash flows and borrowings are contained within this report and the notes to the accounts.

Escalation of War in Ukraine

The Group has no direct exposure to Russia or Ukraine. There may be negative effects to the global economy due to the current disruption to the financial markets and from the impact of sanctions, however the directors are not anticipating that these will have a significant impact on the Group. The Group will continue to closely monitor events and their potential impact.

Financing

After examining all the issues closely and reviewing the Group's projections and forecasts, the directors are confident that the company and the Group have adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Key Performance Indicators

KPI	**2022**	2021	Measure
Turnover (£000)	**49,031**	44,606	Annual turnover
Training days	**17,374**	9,991	Number of days invested in training

Directors' statement of compliance with duty to promote the success of the Group

The Directors are aware of their duties under section 172 of the Companies Act 2006 to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so, to have regard to a range of matters to:

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

The Board of Directors discharge these responsibilities through a minimum of eight board meetings over the course of the financial year where business strategy is set and monitored, financial budgets adopted and reported against and other matters of governance are carefully considered. The Board consists of four non-executive directors and two executive directors who operate within the business on a day to day basis ensuring that the above requirements are met routinely across the Group.

By order of the board

Michelle C. Jordan.

M Jordan
Secretary

c/o Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

27 October 2022

Directors' report

The directors present the financial statements for the year ended 30 June 2022.

Directors

The directors who held office during the period and up to the date of signing this annual report were as follows:

P Dougall
DF Prada Herrera
M Jordan
J Matheson
J Ross
AR Smith (retired 15 July 2021)
A Yaxley (appointed 1 February 2022)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Employees

The Group's policy is that all employees including disabled persons are treated in the same way in matters relating to employment, training, career development and promotion. When an employee becomes disabled, every effort is made to ensure continuity of employment.

The directors recognise the importance of good communication and relations with employees. Employees are kept informed and consulted about the Group's performance and plans through regular briefing communications, meetings, intranet site and internal newsletters.

Proposed dividend

The directors do not recommend the payment of a dividend in either the current or prior year.

Greenhouse gas emissions, energy consumption and energy efficiency action

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which introduced energy and carbon reporting requirements for large unquoted companies in the UK.

The methodologies used in calculating total energy and greenhouse gas emissions ("GHG") (Scope 1 and 2) include the 2020 UK Government's Conversion Factors for Company Reporting – standard set, and the existing Energy Saving Opportunity Scheme (ESOS) regulatory scheme. The intensity ratio calculated by the Group for the year is based on total carbon used of 2,197 tonnes *(2021: 1,978 tonnes)* ("TCO_2e") divided by a production intensity metric ("PIM") relating to company turnover. Having considered potential benchmark metrics, it was concluded that company turnover is appropriate to achieve a benchmark that provides a reliable comparison, year on year. The intensity ratio is therefore:

	2022	**2021**
Turnover	48.995 TCO_2e / £m	51.343 TCO_2e / £m

The Group continues to take the necessary steps to show their commitment to reducing GHG with the introduction of an increased number of electric vehicles into the fleet; office-based departments operate under hybrid working; and support for the continuance of virtual meetings post pandemic, thus reducing non-essential business travel. The Group continues to monitor and take action where possible to reduce energy spend, as well as improving energy efficiency throughout the business.

By order of the board

Michelle C. Jordan.

M Jordan
Secretary

c/o Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

27 October 2022

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Avidity Group Limited

Opinion

We have audited the financial statements of Avidity Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the Consolidated profit and loss account and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's loss 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 the 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 the 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 the 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.

Matters on which we are required to report by exception

In 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 set out on page 5, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Craig Maxwell
Craig Maxwell (Oct 28, 2022 11:46 GMT+1)

Craig Maxwell (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
100 Queen Street
Glasgow
G1 3DN

