

OXFORD POLICY MANAGEMENT LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**



OXFORD POLICY MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	C S Adam A Da Silva (resigned 27 October 2020) S De (resigned 27 October 2020) S R Franzen (resigned 25 September 2020) D A Freeman C Miller (resigned 27 October 2020) P A V Naert (resigned 27 October 2020) M Ntiru B Sexton (appointed 13 January 2020, resigned 27 October 2020) T L Songini N M Henstridge (appointed 21 May 2019, resigned 13 January 2020, appointed 28 October 2020) S P C Hunt (resigned 26 June 2019) K J Willis (resigned 30 June 2020) P A Batchelor (appointed 27 October 2020) R F A Cooke (appointed 27 October 2020)
Company secretary	D R Juckes (appointed 13 December 2019) R A McGrath (resigned 18 October 2019)
Registered number	03122495
Registered office	Level 3 Clarendon House Cornmarket Street Oxford OX1 3HJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	National Westminster Bank plc 121 High Street Oxford OX1 4DD

OXFORD POLICY MANAGEMENT LIMITED

CONTENTS

	Page
Group strategic report	1 - 5
Directors' report	7 - 9
Independent auditor's report	10 - 13
Consolidated statement of comprehensive income	14
Consolidated statement of financial position	15
Company statement of financial position	16 - 17
Consolidated statement of changes in equity	18 - 19
Company statement of changes in equity	20 - 21
Consolidated Statement of cash flows	22 - 23
Notes to the financial statements	24 - 56

OXFORD POLICY MANAGEMENT LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Principal activities and business review

Oxford Policy Management Limited (the "Company") and its subsidiaries (collectively referred to herein as the "Group") is principally engaged in the provision of analysis, advice, and support in the design, implementation, and evaluation of economic and social development policies in low- and middle-income countries. The Group is an organisation driven by its mission to support growth, poverty reduction and reduce disadvantage in developing countries through public policy and reform.

The directors have monitored the progress of Group strategy by reference to selected financial and non-financial performance indicators. The financial indicators are turnover and gross profit, other operating charges, and operating profit. The non-financial indicators included gauges impact on public policy where the Group works, whether directly from project work or more indirectly through research publications and other forms of thought leadership.

Financial performance for the year to 30th September 2019 has been analysed as follows:

	2019	2019	2018	2018	Change	Change
	£'000	% of Revenue	(restated) £'000	(restated) % of Revenue	£'000	%
Turnover	87,362	-	79,088	-	8,274	10
Gross Profit	15,375	18	15,483	20	-108	-1
Administrative expenses	-14,566	-17	-17,890	-23	3,324	19
Exceptional administrative expenses	663	0	-2,527	-3	3,190	126
Operating profit/(loss)	1,472	1	-4,935	-6	6,407	130

In FY 2017/18 the Group traded at a loss before exceptional items. That was largely a result of downward pressure on revenue, which led to modest growth in sales, a review of income recognition on some larger projects, and increased administration costs as a result of investment in enhanced compliance required by the Group's clients. In addition a number of provisions were made against possible risks which resulted in exceptional items of £2,527k.

The result for the financial year 2018/19 as a whole was an operating profit after exceptional items of £1,472k, with concomitant recovery in shareholders' equity. Turnover grew by 10%, but the costs of delivering projects also rose, leaving a small reduction in gross profit and reduction in margin percentage from 20% to 18%. Administrative expenses fell by 19% to 17% of revenue, due to actions taken by management to reduce overhead costs, which provided for a return to profitability for the year as a whole.

As part of a detailed review of finance processes, prior year adjustments were identified and 2018 accounts were amended (see note 25). During the year OPM's ongoing review of legal and accounting structures identified a lack of historic compliance with VAT legislation totalling £1,279k. Relevant accounting periods have been restated accordingly. Of the total of £1,279k error £1,139k is considered recoverable from customers and at the date of signing these accounts has already been received.

In the period subsequent to the balance sheet date the coronavirus (COVID-19) outbreak has caused disruption to businesses and economic activities across the globe. The final economic impact is impossible to assess at the date of writing, however, the Group's management have implemented a number of initiatives to ensure business continuity is maintained and costs are controlled. The directors are continuously monitoring the situation and following analysis believe that there is sufficient liquidity within the group that the Group remains a going concern. The information within these accounts are as at 30 September 2019 and reflect the economic situation as at that date (see note 28).

OXFORD POLICY MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

The group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report.

The Group made an operating profit of £1,472k in the year and has net current assets of £2,258k. The directors have reviewed budgets and projected cash flows to the end of December 2021, including modelling impacts and mitigating initiatives of the coronavirus (COVID-19) outbreak and other reasonably possible downside scenarios. Furthermore, the Group significantly outperformed budgeted profit and cashflow projections for the 12 months to the end of September 2020, which has led to a significantly higher cash balance being held as at that date compared to at the end of 2019.

On the basis of this review, the directors are confident that the Group has adequate financial resources to continue in operational existence for at least twelve months following the signing of these Financial Statements. Accordingly the financial statements have been prepared on a going concern basis (see note 2.3)

Following the departure of CEO Simon Hunt at the end March 2019, the Company's board appointed an Acting CEO, Mark Henstridge, to work with the Management Team to take further action to: restructure overhead and staff costs to return the Group to profitability; ensure continued operations, and secure financial resilience, including sustaining the bank facility.

A rigorous framework for the performance of the Acting CEO was set by the Company's board. It had specific, measurable, assignable, relevant, and time-bound objectives for the remaining six months of the financial year.

The approved corporate strategy to be implemented in the 2019/20 business plan, was defined as:

- consolidation in financial performance and operating efficiency .
- diversification of clients
- stronger use of the international offices.
- while also sustaining delivery of the mission of the Group to have a positive contribution to 'growth, poverty reduction, and reduced disadvantage' in developing countries where the Group works.

In early 2020 the Company's board appointed a new CEO. The new CEO initiated two Task Forces to re-define the Group's vision and mission, and to set a new strategy to reconfigure the company, envisaging a move to a country-led organisation with global teams. Following broader discussions on corporate priorities between the board and wider stakeholders, during October 2020 the CEO and some board members resigned. Mark Henstridge was re-appointed CEO, with the goals of: continuing to focus on the Company's high quality work for clients and technical excellence, reflecting the importance of a mission-led organisation that is agile in a changing external context, while sustaining implementation of the key parts of the corporate strategy outlined above.

Oxford Policy Fellowship

The Oxford Policy Fellowship had nine Fellows in post to end September 2019, and has since expanded to 15 in post, all funded by external resources. The Oxford Policy Fellowship (OPF) is a distinctive innovation of the Company: it supports developing country governments by providing them with demand-led technical assistance. The OPF also provides high performing early-career advisors with the opportunity to work within government systems and processes for two years.

By providing governments with key support that they themselves have defined and requested the Fellowship programme delivers sustainable and locally-owned development impact. It has also established a community of practice of government practitioners working at the interface of law and public policy, promoting a culture of knowledge sharing and learning across governments and the wider community.

The Company's Thought Leadership

The Company continued to publish a large number of publications and academic journal articles during the year.

