

WorldOne Research Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 3983598



WorldOne Research Limited

Report and financial statements for the year ended 31 December 2019

Contents

Page:

1	Strategic report
3	Report of the director
6	Independent auditor's report
9	Statement of comprehensive income
10	Statement of financial position
11	Statement of changes in equity
12	Notes forming part of the financial statements

Director

P Kirk

Registered office

3 Murphy Street
Floor 3
London
SE1 7FP

Company number

3983598

Auditors

UHY Hacker Young, Quadrant House, 4 Thomas More Square, London, E1W 1YW

WorldOne Research Limited

Strategic report for the year ended 31 December 2019

The Director presents the strategic report together with the audited financial statements for the year ended 31 December 2019 for WorldOne Research Limited (the "company").

Business review

The principal activity of the company, branded as Sermo, continued to be the provision of online market research data products and solutions to the Healthcare industry sector.

Sermo is the largest healthcare data collection company and social network for physicians, reaching over 800,000 verified doctors across more than 150 countries. The Sermo platform enables doctors to anonymously talk real-world medicine, review treatment options via our proprietary Drug Ratings platform, collectively solve patient cases, and participate in medical market research.

The results of the company show a decline in the revenue for the year from £18.0m in 2018 to £16.5m in 2019. This decrease in revenue contributed to the decline in the company gross profit from £8.4m in 2018 to £6.7m in 2019. The operating result weakened from £1.0m loss in 2018 to £1.7m loss in 2019.

KPI's

The following KPI's are measures which allow management to best assess the performance of the business in line with its strategic objectives which are set by the group's board.

	2019	2018
Revenue (£'000)	16,485	18,025
Gross profit (£'000)	6,693	8,383
Operating loss (£'000)	(1,718)	(969)
Average number of permanent employees	33	30

The company focuses exclusively on the healthcare sector, servicing primarily market research agencies as well as consultancies, communications agencies, financial services and pharmaceutical companies enabling the healthcare industry to have unique insights and feedback from specialised Healthcare professionals in over 80 countries within the US, EU, Asian, and Latin American regions.

Growth Plan and Long-term targets

The company's social network platform for physicians is a unique differentiator in an otherwise highly competitive market. The company plans to continue developing this platform, adapt its technologies to deliver cost effective solutions enabling margin improvement, and release additional products, including secondary data, to grow its revenue base.

WorldOne Research Limited

Strategic report for the year ended 31 December 2019 (*continued*)

Going Concern

The company is reliant on the parent company Sermo Limited for ongoing financial support, and it has been confirmed with the directors of this company that they will continue to support the company financially as needed. The Director believes that the Company is a going concern and has prepared accounts on this basis, given that the wider group controlled by Sermo Limited has the means to provide financial support to WorldOne Research Limited as needed.

Principal risks and uncertainties

Management have identified below a summary of the main risks that could potentially impact the business's operating and financial performance.

Sensitivity to Macro Economic Trends

The company is sensitive to changes in the wider economic environment; the impact of this risk is reviewed at quarterly board meetings.

Risks Relating to Industry Specific Regulations

The company has a detailed understanding of the regulations governing the Healthcare market research sector and prides itself on having strong internal controls which are reviewed on a periodic basis.

However, the business could be affected by new laws or regulations or a change of interpretation of existing laws or regulations by courts concerning market research including, but not limited to, Data Privacy.

IT Risks

The business is highly automated and relies upon internal information systems being readily available. These systems are maintained subject to the Group's policies and procedures.

Foreign Exchange Risk

The company has foreign currency assets and liabilities. The group to which the company belongs has a natural hedge between revenue and costs of its operating entities and related operating currencies. The company therefore does not use financial instruments to manage the risk of the fluctuating exchange rates and as such no hedge accounting is applied. The foreign exchange impact to the business is reviewed monthly.

Liquidity and Cash-flow Risk

The company faces liquidity and cash flow risks from customers and suppliers. The cash-flow is actively managed on a daily basis.

WorldOne Research Limited does not have any long-term loan or debt finance.

Approval

This strategic report was approved by order of the Board on 6 November 2020.