Date: Oct 28, 2022

Consolidated profit and loss account and other comprehensive income

for the year ended 30 June 2022

	Note	2022 £000	2021 £000
Group Turnover	2	**49,031**	44,606
Other income	3	**11**	1,481
Total income		**49,042**	46,087
Selling costs		**(42,807)**	(38,777)
Other operating costs		**(9,437)**	(10,452)
Impairment of goodwill		-	(6,237)
Non-recurring costs		-	(1,510)
Group operating loss	*4,5,6*	**(3,202)**	(10,889)
Interest payable and similar charges	*7*	**(3,300)**	(5,620)
Loss before taxation		**(6,502)**	(16,509)
Tax (charge)/credit on loss	*8*	**(76)**	60
Loss for the financial period		**(6,578)**	(16,449)
Other comprehensive income			
Loss for the financial period		**(6,578)**	(16,449)
Remeasurement of the net defined benefit pension scheme asset	*18*	**2,018**	945
Movement in deferred tax on defined benefit pension scheme asset	*17*	**(504)**	(96)
Effect of movements in foreign exchange		**1**	(11)
Other comprehensive income for the period		**1,515**	838
Total comprehensive income for the period		**(5,063)**	(15,611)
Loss attributable to			
Shareholders of the parent company		**(6,578)**	(16,449)
Total profit or loss		**(6,578)**	(16,449)
Total comprehensive income attributable to			
Shareholders of the parent company		**(5,063)**	(15,611)
Total comprehensive income		**(5,063)**	(15,611)

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

Notes on pages 15 to 33 form part of the financial statements.

Consolidated Balance Sheet
as at 30 June 2022

	Note	2022		2021	
		£000	**£000**	£000	£000
Fixed assets					
Goodwill	*9*		**44,048**		49,490
Tangible fixed assets	*10*		**2,175**		1,857
Fixed asset investments	*11*		**11**		11
			46,234		51,358
Current assets					
Debtors	*12*	**13,078**		10,950	
Cash and cash equivalents	*13*	**8,625**		12,014	
		21,703		22,964	
Creditors: amounts falling due within one year	*14*	**(20,232)**		(18,729)	
Net current assets			**1,471**		4,235
Total assets less current liabilities			**47,705**		55,593
Creditors: amounts falling due after one year	*15*		**(41,736)**		(42,198)
Net assets excluding pension asset/(liability)			**5,969**		13,395
Pension asset/(liability)	*18*		**957**		(1,406)
Net assets			**6,926**		11,989
Capital and reserves					
Called up share capital	*19*		**6,251**		6,251
Share premium account	*20*		**70,087**		70,087
Capital redemption reserve	*20*		**387**		387
Profit and loss account			**(69,799)**		(64,736)
Equity shareholders' funds			**6,926**		11,989

These financial statements were approved by the board of directors on 27 October 2022 and were signed on its behalf by:

Michelle C. Jordan

M Jordan
Director

Company registered number: SC513441

Company Balance Sheet
at 30 June 2022

	Note	2022		2021	
		£000	**£000**	£000	£000
Fixed assets					
Tangible fixed assets	*10*		**2,124**		-
Fixed asset investments	*11*		**48,481**		48,481
			50,605		48,481
Current assets					
Debtors	*12*	**8,473**		8,523	
Cash and cash equivalents	*13*	**666**		-	
		9,139		8,523	
Creditors: amounts falling due within one year	*14*	**(7,182)**		(3,746)	
Net current assets			**1,957**		4,777
Total assets less current liabilities			**52,562**		53,258
Creditors: amounts falling due after one year	*15*		**(31,754)**		(29,888)
Net assets			**20,808**		23,370
Capital and reserves					
Called up share capital	*19*		**6,251**		6,251
Share premium account	*20*		**70,087**		70,087
Capital redemption reserve	*20*		**387**		387
Profit and loss account			**(55,917)**		(53,355)
Equity shareholders' funds			**20,808**		23,370

These financial statements were approved by the board of directors on 27 October 2022 and were signed on its behalf by:

Michelle C. Jordan

M Jordan
Director

Company registered number: SC513441

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total Shareholders' equity £000
Balance at 1 July 2020	**500**	**-**	**-**	**(49,125)**	**(48,625)**
Issued in the year	6,138	70,087	-	-	76,225
Redeemed in the year	(387)	-	387	-	-
	5,751	70,087	387	-	76,225
Loss for financial period	-	-	-	(16,449)	(16,449)
Other comprehensive income	-	-	-	838	838
Total comprehensive income for the period	-	-	-	(15,611)	(15,611)
Balance at 30 June 2021	**6,251**	**70,087**	**387**	**(64,736)**	**11,989**
Balance at 1 July 2021	6,251	70,087	387	(64,736)	11,989
Loss for financial period	-	-	-	(6,578)	(6,578)
Other comprehensive income	-	-	-	1,515	1,515
Total comprehensive income for the period	-	-	-	(5,063)	(5,063)
Balance at 30 June 2022	**6,251**	**70,087**	**387**	**(69,799)**	**6,926**

