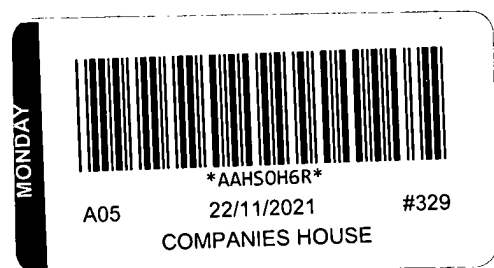


Harris Interactive UK Limited
Annual report and financial statements
For the year ended
31 December 2020



Harris Interactive UK Limited

Annual report and financial statements for the year ended 31 December 2020

Contents	Page
Company information	3
Director's report for the year ended 31 December 2020	4
Strategic report for the year ended 31 December 2020	6
Statement of director's responsibilities	8
Independent auditors' report to the members of Harris Interactive UK Limited	9
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15

Harris Interactive UK Limited

Company information

Directors

Tonmoy Mukherjee (appointed 30th September 2020)

Frédéric Charles Petit (appointed 1st June 2020)

Pierre Camagne (resigned 30th September 2020)

Company number

02802862 (England and Wales)

Registered Office

Ealing Cross

85 Uxbridge Road

London

W5 5TH

Independent Auditors

Constantin

Statutory Auditors

Chartered Accountants

25 Hosier Lane

London

EC1A 9LQ

Directors' report for the year ended 31 December 2020

The directors present the annual report and the audited financial statements of the company for the year ended 31 December 2020.

Principal activities

The company's principal activity during the period was the provision of market research services.

Results and dividends

The company has reported a profit of £1,869k for the financial period ended 31 December 2020 (31 December 2019: profit of £1,211k). The directors do not recommend the payment of a dividend (year ended 31 December 2019: £nil).

Directors

The directors of the company, who held office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

Tonmoy Mukherjee (appointed 30th September 2020)

Frédéric Charles Petit (appointed 1st June 2020)

Pierre Camagne (resigned 30th September 2020)

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

Strategic report

The following details are disclosed within the Strategic report:

- The Company's principal activity and review of the strategic report;
- The Company's principal risks and uncertainties;
- The Company's key performance indicators;
- The Company's strategy;
- The Company's future development;
- The Company's policy in respect of disabled persons;
- The Company's approach to employee involvement and communication;

Future developments

No major change is expected in terms of business for the Company and its subsidiaries in 2021.

Financial risk management

The company has considered the risk of liquidity and pricing and their potential impact on the business.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements policies set by the board of directors.

Liquidity risk and interest rate cash flow risk

The company, as part of a larger group, actively maintains an appropriate level of debt finance through loans due to group undertakings that are designed to ensure that the company has sufficient available funds for operations and planned expansions.

The principal amount of the loan with Harris Interactive Germany is K£ 899 and is repayable on demand. The applicable interest rate on the loan with Harris Interactive Germany is 3%.

Credit risk

The company's exposure to credit risk is mitigated by the breadth of the customer base. The exposure is further mitigated by requiring stage payments throughout the life of a contract. For these reasons the directors do not believe that the company's exposure to any individual customer is significant.

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

Foreign exchange risk

As a result of operating in foreign markets the company's results could be affected by changes in foreign currency exchange rates. The company has international sales in Europe and the rest of the world and transacts business in several currencies. Foreign exchange translation gains and losses are included in the operating result. Management mitigate exposure to translation gains and losses by operating bank accounts in several currencies.

Post balance sheet events

Harris Interactive UK is a service company mostly working on the UK market so no particular impact are expected following the Brexit.

Going concern

The Directors have thoroughly reviewed the Company's performance and position relating to historical results, current trading, forecast performance, COVID-19 impact, cash reserves and financing arrangements. Additionally, the Directors have also considered the Company's reliance upon its key stakeholders including customers and suppliers and found no over-reliance on any particular stakeholder.

The Directors are therefore confident that the Company will continue in operational existence for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Disclosure of information to auditors


The directors, as at the date of this report, have confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that he ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Independent Auditors

The auditors Constantin was appointed and have indicated their willingness to continue in office.

The financial statements of Harris Interactive UK Limited (registered number 02802862) were approved by the board of directors and authorised for issue on **October 28th, 2021**. They were signed on its behalf by:


Tonmoy Mukherjee (Oct 28, 2021 14:28 GMT+1)

Tonmoy Mukherjee
Director

Harris Interactive UK Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report on the company for the year ended 31 December 2020.

Review of the business

The company's principal activity during the period was the provision of market research services.