OXFORD POLICY MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

The organisation values its intellectual contribution and knowledge sharing. A selection of publications during 2018/19 are shown in Appendix 1 to this report.

Human Resources

The total number of staff at the end of September 2019 was 448 (2018: 444). This was the net result of recruitment for project delivery and the restructuring programme. The ratio of consultants to other staff increased. The number of consultants at the end of September 2019 was 262 (2018: 253).

	<u>As at end September</u>	
	2019	2018
Total headcount	448	444
Total consultants	262	253

The most recent calculation of the Group gender pay gap showed an improvement. The Group operates a diversity and inclusion committee, one of which aims is to further improve the gender pay gap.

	2019	2018
Mean gender pay gap	29.2%	31.2%
Median gender pay gap	23.6%	32.9%

For recruitment, all candidates undergo a formal selection process. These usually include psychometric tests and panel interviews, and appropriate levels of due diligence. It is usual for the Group's new recruits to have a background in academia and/or in the provision of policy research services to government. New recruits often have first-hand experience of policy in public service.

The Company has also developed a strong network of Associates. These are senior technical specialists in their respective fields and are available for the Company to call upon as required.

In addition during the financial year to the end of September 2019, the Company completed its registration for specific project delivery in Ethiopia. The Company has since incorporated a subsidiary entity in Berlin and recruited new staff to build the footprint, networks and track record to be able to diversify successfully into new donor markets in Europe.

The Company established an Employee Benefit Trust (the "Trust") with a sole corporate trustee, Oxford Policy Management EBT Limited ("OPM EBT") in 2016. The beneficiaries of the Trust are the employees of the Group who have passed their probation period (the "Beneficiaries") and the aim of the Trust is to ensure Group staff have a strong collective stake and influence in the strategic direction of the Group. OPM EBT now owns 29.4% of the Company's shares held on trust for the benefit of the Beneficiaries.

In late February 2020, the risks of the emerging Covid-19 pandemic became clear. The Group's response consisted of arrangements for remote working ahead of formal lockdowns, a pivoting of work towards addressing the pandemic, and a number of measures for strengthening the resilience of the Group.

Risks of further impact on the Group from the Covid-19 crisis remain however. Early and decisive action has ensured that the Group is now more resilient to the risks to operations and in our markets. While some projects have been delayed and some cancelled, new work has also been commissioned.

OXFORD POLICY MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Looking ahead: principal risks and uncertainties facing the business

The Group has identified various categories of risk in its risk register. This helps the Company's board manage risks through its Audit Risk and Compliance Committee (the "ARCC"). The ARCC meets quarterly and seeks actively to identify, mitigate and manage the risks that the Group faces. The emergence of an array of risks associated with the Covid-19 pandemic, as discussed above, were related to some of those already identified in the Group's risk register.

Aside from the impact of the Covid-19 pandemic, the main factors and trends likely to affect the future development of the business are:

1. The emergence of new public sector spending patterns:

Although the UK Government has further reiterated its commitment to overseas aid, the new government's latest budget early in 2020 suggests higher priorities than poverty reduction. The recently announced merger of the FCO and DFID will likely present risks in terms of shifts in UK spending patterns, but also opportunities. The fall in UK Gross National Income has already led to a contraction in UK Overseas Development Assistance.

2. Increased competition from new market entrants:

Whilst donors remain relatively small in number, suppliers are numerous. This creates a competitive market with further downward pressure on fees.

3. A shift in aid priorities of key aid agencies to areas away from the Group's core competencies:

The Group is constantly monitoring the aid environment and will continue to offer services in a diversified range of policy areas in keeping with current priorities as well as continuing to contribute to debates on aid effectiveness. For example, the Group has demonstrated agility in pivoting to meet the new demands arising from the impact of the Covid-19 pandemic.

4. Economically uncertain environments:

The Group derives its income from activities worldwide, and hence has to balance the relative profitability of operating in these countries with the uncertainty of tax policies and other policies in some of them. It mitigates its risk through the use of professional advisers and from information derived from its contacts in these countries. The Group has a potential mitigation to the lockdown on international travel owing to the accumulated investment in international offices.

5. Retention and appointment of key staff:

As an organisation based on intellectual capital, when under conditions of adversity the Group is at significant risk of the loss of key staff and difficulties in recruiting individuals with the specialist knowledge or relevant experience required by the distinctive mission of the Group. Despite the challenge presented by a redundancy programme in 2018/19, by the end of the calendar year 2019 rates of voluntary staff attrition had returned to the levels of September 2018, having trended down since August 2019. The Group seeks to maintain HR policies and processes and to sustain a corporate culture and values that make it an attractive place to work.

6. Exchange rate fluctuations:

The Group trades primarily in Sterling, US Dollars, and Euros. It therefore seeks to reduce exchange rate risk by matching currency receipts to currency expenses on projects wherever possible.

7. Working capital requirements for larger projects:

Contract arrangements necessarily result in working capital being tied up in amounts recoverable on contracts and debtors. This results in a cash flow risk to the Group. There is an increasing trend towards contracts with quarterly invoicing, rather than monthly. Those can result in significant pressure on Group cash flow. The Group reviews the cash flow implications of each project undertaken and takes appropriate action to optimise cash flow as far as possible.

OXFORD POLICY MANAGEMENT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

8. Politically challenging environments:

The Group is committed to supporting development efforts among some of the world's poorest and most vulnerable people, many of whom live in countries where political stability is fragile. The Group takes steps to safeguard its employees and contacts.

Future developments and matters of strategic significance

The Group will continue to operate a network of international offices. The new strategy calls for a country-led organisation with global teams. The Group will continue to provide local consulting resources on public policy administration and reform without compromising on quality.

The outcome of having returned to profitability, as a result of the decisive and effective actions of management and staff, is that the Group is better able to deliver on contracted work, win new work – including from new donor clients in Europe and the US – and withstand the risks presented by the Covid-19 pandemic.

OPM has considered Brexit and the potential impact of it. Access to EU funding is the key issue. As part of the diversification strategy and to mitigate the effects of Brexit OPM has set up an office in Germany to enable the company to bid for work from within the EU and from bilateral donors such as the German Government.

This report was approved by the board and signed on its behalf.



R F A Cooke
Director

Date: 24/11/2020

OXFORD POLICY MANAGEMENT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Appendix 1: Selection of publications 2018/19

October 2018

'Understanding institutional barriers to economic growth in Tanzania' Benjamin Klooss

'Policy Brief: Overcoming the NDC implementation gap' Katherine Cooke, Elizabeth Gogoi, Luca Petrarulo

November 2018

'How to build institutional capacity to tackle climate change' Katherine Cooke

December 2018

'Rolling updates from COP24' Binal Regmi

February 2019

'In Depth: Problem driven capacity assessments' Søren Vester Haldrup, Vanessa Fullerton, Alok Rajan

March 2019

'In conversation: How does technological change impact urbanisation?' Umar Salam

'Working Paper: Thicker policy diagnostics' Mark Henstridge, Umar Salam, Stevan Lee

April 2019

'Practitioner Insights: influencing policy – the soft side of public sector change' Alexandra Nastase

May 2019

'It's not all about the money: achieving universal health coverage' Odd Hanssen

June 2019

'Are you unleashing the full potential of your data?' Guest blog by Melissa Baez, originally published in Accion

'How lack of information constrains public service delivery in Mexico' Benjamin Klooss

August 2019

'How to navigate the complex field of change' Ben French

OXFORD POLICY MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The directors present their report and the financial statements for the year ended 30 September 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,214,754 (2018 restated: loss £4,781,593).