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total Shareholders' equity £000
Balance at 1 July 2020	**500**	**-**	**-**	**8,342**	**8,842**
Issued in the year	6,138	70,087		-	76,225
Redeemed in the year	(387)	-	387	-	-
	5,751	70,087	387	-	76,225
Loss for financial period	-	-	-	(61,697)	(61,697)
Total comprehensive income for the period	-	-	-	(61,697)	(61,697)
Balance at 30 June 2021	**6,251**	**70,087**	**387**	**(53,355)**	**23,370**
Balance at 1 July 2021	6,251	70,087	387	(53,355)	23,370
Loss for financial period	-	-	-	(2,562)	(2,562)
Total comprehensive income for the period	-	-	-	(2,562)	(2,562)
Balance at 30 June 2022	**6,251**	**70,087**	**387**	**(55,917)**	**20,808**

Consolidated Cash Flow Statement
for year ended 30 June 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Operating loss		**(3,202)**	(10,889)
Depreciation, amortisation and impairment		**6,415**	13,243
Foreign exchange loss		**(39)**	(40)
Increase in debtors		**(2,122)**	(861)
Increase/(decrease) in creditors		**965**	(2,624)
Movement in defined benefit pension scheme		**(874)**	(399)
Taxation		**(84)**	(169)
Net cash from operating activities		**1,059**	(1,739)
Investing activities			
Acquisition of tangible fixed assets		**(1,268)**	(575)
Net cash from investing activities		**(1,268)**	(575)
Financing activities			
Repayment of secured loan		**(1,812)**	(9,625)
Interest paid		**(1,368)**	(1,054)
Issuance of share capital		-	5,001
Redemption of loan notes		-	(188)
Net cash from financing activities		**(3,180)**	(5,866)
Net decrease in cash and cash equivalents		**(3,389)**	(8,180)
Cash and cash equivalents at beginning of period		**12,014**	20,194
Cash and cash equivalents at 30 June	*13*	**8,625**	12,014

Notes
(forming part of the financial statements)

1 Accounting policies

Avidity Group Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These audited Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 25.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

As at 30 June 2022 the Group had a pre tax loss for the financial period of £6.5m *(2021: £16.5m loss)* which largely arose from non-cash goodwill amortisation and loan note interest charges.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and any residual or potential effects of Covid-19, inflationary pressures, or the war in Ukraine on its operations and its financial resources, the Company will have sufficient funds through its cash balances and cash flows to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2022. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.4 Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Subsequent to initial recognition, investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Computer and office equipment 2-5 years
- Furniture and fittings 5-10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Intangible assets, goodwill and negative goodwill (continued)

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value.

The finite useful life of goodwill arising on the acquisition of The Sellex Company Limited is estimated to be 10 years.

The finite useful life of goodwill arising on the acquisition of Avidity Group Holdings Limited is estimated to be 15 years on account of the shape of the business and nature of its customer base.

The Company will review the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit asset is recognised in other comprehensive income in the period in which it occurs.

The Group operates a pension scheme providing benefits based on final pensionable pay which closed to future accruals on 31 December 2011. The assets of the scheme are held separately from those of the Group.

1.10 Turnover

Turnover represents the invoiced value of fees earned in the period in respect of services to clients and commission receivable, exclusive of value added tax.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Expenses

Operating lease

Operating lease rentals are charged to the profit or loss on a straight line basis over the period of the lease.

Interest payable and receivable

Interest payable and similar charges includes interest payable and finance leases recognised in profit or loss. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in profit and loss on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost. Other investments in the Group are stated at cost, less any provision for impairment where appropriate.

1.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Leasing

Rentals due under operating leases are charged to profit or loss in the year to which they relate.

1.15 Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Group. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.16 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Grants are recognised on an accruals basis and are recognised within "Other Income".