As shown in the company's statement of comprehensive income on page 12, turnover for the year was £10.9m (for the year ended 31 December 2019: £10.1m), while the company showed an operating profit of £1,540k for the year ended 31 December 2020, compared to an operating profit of £1,245k for the year ended 31 December 2019.

Performance and position of the business

The company's profit for the year ended 31 December 2020 was £1,869k (year ended 31 December 2019: profit of £1,211k). The balance sheet for the Company as at 31 December 2020 shows net assets of £2.5m (net assets as at 31 December 2019: £0.6m).

Principal risks and uncertainties

Principal risks and uncertainties	Mitigating actions/plan
Level of repeat business from clients.	Harris Interactive UK Limited seeks to reduce this risk by both making sure the existing clients are highly satisfied and by investing in new tools and new markets.
Fluctuation in global foreign exchange rates.	Harris Interactive UK Limited's philosophy is to limit to the bare necessity the amount of the transactions processed in a currency that is not the functional currency of the local entity.
Exposure to reduced demand for services due to the level of activity in the global economy.	Harris Interactive UK Limited's belief is that innovation and expertise will allow gaining market share at a higher speed than the demand for service may decrease. This applies, among other things, in converting off-line market research to on-line so that the nominal value of the activity globally increases.

Key Performance Indicators

Financial performance for the year was as follows:

	2020	2019	Change	Change
	£'000	£'000	£'000	
Revenue	10 943	10 098	+ 845	8%
Operating profit	1 540	1 245	+ 295	24%

The Company's key financial performance indicators are revenue and operating profit.

Strategy

The Company's strategy is to be the leading provider of market research. The Company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments. We aim to improve efficiency of our operations by developing new product offers and expertise.

Future Developments

No major change is expected in terms of business for the Company and its subsidiaries in 2021.

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

Financing

The company is financed by Toluna Holdings Limited and has no third-party debt.


Employment involvement

Employees are kept informed of the performance of the Company through personal briefings, regular meetings and e-mails. The financial and economic factors affecting the Company's performance are also communicated by senior management through informal briefings.

Employment of disabled persons

It is the policy of the Company to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of employees who have become disabled whilst in the Company's employment.

The financial statements of Harris Interactive UK Limited (registered number 02802862) were approved by the board of directors and authorised for issue on **October 28th, 2021**. They were signed on its behalf by:


Tonmoy Mukherjee (Oct 28, 2021 14:28 GMT+1)

Tonmoy Mukherjee
Director

Statement of director's responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with United Kingdom applicable law and regulations and United Kingdom Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under Company law and applicable 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 the affairs and profit or loss of the Company for that year.

In preparing those 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 United Kingdom Accounting Standards have been followed for the Company financial statements, 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 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 which 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Members of Harris Interactive UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Harris Interactive UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19 which include the statement of accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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 strategic report and the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the strategic report and the directors' 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.

Independent auditor's report to the Members of Harris Interactive UK Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Independent auditor's report to the Members of Harris Interactive UK Limited
(continued)**

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

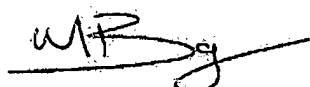
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Bathgate
FCA (Senior Statutory Auditor)
For and on behalf of Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London EC1A 9LQ
London
Date: **October 28th, 2021**

Harris Interactive UK Limited

Statement of Comprehensive income

For the year ended 31 December 2020

		Year-ended 31 December 2020 £'000	Year-ended 31 December 2019 £'000
	Note		
Turnover	3	10,943	10,098
Cost of sales		<u>(4,421)</u>	<u>(3,688)</u>
Gross profit / (loss)		6,522	6,410
Administrative expenses		(5,061)	(5,165)
Other income (i)		<u>79</u>	<u>-</u>
Operating profit / (loss)	4	<u>1,540</u>	<u>1,245</u>
Interest payable and similar charges	5	<u>(32)</u>	<u>(34)</u>
Profit / (Loss) on ordinary activities before taxation		1,508	1,211
Taxation	8-9	<u>362</u>	<u>-</u>
Profit / (Loss) for the financial year		1,869	1,211
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		<u>1,869</u>	<u>1,211</u>
<i>(i) including furlough income</i>			

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been prepared.

Turnover and operating profit are all derived from continuing operations

The notes on pages 15 to 27 form an integral part of these financial statements.