No dividends were paid or proposed during the year (see note 12).

Directors

The directors who served during the year and since the year end were as follows:

C S Adam
A Da Silva (resigned 27 October 2020)
S De (resigned 27 October 2020)
S R Franzen (resigned 25 September 2020)
D A Freeman
C Miller (resigned 27 October 2020)
P A V Naert (resigned 27 October 2020)
M Ntiru
B Sexton (appointed 13 January 2020, resigned 27 October 2020)
T L Songini
N M Henstridge (appointed 21 May 2019, resigned 13 January 2020, appointed 28 October 2020)
S P C Hunt (resigned 26 June 2019)
K J Willis (resigned 30 June 2020)

OXFORD POLICY MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

Financial risk management objectives and policies

A more extensive risk management framework has been deployed in the business covering commercial, operational and financial risks from a corporate level through to a project level and a departmental level. This has also been enhanced by focusing on our strategic objectives and the risks in meeting those objectives. This includes:

- a) Setting project margin thresholds by client to ensure the risks are adequately assessed against the opportunity;
- b) Not extending our operations with bids that require the setting up of a new entity;
- c) Risk relating to tax or security are given much greater weight in our planning and in the tendering process; and
- d) Focussing on our recruitment process with far better use of contracting facilities and ensuring that the appropriate skill set is employed on the project.

Likely future developments in the business of the company

The likely future developments in the business of the company are included in the Group Strategic Report.

OXFORD POLICY MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Going concern

The directors are confident that the Group has adequate financial resources to continue in operational existence for at least twelve months following the signing of these Financial Statements. Accordingly the financial statements have been prepared on a going concern basis (see note 2.3).

Employee involvement

During the period, the policy of providing employees with information about the financial and economic factors affecting the performance of the group has been continued. Employees have also been encouraged to present their suggestions and views on the running of the business. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Disabled employees

The group gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



R F A Cooke
Director

Date: 24/11/2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD POLICY MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Oxford Policy Management Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD POLICY MANAGEMENT LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's report is not a guarantee that the Group and the parent Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 OXFORD POLICY MANAGEMENT LIMITED
(CONTINUED)**

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 8, 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 the parent Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD POLICY MANAGEMENT LIMITED
(CONTINUED)**

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Grant Thornton UK LLP

Matthew Buckingham BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 25/11/2020

OXFORD POLICY MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	As restated 2018 - see note 25 £
Turnover	4	87,362,088	79,087,609
Cost of sales		(71,986,829)	(63,604,811)
Gross profit		15,375,259	15,482,798
Administrative expenses		(14,566,290)	(17,890,010)
Exceptional administrative expenses	13	663,477	(2,527,487)
Operating profit/(loss)	5	1,472,446	(4,934,699)
Interest receivable and similar income	9	785	23,745
Interest payable and expenses	10	(9,363)	(36,761)
Profit/(loss) before taxation		1,463,868	(4,947,715)
Tax on profit/(loss)	11	(249,114)	166,122
Profit/(loss) for the financial year		1,214,754	(4,781,593)
Currency translation differences		(417,207)	272,287
Other comprehensive income for the year		(417,207)	272,287
Total comprehensive income for the year		797,547	(4,509,306)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		1,214,754	(4,781,593)
		1,214,754	(4,781,593)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		797,547	(4,509,306)
		797,547	(4,509,306)

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED
REGISTERED NUMBER: 03122495

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	As restated 2018 - see note 25 £
Fixed assets			
Intangible assets	14	196,162	111,819
Tangible assets	15	1,184,327	1,740,544
		<u>1,380,489</u>	<u>1,852,363</u>
Current assets			
Debtors: amounts falling due within one year	17	33,856,743	25,194,999
Cash at bank and in hand	18	4,725,099	7,877,621
		<u>38,581,842</u>	<u>33,072,620</u>
Creditors: amounts falling due within one year	19	(36,323,817)	(31,249,779)
Net current assets		<u>2,258,025</u>	<u>1,822,841</u>
Total assets less current liabilities		<u>3,638,514</u>	<u>3,675,204</u>
Provisions for liabilities	22	(1,021,811)	(1,833,487)
Net assets		<u><u>2,616,703</u></u>	<u><u>1,841,717</u></u>
Capital and reserves			
Called up share capital	23	448,279	448,279
Share premium account	24	13,618	13,618
Shares held in treasury	24	(1,546,820)	(1,524,259)
Other reserves	24	76,735	76,735
Profit and loss account	24	3,624,891	2,827,344
Equity attributable to owners of the parent Company		<u><u>2,616,703</u></u>	<u><u>1,841,717</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T L Songini

Director

Date: 24/11/2020

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED
REGISTERED NUMBER:03122495

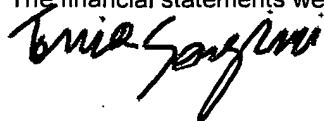
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	As restated 2018 - see note 25 £
Fixed assets			
Intangible assets	14	193,031	111,826
Tangible assets	15	1,092,136	1,665,572
Investments	16	63,229	52,496
		<u>1,348,396</u>	<u>1,829,894</u>
Current assets			
Debtors: amounts falling due within one year	17	34,755,115	24,373,637
Cash at bank and in hand	18	2,392,137	6,859,977
		<u>37,147,252</u>	<u>31,233,614</u>
Creditors: amounts falling due within one year	19	(35,891,561)	(28,150,906)
Net current assets		<u>1,255,691</u>	<u>3,082,708</u>
Total assets less current liabilities		<u>2,604,087</u>	<u>4,912,602</u>
Provisions for liabilities			
Other provisions	22	(1,021,811)	(1,833,487)
		<u>(1,021,811)</u>	<u>(1,833,487)</u>
Net assets		<u><u>1,582,276</u></u>	<u><u>3,079,115</u></u>
Capital and reserves			
Called up share capital	23	448,279	448,279
Share premium account	24	13,618	13,618
Shares held in treasury	24	(95,128)	(95,128)
Other reserves	24	76,735	76,735
Profit and loss account	24	1,138,772	2,635,611
		<u><u>1,582,276</u></u>	<u><u>3,079,115</u></u>

OXFORD POLICY MANAGEMENT LIMITED
REGISTERED NUMBER:03122495

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T L Songini

Director

Date: 24/11/2020

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Share premium account £	Shares held in treasury £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2018 (as restated - see note 25)	448,279	13,618	(1,524,259)	76,735	2,827,344	1,841,717
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,214,754	1,214,754
Currency translation differences	-	-	-	-	(417,207)	(417,207)
Total comprehensive income for the year	-	-	-	-	797,547	797,547
Shares repurchased in the year	-	-	(22,561)	-	-	(22,561)
Total transactions with owners	-	-	(22,561)	-	-	(22,561)
At 30 September 2019	448,279	13,618	(1,546,820)	76,735	3,624,891	2,616,703