P Kirk
Director

WorldOne Research Limited

Report of the director for the year ended 31 December 2019

The director presents his report together with the audited financial statements for the year ended 31 December 2019 for WorldOne Research Limited (the "company").

Results and dividends

The statement of comprehensive income is set out on page 9 and shows the loss for the year.

The company's revenue for the year amounted to £16.5m (2018 - £18.0m).

The company's operating loss for the year amounted to £1.7m (2018 – loss of £1.0m).

The director does not recommend paying a dividend for 2019 (2018 - £Nil).

Director

The only director of the company during the year and up to the date of signature of the financial statements was:

P Kirk

Information regarding financial instruments

During the normal course of business, the company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the company. The company does not apply derivatives, including interest rate swaps or forward exchange contracts to control its risks. The company does not trade in financial derivatives.

Foreign Exchange Risk

The company has foreign currency assets and liabilities. The company does not use financial instruments to manage the risk of the fluctuating exchange rates and as such no hedge accounting is applied. The foreign exchange impact to the business is reviewed monthly by the director.

Credit risk

Credit risk arises principally from trade and other receivables and cash. The credit risk is not specifically concentrated with one or a small group of counterparties. A long standing relationship exists with most of these counterparties, mostly pharmaceutical and research institutions which have always in time satisfied their obligations to pay.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Geographically, there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the management; these limits are reviewed quarterly. Customers that fail to meet the company's benchmark creditworthiness may transact with the company only on a prepayment basis or by means of other types of securities. Accordingly, credit risks are deemed to be low.

WorldOne Research Limited

Report of the director for the year ended 31 December 2019 (*continued*)

Information regarding financial instruments (*continued*)

Liquidity Risk

The company monitors its cash position by using successive liquidity budgets. The management ensures that the cash position is sufficient to meet the company's financial obligations towards creditors, thereby mitigating any liquidity risks.

Interest rate risk

It is the company's policy to attract fixed interest rate loans to finance its operations. The company runs an interest rate risk on interest bearing assets and liabilities and on any refinancing of existing loans. As the company does not make use of variable interest rate loans to finance operations, the company does not make use of interest rate derivatives.

Research and development information

The development of effective new data analysis solutions, as well as the development of additional uses for existing services, are necessary for the continued strengthening of the Group's businesses. The opportunities for improving products and related technologies remain abundant, as technological innovation increases daily into new and more complex areas and as the extent of unmet product requirements and needs remains high. Development of collection and analysis of data for leading market research organisations, consulting firms and corporations must be continued over time to provide for further growth.

Director responsibilities

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

WorldOne Research Limited

Report of the director for the year ended 31 December 2019 *(continued)*

Director responsibilities (continued)

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

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the director's report. It has done so in respect of the review of the business, principal risks and uncertainties, and key performance indicators

Auditors

The director as at the date of this report has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the company's auditor is unaware.

The auditors, UHY Hacker Young, who were appointed as auditors in the year have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting in accordance with Section 485 of the Companies Act 2006.

Approved on behalf of the Board



P Kirk
Director

6 November 2020

WorldOne Research Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WORLDONE RESEARCH LIMITED

Opinion

We have audited the financial statements of WorldOne Research Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

WorldOne Research Limited

Independent auditor's report (*continued*)

Other information

The Director is 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic and Director's reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic and Director's reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Director's responsibilities statement, the Director is 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 Director determines 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 Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

WorldOne Research Limited

Independent auditor's report (*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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

The financial statements of WorldOne Research Limited for the year ended 31 December 2018 were audited by another auditor, who gave an unqualified audit opinion on 13 September 2019.

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.



Matthew Anderson (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young, statutory auditor
Quadrant House, 4 Thomas More Square, London, E1W 1YW

Date: 6 November 2020

WorldOne Research Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £ Restated
Turnover	4	16,484,711	18,024,867
Cost of sales		<u>(9,792,025)</u>	<u>(9,641,983)</u>
Gross profit		6,692,686	8,382,884
Other operating expense – management charges		366,991	(553,578)
Administrative expenses charge - other		<u>(8,777,849)</u>	<u>(8,798,438)</u>
Administrative expenses charge – total		(8,410,858)	(9,352,016)
Operating loss	6	(1,718,172)	(969,132)
Interest and similar expenses	7	<u>(342,948)</u>	<u>(4,830,798)</u>
Loss on ordinary activities before taxation		(2,061,120)	(5,799,930)
Taxation credit on loss on ordinary activities	8	<u>254,936</u>	<u>1,080,709</u>
Loss on ordinary activities after taxation		(1,806,184)	(4,719,221)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for year		(1,806,184)	(4,719,221)

All amounts relate to continuing activities.