Harris Interactive UK Limited

Statement of financial position

As at 31 December 2020

		31 December 2020 £'000	31 December 2019 £'000
	Note		
Non Current Assets			
Intangible assets	10	-	1
Tangible assets	11	142	37
Deferred tax assets	9	362	
		<u>504</u>	<u>38</u>
Current assets			
Debtors	12	4 206	4 406
Cash at bank and in hand		<u>1 234</u>	<u>1 144</u>
		5 440	5 550
Creditors - Amounts falling due within one year	13	<u>(3 490)</u>	<u>(5 001)</u>
Net current assets		<u><u>1 950</u></u>	<u><u>549</u></u>
Net assets		<u><u>2 456</u></u>	<u><u>587</u></u>
Capital and Reserves			
Called up share capital	14	400	400
Profit and loss account		<u>2 056</u>	<u>187</u>
Total shareholders' profit		<u><u>2 456</u></u>	<u><u>587</u></u>

The financial statements of Harris Interactive UK Limited (registered number 02802862) were approved by the board of directors and authorised for issue on **October 28th, 2021**. They were signed on its behalf by:


Tonmoy Mukherjee (Oct 28, 2021 14:28 GMT+1)

Tonmoy Mukherjee
Director

The notes on pages 15 to 27 form an integral part of these financial statements.

Harris Interactive UK Limited

Statement of changes in equity

For the year ended 31 December 2020

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
	<hr/>	<hr/>	<hr/>
At 1 January 2019	400	(1 024)	(624)
Profit for the period	<hr/> -	<hr/> 1 211	<hr/> 1 211
At 31 December 2019	400	187	587
Profit for the period	<hr/> -	<hr/> 1 869	<hr/> 1 869
At 31 December 2020	400	2 056	2 456

Notes to the financial statements

For the year ended 31 December 2020

1. Company information

Harris Interactive UK Limited is a company limited by shares incorporated in England and Wales. The registered office is set out on the company information page.

2. Accounting policies

Statement of significant accounting policies

The principal accounting policies are summarised below. All accounting policies are unchanged from the previous year and have been applied consistently throughout the current year and the previous year.

Basis of preparation

These financial statements are prepared, on a going concern basis, under the historical cost convention, in accordance with the Financial Reporting Standard 101, as permitted by Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently throughout the year, is set out below.

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).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 'Reduced Disclosure Framework'.

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;

Judgments and key sources of estimation

In the application of the Company's accounting policies, 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.

Going concern

The Directors have thoroughly reviewed the Company's performance and position relating to historical results, current trading, forecast performance, cash reserves and financing arrangements. Additionally, the Directors have also considered the Company's reliance upon its key stakeholders including customers and suppliers and found no over-reliance on any particular stakeholder. The Directors are therefore confident that the Company will continue in operational existence for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Harris UK Limited was impacted by COVID 19 epidemic in early 2020 but remains confident in its capacity to continue to deliver steady business performance.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Turnover

Turnover comprises the value of services supplied in the ordinary course of business during the year, net of trade discounts, excluding value added tax.

Turnover recognition is based on the stage of completion determined for each project at the balance sheet date. In assessing contract performance both input and output criteria are reviewed. Costs incurred are used as an objective input measure of performance. The primary input of all work performed is labour. As a result of the relationship between labour and cost, there is normally a direct relationship between the costs incurred and the proportion of the contract performed to date. Costs incurred as an initial proportion of expected total costs is used as an initial proportional performance measure. This indicative proportional performance measure is validated against more subjective criteria (i.e. relevant output measures) such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract. In the event of divergence between the objective and more subjective measures, the more objective measures take precedence since these are output measures.

Turnover from services is derived principally from Custom Research – including, but not limited to, customer satisfaction surveys, market share studies, new product introduction studies, brand recognition studies, reputation studies, ad concept testing, employee satisfaction surveys and tracking studies, being studies that regularly ask identical questions to similar demographic groups within a constant interval (once a month, once a quarter etc) to feed business decision makers with dynamic data and intelligence.

Where on any contract the amount of recorded turnover is in excess of payments on account, the excess is classified as “amounts recoverable on contracts” and is separately disclosed within debtors. Where on any contract the progress payments received or receivable exceed the recorded turnover the excess is classified as “payments received on account”, and is separately disclosed within creditors

Intangible fixed assets

Intangible assets relate to Brand and Corporate website and is stated at cost less accumulated amortisation. Amortisation is charged so as to write off the cost over the estimated useful lives using the straight-line method at the rate of 33% per annum and commences when the asset is complete and put into use.

Tangible fixed assets and depreciation

The cost of tangible fixed assets comprises the purchase price and any incidental expenses of acquisitions. Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful economic life.