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital £	Share premium account £	Shares held in treasury £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2017 (as restated - see note 25)	448,279	13,618	(1,524,259)	76,735	7,686,923	6,701,296
Comprehensive income for the year						
Loss for the year (as restated - see note 25)	-	-	-	-	(4,781,593)	(4,781,593)
Currency translation differences (as restated - see note 25)	-	-	-	-	272,287	272,287
Total comprehensive income for the year	-	-	-	-	(4,509,306)	(4,509,306)
Dividends	-	-	-	-	(350,273)	(350,273)
Total transactions with owners	-	-	-	-	(350,273)	(350,273)
At 30 September 2018 (as restated - see note 25)	448,279	13,618	(1,524,259)	76,735	2,827,344	1,841,717

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Share premium account £	Shares held in treasury £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2018 (as restated - see note 25)	448,279	13,618	(95,128)	76,735	2,635,611	3,079,115
Comprehensive income for the year						
Loss for the year	-	-	-	-	(1,362,174)	(1,362,174)
Currency translation differences	-	-	-	-	(134,665)	(134,665)
Total comprehensive income for the year	-	-	-	-	(1,496,839)	(1,496,839)
At 30 September 2019	448,279	13,618	(95,128)	76,735	1,138,772	1,582,276

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital £	Share premium account £	Shares held in treasury £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2017 (as restated - see note 25)	448,279	13,618	(95,128)	76,735	7,228,064	7,671,568
Comprehensive income for the year						
Loss for the year (as restated - see note 25)	-	-	-	-	(4,308,065)	(4,308,065)
Currency translation differences (as restated - see note 25)	-	-	-	-	65,885	65,885
Total comprehensive income for the year	-	-	-	-	(4,242,180)	(4,242,180)
Dividends	-	-	-	-	(350,273)	(350,273)
Total transactions with owners	-	-	-	-	(350,273)	(350,273)
At 30 September 2018 (as restated- see note 25)	448,279	13,618	(95,128)	76,735	2,635,611	3,079,115

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	1,214,754	(4,781,593)
Adjustments for:		
Amortisation of intangible assets	48,396	36,852
Depreciation of tangible assets	705,076	674,503
(Profit)/loss on disposal of tangible assets	(900)	187,913
Interest payable	9,363	36,761
Interest receivable	(785)	(23,745)
Taxation charge	249,114	(166,122)
(Increase) in debtors	(8,661,744)	(3,969,038)
Increase in creditors	5,196,402	9,431,691
(Decrease)/increase in provisions	(811,676)	1,833,487
Corporation tax (paid)	(65,283)	(547,736)
Net cash generated from operating activities	<u>(2,117,283)</u>	<u>2,712,973</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(132,687)	(110,356)
Purchase of tangible fixed assets	(159,063)	-
Sale of tangible fixed assets	7,302	(575,230)
Interest received	785	23,745
Net cash from investing activities	<u>(283,663)</u>	<u>(661,841)</u>

OXFORD POLICY MANAGEMENT LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Purchase of own shares	-	(12,547)
Repayment of loans	(625,000)	(500,000)
Dividends paid	-	(350,273)
Interest paid	(9,363)	(36,761)
Net cash used in financing activities	<u>(634,363)</u>	<u>(899,581)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(3,035,309)</u>	<u>1,151,551</u>
Cash and cash equivalents at beginning of year	7,877,621	6,474,710
Foreign exchange gains and losses	(117,213)	251,360
Cash and cash equivalents at the end of year	<u><u>4,725,099</u></u>	<u><u>7,877,621</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,725,099	7,877,621
	<u><u>4,725,099</u></u>	<u><u>7,877,621</u></u>

The notes on pages 24 to 56 form part of these financial statements.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

Oxford Policy Management Limited is a private company limited by shares incorporated in England and Wales. Its registered office is located at Level 3, Clarendon House, Cornmarket Street, Oxford, OX1 3HJ. Its principal activity is that of an international development consultancy.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. It has also taken advantage of the exemption allowed under FRS 102 and not presented its own Statement of Cash Flows.

As part of a detailed review of finance processes, prior year adjustments were identified and 2018 comparatives and opening balances were amended (see Note 25).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

The group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report.

The Group made an operating profit of £1,472k in the year and has net current assets of £2,258k. The directors have reviewed budgets, projected cash flows and other relevant information, including modelling impacts and mitigating initiatives of the coronavirus (COVID-19) outbreak and other reasonably possible downside scenarios, including the deferral or cancellation of certain projects, for the period to the end of 2021. Furthermore, the Group significantly outperformed budgeted profit and cashflow projections for the 12 months to the end of September 2020, which has led to a significantly higher cash balance being held as at that date compared to at the end of 2019.

On the basis of this review, the directors are confident that the Group has adequate financial resources to continue in operational existence for at least twelve months following the signing of these Financial Statements. Accordingly the financial statements have been prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Long term contracts

Long term contracts are assessed on a contract by contract basis and reflected in the consolidated statement of comprehensive income by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract and credit taken for the profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors, to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Full provision is made for losses on contracts in the year in which the loss is first foreseen.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life of three years.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over lease term
Motor vehicles	- 33% straight line
Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line
Computer equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, *initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.* However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Consolidated statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.17 Operating leases

Rentals income from operating leases is credited to the Consolidated statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.18 Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.22 Exceptional items

Exceptional items are those that the Group considers to be non-recurring and significant in size or nature. These include, but are not limited to costs arising from the lack of compliance with the prevailing tax legislation in certain territories and restructuring costs.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

A key area of judgement and estimation is in relation to revenue and profit recognition on long term contracts. Determining the amount of any revenue to be recognised, costs to complete and assessment of any other costs arising, the impact of any changes in scope of work, together with the level of recoverable work in progress and receivables requires significant management judgements and estimates. Regular forecasts are compiled on the outcomes of these types of contracts, which require assessments and judgements relating to the value of work performed, changes in work scopes and contract programmes.

The group's liabilities in relation to taxation compliance are also subject to estimation uncertainty. Assessments have been made of liabilities payable where the final charge has yet to be agreed with the relevant tax authorities. A number of these liabilities also require judgement in interpreting tax legislation in territories that the Group operates in. It is possible that, on conclusion of the matters open at the date of approval of these financial statements, the actual economic outflows will differ from the amounts provided which are best estimates based on evidence available at the date of approval of these financial statements.

The going concern assumption relies on judgements and estimates made in relation to forecasting. The key assumptions underpinning the going concern assumptions are set out in Note 2.3.

4. Turnover

The whole of the turnover is attributable to the Group's principal activity.