Notes *(continued)*

2 Turnover

A geographical analysis of turnover is as follows:	2022 £000	2021 £000
UK	**45,137**	38,712
Europe	**3,894**	5,894
	49,031	44,606

All turnover has been generated by the Group's principal activity.

3 Other income

	2022 £000	2021 £000
Government grants	**-**	1,481
Rental income	**11**	-
	11	1,481

During the year the Group sub-let vacant office space and received £11,000 *(2021: £nil)* rental income.

In the year ended 30 June 2022 the Group received £nil in grants under the Coronavirus Job Retention Scheme *(2021: £1,481,000)*.

4 Expenses and auditor's remuneration

Group

Included in operating loss are the following:	2022 £000	2021 £000
Amortisation – intangible fixed assets	**5,442**	6,113
Impairment charges – intangible fixed assets	**-**	6,237
Depreciation on tangible assets	**972**	893
Auditor's remuneration:		
Audit of these financial statements	**31**	28
Other services relating to taxation	**2**	2
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**16**	14
Other services relating to taxation of subsidiaries of the Company	**18**	12

Company

Included in operating loss are the following:	2022 £000	2021 £000
Depreciation on tangible assets	**926**	-
Auditor's remuneration:		
Audit of these financial statements	**31**	28
Other services relating to taxation	**2**	2

During the year, IT equipment with a net book value of £1,917,000 was transferred to the Company from McCurrach UK Limited, as part of the Group's internal reorganisation.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period was as follows:

Group	Number of Employees 2022	Number of Employees 2021
Average number of employees	**1,099**	1,115

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**29,246**	27,161
Social security costs	**2,788**	2,876
Contributions to defined contribution plans and other staff costs	**700**	740
Current service cost of defined benefit plans	**96**	96
	32,830	30,873

The average number of persons employed by the Company (including directors) during the period was as follows:

Company	Number of Employees 2022	Number of Employees 2021
Average number of employees	**72**	-

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**2,717**	-
Social security costs	**303**	-
Contributions to defined contribution plans and other staff costs	**136**	-
	3,156	-

During the year, all support services employees and related directors were transferred to the Company as part of the Group's internal reorganisation.

6 Directors' remuneration

Group and Company	2022 £000	2021 £000
Directors' remuneration	**499**	591
Company contributions to money purchase pension plans	**18**	17
	517	608

The highest paid director received remuneration, excluding pension contributions and including the estimated monetary value of benefits in kind, of £265,000 *(2021: £403,000)*.

In the current and prior periods, retirement benefits were accruing to two directors *(2021: two directors)* under money purchase schemes.

Notes *(continued)*

7 Interest payable and similar charges

	2022	2021
	£000	£000
Bank interest and charges	70	29
Foreign exchange losses	41	28
Other finance costs	99	111
On bank loans and bank overdraft	575	718
On shareholder loan notes	2,515	4,734
Total interest payable and similar charges	3,300	5,620

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

Tax charge in profit and loss account	2022	Restated 2021
	£000	£000
Current tax		
Current tax on income for the period	24	39
Total current tax	24	39
Deferred tax (see note 17)		
Origination and reversal of timing differences	52	251
Deferred tax charge before pensions	52	251
Movement in deferred tax relating to defined benefit pension scheme	-	(152)
Total deferred tax charge/(credit)	52	(99)
Total tax charge/(credit) recognised in profit and loss account	76	(60)

	2022			2021 – Restated		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Recognised in profit and loss account	24	52	76	39	(99)	(60)
Recognised in other comprehensive income	-	504	504	-	96	96
Total tax	24	556	580	39	(3)	36

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

Factors affecting the tax charge for the current period

	2022 £000	Restated 2021 £000
Loss on ordinary activities before taxation	**(6,502)**	(16,509)
Current tax at 19% for the period *(2021: 19%)*	**(1,235)**	(3,137)
Effects of:		
Expenses not deductible for tax purposes	**18**	1,112
Amortisation not deductible for tax purposes	**1,034**	1,161
Income not taxable	**-**	1,185
Fixed asset differences	**(74)**	-
Capital allowances in excess of depreciation	**-**	(198)
Permanent timing difference	**6**	(34)
Income tax withheld at source	**5**	-
Adjustments in respect of prior year	**(5)**	(2)
Adjustments in respect of different rates of foreign taxation	**(10)**	(22)
Remeasurement of deferred tax for changes in tax rates	**32**	(125)
Deferred tax not recognised	**305**	-
Total tax charge/(credit) included in the profit or loss	**76**	(60)