The expected useful lives of the principal categories are:

Office equipment, fixtures and fittings - 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the profit and loss account.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Operating leases

The Group has adopted the new accounting pronouncements which have become effective in 2019, and are as follows:

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

As a result of the adoption of this new Standard, the Company recognizes a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. For a lessee, a lease that is accounted for under IFRS 16 results in the recognition of:

- a right-of-use asset and lease liability
- interest expense (on the lease liability)
- depreciation expense (on the right-of-use asset).

In the statement of cash flows, lease payments are classified:

- as a financing activity for amounts relating to the repayment of the principal portion of the lease liability
- in the same classification as interest paid on other forms of financing (ie, as either a financing or operating activity) for amounts relating to interest charged on the lease liability
- as operating activities for amounts relating to short-term and low-value asset leases that are accounted for off-balance sheet and for variable payments not included in the lease liability.

The Company choose to apply the modified retrospective approach: the right-of-use asset is recognized at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated. This method is simpler than the full retrospective approach in that an entity simply needs to determine what its lease liability is based on the remaining payments, and then sets the right-of-use asset as an amount equal to that figure. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4. The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Interest rates have been identified for each country when the information was available and when it was not, management used Group facility agreement interest rate.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Based on our contracts review, we have identified lease contracts related to our office rentals to be within IFRS 16 scope. The new Standard increases assets and liabilities for leases previously accounted for as operating leases which are now capitalised on the balance sheet as right-of-use assets and lease liabilities:

<u>2020 Balance Sheet Impact</u>		<u>2020 P&L Impact</u>	
	£'000		£'000
Asset right of use		Operating Profit - Other operating costs	
Property, plant and equipment	125	Lease reclassification	123
		Amortisation	-126
Debt right of use		Finance costs	
Other financial liabilities	133	Financial interests	-5
Net assets	(8)	Net Profit	(8)
Number of contract: 1			

For a lessee under IAS 17, operating lease expenses were shown as short-term expenses. Under IFRS 16 there has been a change in the amount and presentation of these expenses; they are now split between depreciation expense and finance costs. Therefore, impacts on operating profit is £ -2 K and on Finance costs is £ -5 K.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies within the UK where capacity to utilise those losses exists. There is no requirement for the receiving companies to make any payment for these losses

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Notes to the financial statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pension contributions

The company contributes to a non-occupational defined contribution pension scheme for its employees. The pension charge in the financial statements represents contributions payable by the company for the year. The company's liability is limited to the amount of the contributions.

Provisions policy

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be applied with. When the grant relates to an income item, it is presented as other income in the profit and loss account. The income is reported in the period that the relief relates to.

3. Turnover

In the opinion of the director, all the company's operations comprise one class of business originating in the UK as detailed in the director's report.

Geographical segment by destination

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
United Kingdom	8 040	7 577
Rest of Europe	1 727	1 213
Rest of the World	1 177	1 308
Total revenue	10 943	10 098

Notes to the financial statements

For the year ended 31 December 2020

4. Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Depreciation of tangible fixed assets - owned	20	23
Depreciation of tangible fixed assets - IFRS 16 reclassification	126	133
Amortisation of intangible fixed assets	1	3
Auditors' remuneration - audit services	31	30
Gain / (Loss) on foreign currency translation	57	(61)

Other Income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Furlough Income	79	-
Total Other Income	79	-

5. Interest payable and similar charges

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest payable to group undertakings	27	32

Notes to the financial statements

For the year ended 31 December 2020

6. Employee information

The number of persons (including executive directors) employed by the company was:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
By activity		
Administration	5	5
Research	<u>58</u>	<u>61</u>
Total	63	66

The total remuneration of permanent employees (including executive directors) was:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	3 608	3 719
Social security costs	386	407
Other pension costs	<u>183</u>	<u>184</u>
Staff costs	4 176	4 310

Notes to the financial statements

For the year ended 31 December 2020

7. Director's emoluments

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Aggregate emoluments	-	265
Company contributions to money purchase pension schemes	-	-
Staff costs	-	265

Retirement benefits under personal money purchase pension agreements were not accruing to the directors (Year ended 31/12/2019: nil).

During the year ended 31 December 2020 no directors exercised share options in the previous ultimate parent company, Harris Interactive Inc. (Year ended 31/12/2019: nil)

There are no share options anymore for Harris Interactive.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
(In respect of the highest paid director)		
Aggregate emoluments	-	265
Company contributions to money purchase pension schemes	-	-
Staff costs	-	265

The above disclosures relate to one director.