Analysis of turnover by regional location of work undertaken:

	2019	(restated) 2018
	£	£
Europe	12,043,477	14,020,870
Multi-region Projects	23,983,924	11,180,236
Africa	27,800,203	29,803,036
America and Caribbean	65,205	326,518
Asia	22,206,370	23,277,952
Australia/Pacific	1,262,909	478,997
	<u>87,362,088</u>	<u>79,087,609</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	705,076	674,503
Amortisation of intangible assets	48,396	36,852
Net (profit)/loss on foreign currency translation (Restated - see note 25)	(674,051)	(267,624)
Operating lease rentals	680,618	688,728
Loss/(profit) on disposal of fixed assets	(900)	187,913
	<u>705,076</u>	<u>674,503</u>

6. Auditor's remuneration

	2019 £	(restated) 2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	114,148	47,000
	<u>114,148</u>	<u>47,000</u>

Fees payable to the Group's auditor and its associates in respect of:

Audit of the company's subsidiaries	20,204	18,000
Audit-related assurance services	7,000	6,500
Taxation compliance services	19,787	6,830
Other services	75,096	9,954
	<u>122,087</u>	<u>41,284</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £
Wages and salaries	18,326,723	16,531,427
Social security costs	1,174,645	1,358,612
Other pensions costs	2,489,658	2,205,433
	<u>21,991,026</u>	<u>20,095,472</u>

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

	2019 No.	2018 No.
Fee earning staff	266	243
Administration staff	194	170
	<u>460</u>	<u>413</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	575,535	448,395
Company contributions to defined contribution pension schemes	87,178	59,696
	<u>662,713</u>	<u>508,091</u>

During the year retirement benefits were accruing to 5 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £156,093 (2018: £150,194), including company contributions paid to a defined contribution scheme of £24,281 (2018: £31,773).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>785</u>	<u>23,745</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest and charges payable	9,363	36,761

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	315,190	78,307
Adjustments in respect of previous periods	(75)	61,527
Double taxation relief	(9,787)	-
	<u>305,328</u>	<u>139,834</u>
Foreign tax		
Foreign tax on profits for the year	99,864	30,373
Adjustments in respect of previous periods	(30,373)	(311,285)
	<u>69,491</u>	<u>(280,912)</u>
Total current tax	<u>374,819</u>	<u>(141,078)</u>
Deferred tax		
Origination and reversal of timing differences	121,498	(11,992)
Adjustments in respect of previous periods	(247,203)	(13,052)
Total deferred tax	<u>(125,705)</u>	<u>(25,044)</u>
Taxation on profit/(loss) on ordinary activities	<u>249,114</u>	<u>(166,122)</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

11. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2018: *higher than*) the standard rate of corporation tax. For the UK this rate was 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>1,463,868</u>	<u>(4,947,715)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	278,135	(940,066)
Effects of:		
Fixed asset differences	36,691	-
Expenses not deductible for tax purposes	1,032,887	675,283
Income not taxable for tax purposes	(279,784)	-
Impact of overseas tax rates	(440,164)	215,669
Other tax adjustments, reliefs and transfers	(77,071)	-
Adjustments in respect of previous periods - current & inter-co	(75)	-
Adjustments in respect of previous periods - corporation tax	-	(249,758)
Adjustments in respect of previous periods - foreign tax	(30,373)	-
Adjustments in respect of previous periods - deferred tax	(247,203)	(13,052)
Foreign tax credits	(9,787)	145,802
Adjust closing deferred tax to average rate	30,697	-
Adjust opening deferred tax to average rate	(44,975)	-
Deferred tax not recognised	136	-
Total tax (credit)/charge for the year	<u><u>249,114</u></u>	<u><u>(166,122)</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12. Dividends

	2019 £	2018 £
Dividends	-	350,273

13. Exceptional administrative (income)/expenses

	2019 £	2018 £
Provision for taxation liabilities	(693,418)	2,427,487
Restructuring costs	29,941	100,000
	<u>(663,477)</u>	<u>2,527,487</u>

The Directors have reviewed the legal and accounting structures of OPM's offices in all the territories where it has a presence. This has highlighted a lack of compliance with the prevailing tax legislation in certain territories. The Directors have taken a view on the probability of liabilities arising and their quantum and made provisions accordingly, which, during 2019, has resulted in a release of provisions.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

14. Intangible assets

Group

	Software £
Cost	
At 1 October 2018 (as restated)	183,210
Additions	132,687
Foreign exchange translation adjustment	(35)
At 30 September 2019	<u>315,862</u>
Amortisation	
At 1 October 2018	71,391
Charge for the year	48,396
Foreign exchange translation adjustment	(87)
At 30 September 2019	<u>119,700</u>
Net book value	
At 30 September 2019	<u>196,162</u>
At 30 September 2018 (as restated)	<u>111,819</u>

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

14. Intangible assets (continued)

Company

Software
£

Cost

At 1 October 2018 183,217

Additions 132,687

At 30 September 2019 315,904

Amortisation

At 1 October 2018 71,391

Charge for the year 51,569

Foreign exchange translation adjustment (87)

At 30 September 2019 122,873

Net book value

At 30 September 2019 193,031

At 30 September 2018 111,826

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Tangible fixed assets

Group

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 October 2018 (restated)	1,195,090	127,049	671,431	93,414	1,488,541	3,575,525
Additions	-	-	8,187	11,880	138,996	159,063
Disposals	-	(4,336)	(7,421)	(5,593)	(3,924)	(21,274)
Foreign exchange translation adjustment	-	8,392	1,918	(2,335)	(5,516)	2,459
At 30 September 2019	1,195,090	131,105	674,115	97,366	1,618,097	3,715,773
Depreciation						
At 1 October 2018 (restated)	413,388	114,921	418,609	50,979	837,084	1,834,981
Charge for the year on owned assets	171,093	6,188	141,211	24,103	362,481	705,076
Disposals	-	(2,286)	(5,666)	(5,593)	(1,156)	(14,701)
Foreign exchange translation adjustment	-	7,840	652	(1,851)	(551)	6,090
At 30 September 2019	584,481	126,663	554,806	67,638	1,197,858	2,531,446
Net book value						
At 30 September 2019	610,609	4,442	119,309	29,728	420,239	1,184,327
At 30 September 2018 (restated)	781,702	12,128	252,822	42,435	651,457	1,740,544

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 October 2018 (restated)	1,195,090	90,525	581,295	66,795	1,405,272	3,338,977
Additions	-	-	8,187	7,098	97,567	112,852
Disposals	-	(4,336)	(7,421)	-	(3,719)	(15,476)
Foreign exchange translation adjustment	-	6,460	(2,731)	(3,742)	(10,260)	(10,273)
At 30 September 2019	1,195,090	92,649	579,330	70,151	1,488,860	3,426,080
Depreciation						
At 1 October 2018 (restated)	413,388	80,416	370,230	39,011	770,360	1,673,405
Charge for the year on owned assets	171,093	6,188	125,598	20,716	349,433	673,028
Disposals	-	(2,286)	(5,666)	-	(1,122)	(9,074)
Foreign exchange translation adjustment	-	6,016	(2,553)	(2,632)	(4,246)	(3,415)
At 30 September 2019	584,481	90,334	487,609	57,095	1,114,425	2,333,944
Net book value						
At 30 September 2019	610,609	2,315	91,721	13,056	374,435	1,092,136
At 30 September 2018 (restated)	781,702	10,109	211,065	27,784	634,912	1,665,572

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2018	52,496
Additions	1,209,838
Impairments	(1,199,105)
At 30 September 2019	<u>63,229</u>
Net book value	
At 30 September 2019	<u>63,229</u>
At 30 September 2018	<u>52,496</u>

During 2019 the company purchased additional shares in its 100% owned subsidiary Oxford Policy Management (Tanzania) Limited, resulting in an increase to its investment to £1,184k. As part of the year end process investments were considered for impairment and management have concluded that the investments in both Oxford Policy Management (Tanzania) Limited and Oxford Policy Management Limited (Belgium) were impaired and fully written off accordingly.