9 Goodwill

Group

	£000
Cost	
Balance at beginning and end of year	90,693
Amortisation and impairment	
Balance at beginning of year	41,203
Amortisation for the year	5,442
Balance at end of year	**46,645**
Net book value	
At 30 June 2022	**44,048**
At 30 June 2021	49,490

Amortisation and impairment charge

The amortisation and prior year impairment are respectively charged in the following line items in the profit and loss account:

	2022 £000	2021 £000
Other operating costs	**9,437**	10,452
Impairment of goodwill	**-**	6,237

Notes *(continued)*

10 Tangible fixed assets

Group	**Furniture, Fittings and IT Equipment £000**
Cost	
Balance at 1 July 2021	9,744
Additions	1,290
Balance at 30 June 2022	**11,034**
Depreciation	
Balance at 1 July 2021	7,887
Depreciation charge for the year	972
Disposals	-
Balance at 30 June 2022	**8,859**
Net book value At 30 June 2022	**2,175**
Net book value At 30 June 2021	1,857

Company	**IT Equipment £000**
Cost	
Balance transferred from McCurrach UK Limited on 1 July 2021	9,027
Additions	1,132
Balance at 30 June 2022	**10,159**
Depreciation	
Balance transferred from McCurrach UK Limited on 1 July 2021	7,109
Depreciation charge for the year	926
Balance at 30 June 2022	**8,035**
Net book value At 30 June 2022	**2,124**
Net book value At 30 June 2021	-

During the year, IT equipment with a net book value of £1,917,000 was transferred to the Company from McCurrach UK Limited, as part of the Group's internal reorganisation.

Notes *(continued)*

11 Fixed asset investments

Fixed asset investments – Group

	Other investments other than loans £000
Cost and net book value	
At beginning and end of year	11

Fixed asset investments – Company

	Interests in associated undertakings £000
Cost and net book value	
At beginning and end of year	48,481

The undertakings in which the Group's and Company's interest at the year end are more than 20% are as follows:

	Registered office	Nature of trade	Class of shares held
Subsidiary undertakings			
Avidity Group Acquisitions Limited	16 Charlotte Square, Edinburgh, EH2 4DF	Investment holding	Ordinary: 100%
Related undertakings			
Avidity Group Holdings Limited	16 Charlotte Square, Edinburgh, EH2 4DF	Investment holding	Ordinary: 100%
Experience Wave Limited	Broadgate Tower, 20 Primrose Street, London EC2A 2EW	Field sales execution & experiential services	Ordinary: 100%
McCurrach Financial Services Limited	74 Waterloo St., Glasgow, G2 7DJ	Field sales services	Ordinary: 100%
McCurrach Investments Limited	74 Waterloo St., Glasgow, G2 7DJ	Investment holding	Ordinary: 100%
McCurrach UK Limited	74 Waterloo St., Glasgow, G2 7DJ	Field sales services	Ordinary: 100%
McCurragh Limited	108 Q House, Furze Rd. Dublin 18	Field sales services	Ordinary: 100%
Standout Field Marketing Limited	Broadgate Tower, 20 Primrose Street, London EC2A 2EW	Field sales services	Ordinary: 100%
The Sellex Company Limited	Broadgate Tower, 20 Primrose Street, London EC2A 2EW	Consultancy	Ordinary: 100%
Thumbprint Technology Limited	Broadgate Tower, 20 Primrose Street, London EC2A 2EW	Data analytics & digital products/services	Ordinary: 100%
ABC 2007 Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%
Brown & Gracie Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%
McCurrach U.K. Brokers Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%
Scotsell Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%
TMGL Spain Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%
U.K. Brokers Limited	74 Waterloo St., Glasgow, G2 7DJ	Non trading	Ordinary: 100%

Notes *(continued)*

12 Debtors

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Due within 1 year:				
Trade debtors	10,233	14	8,458	-
Amounts owed by Group undertakings	-	8,303	-	8,500
Other debtors	281	46	169	-
Other taxes and social security	41	-	-	-
Deferred tax (see note 17)	-	-	484	-
Prepayments and accrued income	2,371	110	1,695	23
Corporation tax	152	-	144	-
	13,078	8,473	10,950	8,523