Notes to the financial statements

For the year ended 31 December 2020

8. Tax on profit on ordinary activities

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Profit/(loss) on ordinary activities before tax	1508	1211
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	287	230
Effects of:		
Utilisation of tax losses recognised in deferred tax		-230
Expenses not deductible for tax purposes	2	
Remeasurement of deferred tax for changes in tax rates	-89	
Deferred tax not recognised	-562	
Tax charge / (credit) for the period	-362	0

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020. However, Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate will remain at 19% from 1 April 2020.

9. Deferred Tax

	Year ended 31 December 2020	Year ended 31 December 2019
Deferred tax		
Origination and reversal of timing differences	71	0
Deferred tax on losses carried forward	291	0
TOTAL	362	0

The differences between the total tax charge shown above and the amount calculated by applying the effective rate of UK corporation tax for 2020 of 19%

The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Finance Act 2021 received Royal Assent on 10 June 2021 which has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate but as this had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

10. Intangible assets

	Brand and corporate website £'000
Costs	
At 1 January 2020	63
Additions	-
At 31 December 2020	63
Amortisation	
At 1 January 2020	62
Charge	1
At 31 December 2020	63
Net book amount	
At 1 January 2020	1
At 31 December 2020	-

11. Tangible assets

	IFRS 16 Right of use asset £'000	Office equipment, fixtures and fittings £'000	Total £'000
Costs			
At 1 January 2020	133	1 234	1 367
Additions	251	0	251
Terminations	-133	0	-133
At 31 December 2020	251	1 234	1 485
Amortisation			
At 1 January 2020	133	1 197	1 330
Charge	126	20	146
Reversal for terminations	-133	0	-133
At 31 December 2020	126	1 217	1 343
Net book amount			
At 1 January 2020	0	37	37
At 31 December 2020	125	17	142

Notes to the financial statements

For the year ended 31 December 2020

12. Debtors

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Amounts falling due within one year		
Trade debtors	1 861	1 634
Amounts recoverable on contracts	790	1 043
Amounts owed by group undertakings	1 302	1 423
Other debtors	26	33
Prepayments	227	273
Total	4 206	4 406

Amounts due from group undertakings are unsecured and are repaid in accordance with the terms specified in the governing distribution agreements.

13. Creditors - Amounts falling due within one year

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Amounts falling due within one year		
Trade creditors	190	345
Payments received on account	742	779
Amounts owed to group undertakings*	1 228	2 842
Other creditors	135	2
Social security and other tax	387	199
Accruals	808	834
Total	3 490	5 001

*The amounts owed to company undertakings are unsecured and are repayable on demand.

Notes to the financial statements

For the year ended 31 December 2020

14. Called up share capital

	31 December 2020	31 December 2019
	£'000	£'000
Authorised, allotted, called up and fully paid		
400,000 ordinary shares of £1 each	<u>400</u>	<u>400</u>

15. Pension commitments

The company contributes to a non-occupational defined contribution pension scheme for its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge for the year ended 31 December 2020 amounted to £183k (year ended 31 December 2019: £184k). The contributions outstanding at end of the year 31 December 2020 was £ 32k (year ended 31 December 2019: Nil).

16. Operating lease arrangements

	2020	2019
	£'000	£'000
Lease payments under IFRS 16		
(see Note 2 on operating leases)	123	135

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

	2020	2019
	£'000	£'000
Within 1 year	135	135
Between one and five years		135
In more than 5 years	-	-
Total	<u>135</u>	<u>269</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years with an option to extend for a further 1 year at the prevailing market rate.

Notes to the financial statements

For the year ended 31 December 2020

17. Off balance sheet commitment

Harris Interactive UK Limited is part of guarantors/obligors for a £15,000,000 term loan facility (provided by Natwest Bank UK) to Toluna Holdings Limited pursuant to the Coronavirus Business Interruption Loan Scheme ("CLBILS"). In consideration of Natwest making the CLBILS Facility available, Harris Interactive UK Limited and other entities of the Group would grant security and guarantees in favour of Natwest (as defined in the CLBILS Facility Agreement) which would include fixed and floating charges over all its property, assets and undertakings.

18. Post balance sheet events

Brexit is effective in 2021 but due to the nature of services offered by the Group and the way it operates, the impacts on our business are expected to be limited.

19. Ultimate parent company and controlling party

The Company's immediate parent company and controlling party is Toluna Holdings Limited (formerly ITWP Acquisitions Limited, renamed on August 12th, 2020), incorporated in England and Wales. This is the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of the Toluna Holdings Limited consolidated financial statements may be obtained from Toluna Holdings Limited, 85 Uxbridge Road, London W5 5TH.

Signature:

Email: pierre.camagne@toluna.com