During 2019, the company purchased share capital in two newly incorporated subsidiaries, being Oxford Policy Management Europe GmbH (incorporated in Germany), with an investment of £25k and Oxford Policy Management Pakistan (Private) Limited with an investment of £1k.

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Oxford Policy Management Limited (Nigeria)	Nigeria	International development consultancy	Ordinary	99.9%
Oxford Policy Management (Tanzania) Limited	Tanzania	International development consultancy	Ordinary	99.9%
Oxford Policy Management Limited (Australia)	Australia	International development consultancy	Ordinary	100%
Oxford Policy Management Limited (Belgium)	Belgium	International development consultancy	Ordinary	100%
Oxford Policy Management India Private Limited	India	International development consultancy	Ordinary	99.9%
Oxford Policy Management (East Africa) Ltd	Kenya	International development consultancy	Ordinary	100%
Oxford Policy Management (United States) Limited	USA	International development consultancy	Ordinary	100%
The Oxford Policy Fellowship	United Kingdom	International development fellowship	Company limited by guarantee	N/A%
Oxford Policy Management EBT Limited	United Kingdom	Employee benefit trust	Ordinary	100%
Oxford Policy Management (Lebanon) SARL	Lebanon	International development consultancy	Ordinary	99.9%
Oxford Policy Management Europe GmbH	Germany	International development consultancy	Ordinary	100%
Oxford Policy Management Pakistan (Pvt) Limited	Pakistan	International development consultancy	Ordinary	99.9%

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

17. Debtors

	Group	<i>Group</i> 2018	Company	<i>Company</i> 2018
	2019	<i>(restated- see Note 25)</i>	2019	<i>(restated- see Note 25)</i>
	£	£	£	£
Trade debtors	8,476,555	9,194,759	7,936,434	9,198,046
Amounts owed by group undertakings	-	-	2,620,841	2,032,797
Other debtors	1,108,217	895,935	872,449	767,299
Prepayments and accrued income	2,876,945	1,352,270	2,811,839	1,333,517
Deferred taxation (see note 21)	260,710	135,005	260,710	135,005
Amounts recoverable on contracts	21,134,316	13,617,030	20,252,842	10,906,973
	33,856,743	25,194,999	34,755,115	24,373,637

Amounts owed by group undertakings are unsecured, do not attract interest and are repayable on demand.

Group:

Trade debtors are stated after provisions for impairment of £441,250 (2018: £441,250).

Company:

Trade debtors are stated after provisions for impairment of £441,250 (2018: £441,250).

18. Cash and cash equivalents

	Group	<i>Group</i> 2018	Company	<i>Company</i> 2018
	2019	2018	2019	2018
	£	£	£	£
Cash at bank and in hand	4,725,099	7,877,621	2,392,137	6,859,977

Cash at bank and at hand includes amounts received in advance from certain donors and is stated after advances sent to certain suppliers.

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

19. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	(restated- see Note 25) £	£	(restated- see Note 25) £
Bank loans	-	625,000	-	-
Trade creditors	2,175,222	2,150,372	2,152,324	2,150,341
Amounts owed to group undertakings	-	-	522	449,703
Corporation tax	423,842	119,398	328,660	119,400
Other taxation and social security	1,963,903	2,355,551	1,885,389	2,214,379
Other creditors	1,868,090	186,226	1,139,208	190,750
Accruals and deferred income	29,892,760	25,813,232	30,385,458	23,026,333
	36,323,817	31,249,779	35,891,561	28,150,906

Amounts owed to group undertakings are unsecured, do not attract interest and are repayable on demand.

The balance of the loan outstanding at the year end was fully repaid in January 2019.

20. Financial instruments

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Financial assets				
Cash	4,725,099	7,877,621	2,392,137	6,859,977
Financial assets measured at amortised cost	30,719,088	23,707,724	31,682,566	22,905,115
	35,444,187	31,585,345	34,074,703	29,765,092
Financial liabilities				
Financial liabilities measured at amortised cost	33,936,072	28,774,830	33,677,510	25,817,128

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and amounts recoverable on contracts.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to group undertakings, other creditors and accruals and deferred income.

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

21. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	135,005	109,961
Credited to profit or loss	125,705	25,044
At end of year	260,710	135,005

Company

	2019 £	2018 £
At beginning of year	135,005	109,961
Credited to profit or loss	125,705	25,044
At end of year	260,710	135,005

The deferred tax asset is made up as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Accelerated capital allowances	59,439	99,338	59,439	99,338
Short term timing differences	201,271	35,667	201,271	35,667
	260,710	<i>135,005</i>	260,710	<i>135,005</i>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

22. Provisions

Group and Company

	Provisions for taxation liabilities £	Total £
At 1 October 2018	1,833,487	1,833,487
Amounts utilised	(169,000)	(169,000)
Unused amounts reversed to the profit and loss account	(642,676)	(642,676)
	<u>1,021,811</u>	<u>1,021,811</u>

The carried forward provision arises from the exceptional costs originally booked during the year ended 30th September 2018 (see note 13) and is expected to be fully utilised within the next two years.

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
448,279 (2018: 448,279) Ordinary shares of £1 each	<u>448,279</u>	<u>448,279</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

24. Reserves

Share premium account

Includes all premiums received on issue of share capital.

Treasury shares

A reserve for shares held within the Group by Oxford Policy Management Limited and Oxford Policy Management EBT Limited.

Other reserves

A capital redemption reserve.

Profit and loss account

Includes all current and prior period retained profits and losses.

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment

Group

Consolidated Statement of Comprehensive Income

	As previously stated	Adjustment 1	Adjustment 2	Adjustment 3	Adjusted
	£	£	£	£	£
Turnover	79,503,680	(115,208)	(300,863)	-	79,087,609
Cost of sales	(63,604,811)	-	-	-	(63,604,811)
Gross profit	15,898,869	(115,208)	(300,863)	-	15,482,798
Administrative expenses	(17,197,142)	(692,868)	-	-	(17,890,010)
Exceptional administrative expenses	(2,413,487)	-	(114,000)	-	(2,527,487)
Operating profit/(loss)	(3,711,760)	(808,076)	(414,863)	-	(4,934,699)
Interest receivable and similar income	23,745	-	-	-	23,745
Interest payable and expenses	(36,761)	-	-	-	(36,761)
Profit/(loss) before taxation	(3,724,776)	(808,076)	(414,863)	-	(4,947,715)
Tax on profit/(loss)	166,122	-	-	-	166,122
Profit/(loss) for the financial year	(3,558,654)	(808,076)	(414,863)	-	(4,781,593)
Currency translation differences	-	272,287	-	-	272,287
Other comprehensive income for the year	-	272,287	-	-	272,287
Total comprehensive income for the year	(3,558,654)	(535,789)	(414,863)	-	(4,509,306)
Profit/(loss) for the year attributable to:					
Owners of the parent company	(3,558,654)	(808,076)	(414,863)	-	(4,781,593)
Total comprehensive income for the year attributable to:					
Owners of the parent company	(3,558,654)	(535,789)	(414,863)	-	(4,509,306)