The notes on pages 12 to 26 form part of these financial statements.


WorldOne Research Limited

Statement of financial position at 31 December 2019

Company number 3983598

	Note	2019 £	2018 £ Restated
Assets			
Tangible assets	9	107,451	191,661
Investments	10	46,130	46,130
Total non-current assets		153,581	237,791
Debtors	11	4,407,960	4,609,620
Accrued Income	12	2,008,163	2,482,783
Cash at bank and in hand		59,520	488,007
Total current assets		6,475,643	7,580,410
Liabilities			
Creditors: Due within one year	13	29,959,116	29,258,122
Current lease liability	15	43,210	83,787
Cash at bank and in hand		-	-
Total current liabilities		30,002,326	29,341,909
Non-current lease liabilities	15	-	43,210
Total liabilities		30,002,326	29,385,119
Net Liabilities		(23,373,102)	(21,566,918)
Capital and reserves			
Share Capital	14	533,408	533,408
Profit and loss account		(23,906,510)	(22,100,326)
Shareholders deficit		(23,373,102)	(21,566,918)

The financial statements were approved and authorised for issue by the Board of Directors on 6 November 2020 and were signed on its behalf by:


P Kirk
Director

The notes on pages 12 to 26 form part of these financial statements.

WorldOne Research Limited

Statement of changes in equity for the year ended 31 December 2019

	Share Capital £	Profit and loss account £	Total equity £
1 January 2019 as previously reported	533,408	(21,870,326)	(21,336,918)
Prior year adjustment (note 19)	-	(230,000)	(230,000)
1 January 2019 as restated	533,408	(22,100,326)	(21,566,918)
Comprehensive income for the year:			
Loss for the year	-	(1,806,184)	(1,806,184)
Total comprehensive loss for the year	-	(1,806,184)	(1,806,184)
31 December 2019	533,408	(23,906,510)	(23,373,102)

Statement of changes in equity for the year ended 31 December 2018 (restated)

	Share Capital £	Profit and loss account £	Total Equity £
1 January 2018	533,408	(17,381,105)	(16,847,697)
Comprehensive income for the year:			
Loss for the year	-	(4,719,221)	(4,719,221)
Total comprehensive loss for the year	-	(4,719,221)	(4,719,221)
31 December 2018	533,408	(22,100,326)	(21,566,918)

The notes on pages 12 to 26 form part of these financial statements.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Company information

WorldOne Research Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Murphy Street, Floor 3, London, SE1 7FP. The company is involved in the collection and analysis of data for leading market research organisations, consulting firms and corporations.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The presentation currency used is sterling. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

WorldOne Research Limited is a subsidiary of Sermo Limited and the results of WorldOne Research Limited are included in the consolidated financial statements of Sermo Limited which are available from Companies House.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the group headed by Sermo Limited;
- certain disclosures relating to IFRS 15, revenue from contracts with customer. Specifically, disaggregation of revenue, qualitative and quantitative information related to changes in contract assets and information regarding entities performance obligations, transaction prices and significant judgements.;
- certain disclosures relating to IFRS 16, Leases; and
- certain disclosures from IAS 1 regarding changes in accounting policies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Sermo Limited. These financial statements do not include certain disclosures in respect of impairment of assets and financial instruments. The financial statements of Sermo Limited can be obtained as described in note 17.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

2 Accounting policies (*continued*)

Going concern

The company is reliant on the parent company Sermo Limited for ongoing financial support, and it has been confirmed with the directors of this company that they will continue to support the company financially as needed, for a period of greater than 12 months post the signing of the financial statements. The Director believes that the Company is a going concern and has prepared accounts on this basis, given that the wider group controlled by Sermo Limited has the means to provide financial support to WorldOne Research Limited as needed.