13 Cash and cash equivalents

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Cash at bank and in hand	8,625	666	12,014	-
Cash and cash equivalents per cash flow statement	8,625		12,014	

14 Creditors: amounts falling due within one year

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts (see note 16)	2,000	-	1,812	-
Trade creditors	886	330	663	-
Amounts owed to Group undertakings	-	4,363	-	2,286
Other taxation and social security	2,435	102	3,896	-
Deferred tax (see note 17)	72	7	-	-
Other creditors	1,908	22	1,809	-
Accruals and deferred income	12,931	2,358	10,549	1,460
	20,232	7,182	18,729	3,746

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loans and overdrafts (see note 16)	9,750	-	11,750	-
Shareholder loan notes (see note 16)	31,754	31,754	29,888	29,888
Onerous property provision	232	-	560	-
	41,736	31,754	42,198	29,888

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Creditors falling due after one year				
Secured bank loans	9,750	-	11,750	-
Shareholder loan notes	31,754	31,754	29,888	29,888
	41,504	31,754	41,638	29,888
Creditors falling due within one year				
Secured bank loans	2,000	-	1,812	-
Total	43,504	31,754	43,450	29,888

Included within secured bank loans of the Group are amounts repayable after five years by instalments of £nil and otherwise then by an instalment of £nil *(2021: instalments of £nil and £nil respectively).*

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Bank loan facility A	GBP	LIBOR + 4.10%	2021	6 monthly	-	-	1,062	-
Bank loan facility B	GBP	SONIA + 4.10% + CAS 0.0222%	2024	Quarterly with Bullet	11,750	-	12,500	-
Shareholder loan notes A	GBP	8%	2025	Bullet	31,754	31,754	29,888	29,888
					43,504	31,754	43,450	29,888

The bank loan is a senior term loan facility secured by a floating charge and standard security over the whole of the assets of the Group and its subsidiaries.

The shareholder loan notes A are secured by a floating charge and standard security over the whole of the assets of the Group and its subsidiaries.

Notes *(continued)*

17 Deferred taxation

Deferred tax	**Group 2022 £000**	**Company 2022 £000**	Group 2021 £000	Company 2021 £000
Asset at beginning of year	**(484)**	-	(481)	-
Debited to the statement of comprehensive income	**504**	-	96	-
Debited/(credited) to the profit and loss account	**52**	**7**	(99)	-
Liability/(asset) at end of year	**72**	**7**	(484)	-

Deferred tax liabilities/(assets) are attributable to the following:

Deferred tax	**Group 2022 £000**	**Company 2022 £000**	Group 2021 £000	Company 2021 £000
Accelerated capital allowances	**(50)**	-	(37)	-
Employee benefits	**222**	-	(352)	-
Timing differences	**(100)**	**7**	(95)	-
Tax liability/(asset)	**72**	**7**	(484)	-

18 Employee benefits

Group

The Group contributes to defined contribution pension schemes on behalf of certain employees and operates a defined benefit pension scheme.

Defined contribution pension schemes

The pension charge relating to the defined contribution pension schemes for the period represents contributions payable by the Group to the scheme and amounted to £613,000 *(2021: £610,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Defined benefit pension scheme

The Group operates a funded defined benefit pension scheme providing benefits based on final pensionable salaries. Certain employees of the Group are members of the McCurrach UK Limited pension scheme, which closed to new members in 2000 and closed to future accruals in December 2011.

Historical information presented below in relation to the scheme has been extracted from the financial statements of McCurrach UK Limited.