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Consolidated Statement of Financial Position

	As previously stated £	Adjustment 1 £	Adjustment 2 £	Adjustment 3 £	Adjusted £
Fixed assets					
Intangible assets	111,826	(7)	-	-	111,819
Tangible assets	1,715,515	25,029	-	-	1,740,544
	<u>1,827,341</u>	<u>25,022</u>	<u>-</u>	<u>-</u>	<u>1,852,363</u>
Current assets					
Debtors	22,469,662	16,536	-	2,708,801	25,194,999
Cash at bank and in hand	7,626,261	251,360	-	-	7,877,621
	<u>30,095,923</u>	<u>267,896</u>	<u>-</u>	<u>2,708,801</u>	<u>33,072,620</u>
Creditors: Due within one year	(26,835,718)	(828,707)	(876,553)	(2,708,801)	(31,249,779)
Net current assets	<u>3,260,205</u>	<u>(560,811)</u>	<u>(876,553)</u>	<u>-</u>	<u>1,822,841</u>
Total assets less current liabilities	<u>5,087,546</u>	<u>(535,789)</u>	<u>(876,553)</u>	<u>-</u>	<u>3,675,204</u>
Creditors: Due more than one year	(1,833,487)	-	-	-	(1,833,487)
Provisions for liabilities	-	-	-	-	-
Net assets	<u>3,254,059</u>	<u>(535,789)</u>	<u>(876,553)</u>	<u>-</u>	<u>1,841,717</u>
Capital and reserves					
Called up share capital	448,279	-	-	-	448,279
Share premium account	13,618	-	-	-	13,618
Shares held in treasury	(1,536,896)	-	-	12,637	(1,524,259)
Other reserves	76,735	-	-	-	76,735
Profit and loss account	4,252,323	(535,789)	(876,553)	(12,637)	2,827,344
Equity attributable to owners of the parent Company	<u>3,254,059</u>	<u>(535,789)</u>	<u>(876,553)</u>	<u>-</u>	<u>1,841,717</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Consolidated Statement of Changes in Equity

	As previously stated £	Adjustment 1 £	Adjustment 2 £	Adjustment 3 £	Adjusted £
Profit and loss account					
At 1 October 2017	8,161,250	-	(461,690)	(12,637)	7,686,923
(Loss)/Profit for the year	(3,558,654)	(808,076)	(414,863)	-	(4,781,593)
Currency translation differences	-	272,287	-	-	272,287
Total comprehensive income for the year	(3,558,654)	(535,789)	(414,863)	-	(4,509,306)
 Dividends	 (350,273)	 -	 -	 -	 (350,273)
Total transactions with owners	(350,273)	-	-	-	(350,273)
 At 30 September 2018	 4,252,323	 (535,789)	 (876,553)	 (12,637)	 2,827,344

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Consolidated Statement of Cash Flows

	As previously stated £	Adjustment 1 £	Adjustment 2 £	Adjustment 3 £	Adjusted £
Cash flows from operating activities					
Profit/(loss) for the financial year	(3,558,654)	(808,076)	(414,863)	-	(4,781,593)
Adjustments for:					
Amortisation of intangible assets	36,852	-	-	-	36,852
Depreciation of tangible assets	674,503	-	-	-	674,503
Loss on disposal of tangible assets	187,913	-	-	-	187,913
Interest payable	36,761	-	-	-	36,761
Interest receivable	(23,745)	-	-	-	(23,745)
Taxation charge	(166,122)	-	-	-	(166,122)
(Increase)/decrease in debtors	(1,243,701)	(16,536)	-	(2,708,801)	(3,969,038)
Increase in creditors	5,483,415	824,612	414,863	2,708,801	9,431,691
(Decrease)/Increase in provisions	1,833,487	-	-	-	1,833,487
Corporation tax (paid)/received	(547,736)	-	-	-	(547,736)
Net cash generated from operating activities	2,712,973	-	-	-	2,712,973
Cash flows from investing activities					
Purchase of intangible fixed assets	(110,356)	-	-	-	(110,356)
Sale of tangible fixed assets	(575,230)	-	-	-	(575,230)
Interest received	23,745	-	-	-	23,745
Net cash from investing activities	(661,841)	-	-	-	(661,841)

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Consolidated Statement of Cash Flows (continued)

	As previously stated £	Adjustment 1 £	Adjustment 2 £	Adjustment 3 £	Adjusted £
Cash flow from financing activities					
Purchase of own shares	(12,547)	-	-	-	(12,547)
New loans	-	-	-	-	-
Repayment of loans	(500,000)	-	-	-	(500,000)
Dividends paid	(350,273)	-	-	-	(350,273)
Interest paid	(36,761)	-	-	-	(36,761)
Net cash used in financing activities	(899,581)	-	-	-	(899,581)
Foreign exchange on consolidation of cash and cash equivalents		251,360			
Net increase/(decrease) in cash and cash equivalents	1,151,551	-	-	-	1,151,551
Cash and cash equivalents at beginning of year	6,474,710	-	-	-	6,474,710
Cash and cash equivalents at the end of year	7,626,261	251,360	-	-	7,877,621

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

25. Prior year adjustment (continued)

Adjustment 1

As part of the review of finance policy, management identified 3 errors with regards to foreign exchange translation. As part of the finalisation of the 2019 financial statements the correct policies relating to foreign exchange translation was applied to the 2018 financial statements.

Firstly, foreign exchange translation to presentational currency of non-GBP WIP balances amounting to £115k (gain) had been incorrectly classified to turnover. These were reclassified to administrative expenses.

Secondly, foreign exchange translation to presentational currency of other non-GBP contract related balances, predominantly deferred income, amounting to £808k (loss) had not been posted. This was posted to administrative expenses.

Thirdly, the translation of foreign operations with a functional currency other than GBP to presentational currency had not been posted. These were posted resulting in an entry of £272k (gain) to other comprehensive income.

As a result of these transactions assets increased by £293k and liabilities increased by £829k. These adjustments fall within the loan relationship rules and are considered to be deductible for corporation tax purposes.

Adjustment 2

Following on from the review carried out in 2018, management have continued to review the legal and accounting structures in OPM's offices. This ongoing review has highlighted a further lack of historic compliance with prevailing VAT legislation relating to under-declared output VAT totalling £1,279k. Of this total, £301k related to 2018, and £462k related to 2016 and 2017 along with estimated penalties of £114k. As such, a provision which increases liabilities by £877k was recognised as at the end of 2018. The £877k is considered to be deductible for corporation tax purposes. However, as this is considered recoverable from customers, this is an adjustment that would be deemed income for corporation tax in future accounting periods.

Adjustment 3

As part of the review of the disclosures relating to contract receivables and payables, management identified that certain assets had been classified as liabilities and certain liabilities had been classified as assets. This was corrected and resulted in an increase in both assets and liabilities of £2,709k.

The total impact of these prior year adjustments on corporation tax is considered to be immaterial and has therefore not been adjusted.