New standards and interpretations not yet effective

There are new and amended standards and interpretations that have been issued by the International Accounting Standards Board that are effective for periods commencing on or after 1 January 2020, and have not been adopted early, as discussed below. The Company intends to adopt these standards and interpretations, if applicable, when they become effective:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments – Definition of Material)
- Revised Conceptual Framework for Financial Reporting

Implementation of the above is not expected to have a material effect on the Company's financial statements.

Revenue

Revenue consists of market research, online marketing and advertising activities, subscriptions and other data collection services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with customers
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/ as performance obligations are satisfied

Performance Obligations and timing of revenue recognition

The majority of the Company's revenue is derived from selling market research and online advertising products with revenue recognized over time when control of the goods has transferred to the customer. This is based on the 'stage of completion' using actual observed milestones to determine the amount of control that has passed to the customer and therefore satisfying performance obligations.

The Company's largest revenue stream is custom market research with revenue recognized over time. The Company considers its market research as specialized with no alternative use. Customers are required to make payment for time and effort spent by the company on progressing the contracts in the event of the customer cancelling the contract prior to completion, for any reason other than the group's failure to perform its obligations under the contract. In the event of cancellation, revenue will be recognized based on the stage of completion, measured using the number of completed surveys up to the time of formal notification.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

2 Accounting policies (*continued*)

This is considered a faithful depiction of the transfers of goods and services as the contracts are initially priced on the basis of number of completes required and would therefore represent the amount to which the group is entitled to, based on performance completed to date.

Payment terms vary depending on the specific product, or products purchased. With market research, the standard terms are, 60% of the estimated total project fees is invoiced upon commissioning. The initial invoice is due 7 days from the invoice date with the remaining 40% being invoiced after project completion. With online advertising contracts, the standard terms are, 100% of the contract price is invoiced upon signing. All contracts are subject to these standard payment terms, to the extent that the parties involved expressly agree in writing that the conflicting terms of any agreement shall take precedence.

Revenue (continued)

Determining the transaction price

The transaction price for market research contracts is determined using fixed pricing incentive rates based on the location and therapy area of the physicians required to complete the surveys. The fixed pricing incentive rates along with the length of time each survey takes will determine the expected contract price at the commencement of each project. The price set at the commencement of the contract will be based on the customer's expected survey requirements which may subsequently increase or decrease as the project is completed. No estimation of variable consideration is required at the commencement of each project as revenue is only recognized once surveys are completed.

The transaction price for online advertising revenue using expected costs plus margin, taking into account the length of time any display will be live on the Company website.

Allocating amounts to performance obligations

The transaction price is allocated to the performance obligations in the contract based on relative stand-alone selling prices. Where a stand-alone selling price cannot be directly observed, an estimate of the stand-alone selling price will be made by applying the expected costs plus margin method. When a contract includes multiple performance obligations, including discounts, the transaction price will be allocated to the individual performance obligation based on stand-alone selling price or applying the expected costs plus margin method.

For market research, contract prices are based on a set number of surveys to complete. Therefore, no judgement is required in allocating the transaction price against the performance obligation as this is done on a percentage of completion basis where the number of completed surveys can be directly observed. The allocation rates are determined using actual data and are updated quarterly on a two year rolling basis. Lastly, for online advertising revenue, amounts are allocated to two separate performance obligations using a costs plus margin method to provide a best estimate of their stand-alone selling price. The two distinct performance obligations include the development and display of the online advertising material. A level of judgement is required for determining expected costs however historical data of costs incurred provide management with a best estimate for this allocation.

Costs of fulfilling contracts

The costs of fulfilling contracts do not result in the recognition of a separate asset because for all contracts, revenue is recognized over time by reference to the stage of completion, meaning that control of the asset is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognized.

Financial assets

Financial assets are comprised of cash and cash equivalents and trade and other receivables. Financial assets are recognised at fair value at inception and in subsequent periods at amortised cost using the effective interest method, less any provisions for impairment.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

IFRS 9 "Financial Instruments"

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected loss model for calculating impairment on financial assets, and the new general hedge accounting requirements

(a) Classification and measurement

IFRS 9 contains a classification and measurement approach for financial assets that is a function of the business model, in which assets are managed and their cash flow characteristics. IFRS 9 includes three principle classification categories for financial assets: those measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Company applied the simplified approach mandated to trade receivables by recording lifetime expected losses. The Company applied the general approach to the Company's amortised cost financial assets, other than trade receivables including, but not limited to, cash and cash equivalents.