The information disclosed below is in respect of the whole of the plans for which the Group is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

Net pension asset/(liability)

	2022 £000	2021 £000
Present value of funded defined benefit obligations	**(11,686)**	(18,191)
Fair value of plan assets	**12,643**	16,785
	957	(1,406)

Notes *(continued)*

18 Employee benefits *(continued)*

Movements in present value of defined benefit obligation

	2022 £000	2021 £000
At beginning of period	**(18,191)**	(19,489)
Current service cost	**(96)**	(96)
Interest cost	**(357)**	(280)
Remeasurement: actuarial gain	**6,172**	1,303
Benefits paid	**786**	371
At 30 June	**(11,686)**	(18,191)

Movements in fair value of plan assets

	2022 £000	2021 £000
At beginning of period	**16,785**	16,870
Interest income	**333**	244
Remeasurement: return on plan assets less interest income	**(4,154)**	(358)
Contributions by employer	**465**	400
Benefits paid	**(786)**	(371)
At 30 June	**12,643**	16,785

Expense recognised in the profit and loss account

	2022 £000	2021 £000
Current service cost	**96**	96
Interest on defined benefit pension plan assets	**24**	36
	120	132

The expense is recognised in the following line items in the profit and loss account:

	2022 £000	2021 £000
Selling costs	**96**	96
Other finance income	**24**	36
Total expense recognised in profit or loss	**120**	132

Notes *(continued)*

18 Employee benefits *(continued)*

The total amount recognised in other comprehensive income in respect of re-measurements of the pension scheme are as follows:

	2022	2021
	£000	£000
Actuarial gain	**6,172**	1,303
Return on assets excluding interest income	**(4,154)**	(358)
Total income recognised in other comprehensive income	**2,018**	945

The fair value of the plan assets and the return on those assets were as follows:

	2022	2021
	Fair value	Fair value
	£000	£000
Government debt	**1,999**	3,824
Other	**10,644**	12,961
	12,643	16,785
Actual return on plan assets	**(3,821)**	(114)

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2022	2021
	%	%
Discount rate	**3.90%**	2.00%
Expected rate of return on plan assets	**3.90%**	2.00%
Future salary increases	**n/a**	n/a
RPI Inflation	**3.10%-3.35%**	3.10%-3.35%
CPI Inflation	**2.10%-2.45%**	2.65%-2.70%
Pension increases:		
Inflation (RPI) capped at a maximum of 5% p.a.	**3.00%**	3.00%
Inflation (CPI) capped at a maximum of 3% p.a.	**2.05%**	2.15%
Inflation capped at a maximum of 5% p.a. and a minimum of 3% p.a.	**3.65%**	3.65%

The last full actuarial valuation of the scheme was carried out as at 31 December 2018, to measure the defined benefit obligation. As the scheme is closed to new members and future accrual, the Company did not adjust employee numbers or salary levels. The results of this actuarial valuation as at 31 December 2018 showed a funding deficit of £5,516,000. The Company has agreed with the Trustee to target removal of this deficit over a period of 9 years and 6 months from 31 December 2018 by payment of contributions of £400,000 per annum until 30 September 2020, then £300,000 per annum until 31 December 2021, and then finally £420,000 per annum until 30 June 2028.

In valuing the liabilities of the pension fund at 30 June 2022, mortality assumptions have been made as indicated below.

Notes *(continued)*

18 Employee benefits *(continued)*

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include allowances for both future improvements in longevity, and Covid-19 related deaths. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 20.9 years (male), 23.5 years (female).
- Future retiree (age 45 now) upon reaching 65: 21.8 years (male), 24.5 years (female).

In the prior year, the CPI assumption relating to revaluation in deferment was set equal to the RPI revaluation in deferment assumption, less a deduction of 0.7%. Given the RPI – CPI gap is currently approximately 2%, an increased deduction of 1.25% has been applied to the RPI revaluation in deferment assumption this year, to take account of both current and future market expectations.

19 Share capital

Group and Company

Share capital at beginning and end of year

	1,250,000 £1.00 A Ordinary Shares £000	1,367,189 £0.001 E Ordinary Shares £000	5,000,000 £1.00 Ordinary Shares £000	Total £000
Allotted, called up and fully paid				
Shares classified as shareholders' funds	1,250	1	5,000	6,251

The holders of ordinary shares are entitled to receive dividends as declared from time to time.

20 Reserves

Share Premium

This reserve records the amount above the nominal value received for shares sold.

Group and Company	£000
Balance at beginning and end of year	70,087

Capital Redemption Reserve

This reserve records the nominal value of shares repurchased by the Company.