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Company

Company Statement of Financial Position

	As previously stated	Adjustment 1	Adjustment 2	Adjustment 3	Adjusted
	£	£	£	£	£
Fixed assets					
Intangible assets	111,826	-	-	-	111,826
Tangible assets	1,652,593	12,979	-	-	1,665,572
Investments	-	-	-	52,496	52,496
	<u>1,764,419</u>	<u>12,979</u>	<u>-</u>	<u>52,496</u>	<u>1,829,894</u>
Current assets					
Debtors	24,252,009	18,934	-	102,694	24,373,637
Cash at bank and in hand	6,801,130	58,847	-	-	6,859,977
	<u>31,053,139</u>	<u>77,781</u>	<u>-</u>	<u>102,694</u>	<u>31,233,614</u>
Creditors: Due within one year	(27,938,864)	(832,951)	(876,553)	1,497,462	(28,150,906)
Net current assets	<u>3,114,275</u>	<u>(755,170)</u>	<u>(876,553)</u>	<u>1,600,156</u>	<u>3,082,708</u>
Total assets less current liabilities	<u>4,878,694</u>	<u>(742,191)</u>	<u>(876,553)</u>	<u>1,652,652</u>	<u>4,912,602</u>
Creditors: Due more than one year	-	-	-	-	-
Provisions for liabilities	(1,833,487)	-	-	-	(1,833,487)
Net assets	<u>3,045,207</u>	<u>(742,191)</u>	<u>(876,553)</u>	<u>1,652,652</u>	<u>3,079,115</u>
Capital and reserves					
Called up share capital	448,279	-	-	-	448,279
Share premium account	13,618	-	-	-	13,618
Treasury shares	(1,536,896)	-	-	1,441,768	(95,128)
Other reserves	76,735	-	-	-	76,735
Profit and loss account	4,043,471	(742,191)	(876,553)	210,884	2,635,611
Equity attributable to owners of the parent Company	<u>3,045,207</u>	<u>(742,191)</u>	<u>(876,553)</u>	<u>1,652,652</u>	<u>3,079,115</u>

OXFORD POLICY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Prior year adjustment (continued)

Company Statement of Changes in Equity

	As previously stated £	Adjustment 1 £	Adjustment 2 £	Adjustment 3 £	Adjusted £
Profit and loss account					
At 1 October 2017	7,986,388	-	(461,690)	(296,634)	7,228,064
(Loss)/Profit for the year	(3,592,644)	(808,076)	(414,863)	507,518	(4,308,065)
Currency translation differences	-	65,885	-	-	65,885
Total comprehensive income for the year	<u>(3,592,644)</u>	<u>(742,191)</u>	<u>(414,863)</u>	<u>507,518</u>	<u>(4,242,180)</u>
Dividends	(350,273)	-	-	-	(350,273)
Total transactions with owners	<u>(350,273)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,273)</u>
At 30 September 2018	<u><u>4,043,471</u></u>	<u><u>(742,191)</u></u>	<u><u>(876,553)</u></u>	<u><u>210,884</u></u>	<u><u>2,635,611</u></u>

Adjustment 1

As part of the review of finance policy, management identified 3 errors with regards to foreign exchange translation. As part of the finalisation of the 2019 financial statements the correct policies relating to foreign exchange translation was applied to the 2018 financial statements.

Firstly, foreign exchange translation to presentational currency of non-GBP WIP balances amounting to £115k (gain) had been incorrectly classified to turnover. These were reclassified to administrative expenses.

Secondly, foreign exchange translation to presentational currency of other non-GBP contract related balances, predominantly deferred income, amounting to £808k (loss) had not been posted. This was posted to administrative expenses.

Thirdly, the translation of foreign operations with a functional currency other than GBP to presentational currency had not been posted. These were posted resulting in an entry of £65k (gain) to other comprehensive income.

As a result of these transactions assets increased by £91k and liabilities increased by £833k. These adjustments fall within the loan relationship rules and are considered to be deductible for corporation tax purposes.

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Adjustment 2

Following on from the review carried out in 2018, management have continued to review the legal and accounting structures in OPM's offices. This ongoing review has highlighted a further lack of historic compliance with prevailing tax legislation relating to under-declared output VAT totalling £1,279k. Of this total, £301k related to 2018, and £462k related to 2016 and 2017 along with estimated penalties of £114k. As such, a provision which increases liabilities by £877k was recognised as at the end of 2018. The £877k is considered to be deductible for corporation tax purposes. However, as this is considered recoverable from customers, this is an adjustment that would be deemed income for corporation tax in future accounting periods.

Adjustment 3

As part of the review of the disclosures relating to contract receivables and payables, management identified that certain assets had been classified as liabilities and certain liabilities had been classified as assets. This was corrected and resulted in an increase in both assets and liabilities of £102k.

Management also reviewed the processes utilised for consolidating results when preparing the accounts for the Company during 2018. This review identified errors relating to the consolidation of the non-GBP (branch) ledgers that when corrected resulted in a decrease of creditors of £1,600k, and an increase in investments of £52k.

The total of these adjustments resulted in assets increasing by £156k and liabilities reducing by £1,497k. The element of this adjustment that impacts net equity is considered to be treated as income for corporation tax purposes.

A further presentational error was identified in the recognition of shares held by Oxford Policy Management EBT Limited as treasury shares in the Company, which resulted in a prior year transfer between treasury shares and the profit and loss account categories within equity of £1,442k. This is not considered to be adjustable for corporation tax.

The total impact of these prior year adjustments on corporation tax is considered to be immaterial and has therefore not been adjusted.

26. Commitments under operating leases

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	722,245	777,566	563,759	717,614
Later than 1 year and not later than 5 years	744,603	1,450,825	691,809	1,257,475
	<u>1,466,848</u>	<u>2,228,391</u>	<u>1,255,568</u>	<u>1,975,089</u>

OXFORD POLICY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

27. Related party transactions

The Group and Company have taken advantage of the exemption available in FRS 102 whereby they have not disclosed transactions with any wholly owned subsidiary undertaking.

Dividends of £Nil (2018: £14,330) were paid to S P C Hunt, a director, and his immediate family in the year.

Dividends of £Nil (2018: £3,200) were paid to P A V Naert a director, in the year.

Consultancy fees and expenses of £12,372 (2018: £Nil) were paid to MDCS BVBA, a company in which P A V Naert is an Independent Director, in the year.

The directors are the only key management personnel of the Group.

28. Post balance sheet events

During the year OPM's ongoing review of legal and accounting structures identified a lack of historic compliance with VAT legislation totalling £1,279k. Relevant accounting periods have been restated accordingly. Of the total of £1,279k error £1,139k is considered recoverable from customers and at the date of signing these accounts has already been received.

In the period subsequent to the balance sheet date the coronavirus (COVID-19) outbreak has caused disruption to businesses and economic activities across the globe. The final economic impact is impossible to assess at the date of writing, however, the Group's management have implemented a number of initiatives to ensure business continuity is maintained and costs are controlled. The directors are continuously monitoring the situation and following analysis believe that there is sufficient liquidity within the group that the Group remains a going concern. The information within these accounts are as at 30 September 2019 and reflect the economic situation as at that date.

29. Controlling party

The directors do not consider there to be a single ultimate controlling party.