Loss allowances are measured on either of the following bases:

- 12-month basis – these are expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date; or
- Lifetime basis – these are expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Company's cash and cash equivalents have been assigned low credit risk based on the external credit ratings of the respective banks and financial institutions.

Trade Receivables – Impairment loss model

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

IFRS 9 "Financial Instruments" (continued)

The lifetime expected loss provision for trade receivables is as follows:

	Not past due	0-60 days	61-120 days	+120 days	Total
<i>at 31 December 2019</i>					
Expected loss rate	0.2%	1.3%	11.6%	18.3%	
Trade receivables	2,397,679	640,012	178,462	379,020	3,595,173
Loss provision	(5,173)	(8,276)	(20,692)	(69,318)	(103,459)
	<u>2,392,506</u>	<u>631,736</u>	<u>157,770</u>	<u>309,702</u>	<u>3,491,714</u>

	Not past due	0-60 days	61-120 days	+120 days	Total
<i>at 31 December 2018</i>					
Expected loss rate	0.2%	1.7%	8.3%	43.9%	
Trade receivables	2,578,739	426,575	215,971	137,232	3,358,517
Loss provision	(4,494)	(7,190)	(17,976)	(60,219)	(89,879)
	<u>2,574,245</u>	<u>419,385</u>	<u>197,995</u>	<u>77,013</u>	<u>3,268,638</u>

Accrued income

	2019 £	2018 £
Accrued income	2,167,498	2,666,854
Loss provision	(48,335)	(73,071)
Cancel provision	(111,000)	(111,000)
	<u>2,008,163</u>	<u>2,482,783</u>

Tangible assets

Tangible fixed assets are stated at cost. Depreciation is provided at the following annual rates over the expected useful lives of the assets:

Computer equipment	-	25% of cost
Fixtures and fittings	-	25% of cost
Right-of-use assets	-	Over the lease period

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account in the year in which they become payable.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

Taxation

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

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that results in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the company's taxable profits and its result as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded using the rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the income statement.

Leases

All leases are accounted for by recognizing a right of use asset and a lease liability except for:

- Lease of low value assets; and
- Lease with a duration of 12 month or less

As a lessee

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate at the commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such case, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expenses in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value agreement;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increases for:

- lease payments made at or before commencement of the lease;
- initial direct costs; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the lease asset

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

3 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements:

Impairment charges against related party balances: The Company exercises judgement in measuring and recognising impairment charges on related party balances. Judgement is necessary in assessing the likelihood that assets will be recovered in the form of future cash inflows and to quantify the impairment provisions required at the reporting date. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

Estimates and assumptions:

Estimated useful lives of assets: The useful life used to depreciate tangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

4 Turnover

	2019 £	2018 £
Analysis by geographical market:		
EU	16,105,432	17,456,390
Rest of the world	379,279	568,477
	<hr/>	<hr/>
	16,484,711	18,024,867
	<hr/>	<hr/>

The company has one class of business being that of survey based market research.

WorldOne Research Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

5 Employees

	2019 £	2018 £
Staff costs consist of:		
Wages and salaries	2,569,288	2,010,321
Social security costs	318,447	245,490
Benefits & Pension	146,580	131,794
Commission & Bonus	279,531	222,668
Other staff costs	226,180	175,413
Management charges	(366,991)	553,578
	<u>3,173,035</u>	<u>3,339,264</u>

The average number of permanent employees during the year was 33 as detailed below. This excludes contractors.

Average No. of permanent employees:	2019	2018
Sales	3	7
Technology & Operations	16	10
General & Administration	14	13
	<u>33</u>	<u>30</u>

Director remuneration of £249,807 (2018: £265,352) is included within wages and salaries, of which £45,637 was paid through UK payroll and the remainder £204,170 recharged from another group entity as management charge.