Group and Company	£000
Balance at beginning and end of year	387

Notes *(continued)*

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2022 £000	2021 £000
Less than one year	**1,712**	1,422
Between one and five years	**2,702**	2,108
	4,414	3,530

Company	2022 £000	2021 £000
Less than one year	**1,198**	-
Between one and five years	**1,765**	-
	2,963	-

During the year, the operating lease commitment for vehicles was transferred to the Company as part of the Group's internal reorganisation. Lease costs are now being recharged from the Company across the Group's operating companies.

During the year the Group and Company recognised £1,791,000 and £10,000 respectively *(2021: Group £3,076,000; Company £nil)* as an expense in the profit and loss account in respect of operating leases.

22 Related parties

Group

Related party	Relationship	Transaction	12 months to 30 June 2022 £000	Balance due to/(from) at 30 June 2022 £000	12 months to 30 June 2021 £000	Balance due to/(from) at 30 June 2021 £000
Neil A McNicol's Accumulation and Maintenance Trust Limited	Shareholder	Lease of property	**343**	**119**	217	23
J Matheson	Director	Lease of property	**(2)**	**(2)**	(1)	-
D Bremner	Former Shareholder	Legal advice	-	-	5	-

Company

Related party	Relationship	Transaction	2022 £000	Balance due (to)/from at 30 June 2022 £000	2021 £000	Balance due (to)/from at 30 June 2021 £000
Metric Capital Partners	Shareholder	Agency fee & other costs	75	-	206	-

23 Post balance sheet event

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on the results reported or the financial position of the Company.

Notes *(continued)*

24 Capital commitments

The Group's contractual commitments to purchase tangible fixed assets at 30 June 2022 were £135,000 *(2021: £55,000)*.

25 Accounting estimates and judgements

The preparation of financial statements in accordance with FRS 102 requires estimates and assumptions by the directors. These estimates and assumptions might affect the reported amount of assets and liabilities, contingent liabilities and contingent assets at the reporting date as well as income and expenses during the reporting period. The actual outcomes and results may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impacts from revision to accounting estimates are recognised in the period in which the estimates are revised and for any future periods affected.

McCurrach UK Limited operates a defined benefit pension scheme that closed to future benefit accrual in December 2011. The determination of any defined benefit pension scheme surplus/deficit is based on assumptions determined with actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions.

26 Details of undertaking

Subsidiary exemption

The following UK subsidiaries of the Group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 30 June 2022:

	Registered office	Nature of trade	Class of shares held
Avidity Group Acquisitions Limited (SC513445)	16 Charlotte Square, Edinburgh, EH2 4DF	Investment holding	Ordinary: 100%
Avidity Group Holdings Limited (SC295046)	16 Charlotte Square, Edinburgh, EH2 4DF	Investment holding	Ordinary: 100%
Experience Wave Limited (04400611)	Broadgate Tower, 20 Primrose Street, London, EC2A 2EW	Field sales & experiential services	Ordinary: 100%
McCurrach Investments Limited (SC219276)	74 Waterloo Street, Glasgow, G2 7DJ	Investment holding	Ordinary: 100%
McCurrach UK Limited (SC039724)	74 Waterloo Street, Glasgow, G2 7DJ	Field sales services	Ordinary: 100%
Standout Field Marketing Limited (07960792)	Broadgate Tower, 20 Primrose Street, London, EC2A 2EW	Field sales services	Ordinary: 100%
The Sellex Company Limited (06173508)	Broadgate Tower, 20 Primrose Street, London, EC2A 2EW	Field sales services	Ordinary: 100%
Thumbprint Technology Limited (13871082)	Broadgate Tower, 20 Primrose Street, London, EC2A 2EW	Data analytics & digital products/services	Ordinary: 100%

Notes *(continued)*

27 Group Analysis of Net Debt

	Opening	Cashflows	Non-Cash Movements	Closing
	£000	£000	£000	£000
Cash & cash equivalents				
Cash	12,014	(3,389)	-	8,625
Overdrafts	-	-	-	-
Cash equivalents	-	-	-	-
	12,014	**(3,389)**	-	**8,625**
Borrowings				
Debt due within 1 year	(1,812)	(188)	-	(2,000)
Debt due after 1 year	(11,750)	2,000	-	(9,750)
Shareholder loan notes	(29,888)	-	(1,866)	(31,754)
	(43,450)	**1,812**	**(1,866)**	**(43,504)**