Of the 33 UK employees, cost relating to 8 employees have been recharged to other group entities via management charges. In addition cost relating to 13 subcontractors and employees located in other entities have been recharged to the UK via management charges.

6 Loss on ordinary activities

	2019 £	2018 £
This has been arrived at after charging / (crediting):		
Auditors' remuneration:		
- Fees for audit of company's accounts	60,000	85,050
- Taxation services	5,000	8,775
Qualifying R&D expenses	764,427	1,263,064
Depreciation	123,571	127,734
	<u></u>	<u></u>

WorldOne Research Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

7 Interest and similar expenses

	2019 £	2018 £
Interest expenses	233,074	3,590,695
Foreign exchange losses	109,874	1,240,103
	<u>342,948</u>	<u>4,830,798</u>

Included within interest expense above is £225,141 (2018: £3,608,676) of interest payable to group entities.

8 Taxation credit on loss from ordinary activities

	2019 £	2018 £
(a) UK Corporation tax		
Current tax (credit)	(254,936)	(421,232)
Current tax (credit) – prior period	-	(659,477)
	<u>(254,936)</u>	<u>(1,080,709)</u>
Total current tax (credit)	(254,936)	(1,080,709)
	<u>-</u>	<u>-</u>
Deferred tax	-	-
	<u>(254,936)</u>	<u>(1,080,709)</u>
Total tax (credit)	(254,936)	(1,080,709)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 – higher than) the standard rate of corporation tax in the UK applied to (loss) before tax. The differences are explained below:

	2019 £	2018 £
(Loss) on ordinary activities before tax	(2,061,120)	(5,799,930)
(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	(391,613)	(1,101,987)
Effect of:		
Depreciation in excess of capital allowances	-	13,490
Additional deduction for R&D expenditure	(188,813)	(311,977)
Surrender of tax losses for R&D tax credit refund	79,119	130,727
Adjustments to tax charge in respect of previous periods	(469)	(659,477)
Adjustment to opening deferred tax rate	(292,756)	-
Deferred tax not recognised	539,596	848,515
	<u>(254,936)</u>	<u>(1,080,709)</u>
Tax (credit) for the year	(254,936)	(1,080,709)

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

At 31 December 2019 the company has unutilised tax losses of £13.8m (2018 - £12.1m) available to offset against future taxable trading profits. These losses represent an unrecognised deferred tax asset of £2.3m (2018 - £2.1m).

9 Tangible assets

	Fixtures and fittings £	Computer equipment £	Right of use assets £	Total £
<i>Cost</i>				
At 1 January 2019	408,554	1,328,053	388,490	2,125,097
Additions	-	39,361	-	39,361
At 31 December 2019	408,554	1,367,414	388,490	2,164,458
<i>Depreciation</i>				
At 1 January 2019	404,203	1,263,765	265,468	1,933,436
Charge for the year	2,900	42,973	77,698	123,571
At 31 December 2019	407,103	1,306,738	343,166	2,057,007
<i>Net book value</i>				
At 31 December 2019	1,451	60,676	45,324	107,451
At 31 December 2018	4,351	64,288	123,022	191,661

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

10 Investments	£
<i>Cost</i>	
At 1 January 2019 and 31 December 2019	985,129
<i>Impairment</i>	
At 1 January 2019 and 31 December 2019	(938,999)
<i>Net book value</i>	
At 31 December 2019	46,130
At 31 December 2018	46,130

Company name and registered address	Country of Incorporation	Class of share	Proportion of voting rights held	Nature of business
WorldOne Research 2009 SL 'A' (Carrer de Sardenya 229, 4 th Floor, 08013, Barcelona)	Spain	Ordinary	100%	Market research / opinion polling
WorldOne Servicios de Investigacion S.A de C.V (Edificio Premium, Avenida Juarez 2915, Oficina 205, Colonia La Paz, Puebla, C.P. 72160)	Mexico	Ordinary	99%	Market research / opinion polling
WorldOne Dalian (Unit 504, No.3 Building, 5 Software Park Road, Dalian, P.R.China, 116023)	China	Ordinary	100%	Market research / opinion polling

11 Debtors	2019	2018
	£	£
Trade debtors	3,491,714	3,268,638
Amounts owed by group undertakings	-	-
Other debtors	423,639	67,181
Prepayments	237,671	193,092
Corporation tax receivable	254,936	1,080,709
	4,407,960	4,609,620

WorldOne Research Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

12	Accrued Income		2019	2018
			£	£
	Accrued income		2,008,163	2,482,783
			2,008,163	2,482,783
13	Creditors: amounts falling due within one year		2019	2018
			£	£
	Trade creditors		1,731,644	2,649,308
	Amounts owed to group undertakings		8,825,714	12,992,738
	Social security and other taxes		473,729	410,000
	Other creditors		217,255	81,823
	Accruals		17,808,220	12,555,312
	Deferred income		902,554	568,941
			29,959,116	29,258,122
14	Share capital		2019	2018
		2019	2018	
		Number	Number	
	Ordinary shares of £1 each	533,408	533,408	533,408

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

15 Leases

London, UK

In July 2015, the Company entered into a five year operating lease for office space in London, UK with payments due in four equal instalments throughout the year. All expected lease payments (less those paid) based on the five year term are reflected in the lease liability balance. The Company is not exposed to any variable lease payments or extension options and has therefore not accounted for these in the lease liability balance. The Company has not included any variable payments or penalties relating to lease termination options as it does not expect to terminate the lease prior to the lease expiry date nor does it expect any changes to the agreed upon lease payments as detailed in the lease agreement.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of lease liabilities:

As at 31 December 2019	Within 1 year	Within 1 and 2 years	Within 2 and 3 years	Over 3 years
Lease liabilities	43,210	-	-	-

As at 31 December 2018	Within 1 year	Within 1 and 2 years	Within 2 and 3 years	Over 3 years
Lease liabilities	83,787	43,210	-	-

Right-of-use assets

	2019 £	2018 £
At 1 January	123,022	200,720
Amortisation	(77,698)	(77,698)
Balance at 31 December	45,324	123,022

Lease Liabilities

	2019 £	2018 £
At 1 January	126,997	207,503
Interest Expense	3,553	6,834
Lease Payments	(87,340)	(87,340)
Balance at 31 December	43,210	126,997

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

16 Related party transactions

The company has taken advantage of the exemption allowed by FRS 101, not to disclose any transactions with entities that are included in the consolidated financial statements of Sermo Limited.

17 Ultimate controlling party

The immediate parent company is Sermo BidCo Limited and the ultimate parent company is Sermo Limited, which are both incorporated in the United Kingdom. Sermo Limited is controlled by the director, Mr P Kirk.

Sermo Limited is the parent undertaking of both the smallest and largest groups to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Sermo Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

18 Subsequent events

The spread of COVID-19 since December 2019, has seriously impacted many local economies globally. Around the world, businesses are being forced to cease or limit operations for extended or indefinite periods of time. Measures taken by governments across the globe to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, leading to an economic slowdown. Furthermore, governments and central banks globally have responded with monetary and fiscal interventions to stabilise economic conditions.

Therefore, WorldOne Research Ltd has determined that events related to COVID-19 are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. Nevertheless, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It would not be possible to reliably judge the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

WorldOne Research Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

19 Prior period adjustment

The comparatives have been restated as provisions for rebates and cancellations had not been provided against, due to the change in the group structure these have now been provided. The effect on the financial statements is been as follows:

Changes to the statement of financial position at 31 December 2018

	As previously reported £	Adjustment £	As restated £
Current assets			
Accrued Income	2,593,783	(111,000)	2,482,783
	<hr/>	<hr/>	<hr/>
Liabilities			
Accruals	(12,436,312)	(119,000)	(12,555,312)
	<hr/>	<hr/>	<hr/>
Capital and reserves			
Profit and loss account	(21,870,326)	(230,000)	(22,100,326)
	<hr/>	<hr/>	<hr/>

Changes to the statement of comprehensive income for the year ended 31 December 2018

	As previously reported £	Adjustment £	As restated £
Turnover	18,254,867	(230,000)	18,024,867
Loss for the year	(4,489,221)	(230,000)	(4,719,221)
	<hr/>	<hr/>	<hr/>