

UMI COMMERCIAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

UMI COMMERCIAL LIMITED

COMPANY INFORMATION

Directors	N Clark S J P Goon G M Hodgson (appointed 24 May 2019) A A MacColl S McCreedy K Oliver (appointed 15 May 2020)
Company secretary	J L Hatton
Registered number	07227157
Registered office	Spectrum 6 Spectrum Business Park Seaham SR7 7TT
Independent auditors	Ryecroft Glenton Chartered Accountants & Statutory Auditors 32 Portland Terrace Newcastle upon Tyne Tyne & Wear NE2 1QP
Bankers	Svenska Handelsbanken AB (pub) 17 Pickersgill Court Quay West Business Village Sunderland SR5 2AQ

CONTENTS

	Page
Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 27

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Introduction

UMi Commercial Limited ('the company') helps businesses succeed and grow by providing business information, business events and a range of commercial development programmes.

The Company changed its name from Business and Enterprise Commercial Limited to UMi Commercial Limited on 17 June 2019. The 2019 financial statements reflected this new name.

Business review and key performance indicators

The Company's annual reported profitability for 2019/20 is in line with expectations formed in the trading year 2018/19 and reflects the investment and changes made to shape the business for significant future growth.

In accordance with the business plan, there has been significant re-investment during the year of the Company's own cash (generated through its own revenue streams to date) to enhance existing services, partnerships and drive even greater diversity and long-term profitability.

We continue to measure our success not only on fiscal performance but also by our ability to continue to be a workplace where talent thrives and the broader impact we create by being a responsible business. Performance against those measures and our investment strategy underpin the Directors' confidence not only in our current trading position but also that through our culture, creativity and robustness we will continue to achieve great things.

Principal risks and uncertainties

At the time of the audit we find ourselves in the middle of a global pandemic, the macro and micro impact of which is still to be understood but presents a risk that is under constant review. One of the main risks is the uncertainty and lack of confidence generally in the market. However, this is and will continue to be mitigated by the investment plan described above and the balance of revenue streams in UMi's portfolio.

This report was approved by the board on 14 August 2020 and signed on its behalf.

N Clark
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors

The directors who served during the year were:

N Clark
S J P Goon
G M Hodgson (appointed 24 May 2019)
A A MacColl
S McCreedy

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £738,147 (2019 - £203,524).

The directors do not recommend a final dividend in respect of the year.

During the year the Employee Ownership Fund accrued £67,289. EOT Directors requested that the UMi Holding Board make a distribution to fixed beneficiaries of the trust which utilised the bulk of the fund. A payment of £67,289 was made (2019 - £nil) and the payments are shown as a deduction from reserves under the heading 'other distributions'. See note 20 for further information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Future developments

In accordance with the business plan, there has been significant re-investment during the year of the Company's own cash (generated through its own revenue streams to date) to enhance existing services, partnerships and drive even greater diversity and long-term profitability.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Ryecroft Glenton were appointed auditors on 3 December 2019 and will be proposed for reappointment in accordance with section 485 of the Companies House act 2006.

This report was approved by the board on 14 August 2020 and signed on its behalf.

N Clark
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UMI COMMERCIAL LIMITED

Opinion

We have audited the financial statements of UMi Commercial Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 31 March 2020 and of its 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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 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.

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 Auditors' 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UMI COMMERCIAL LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UMI COMMERCIAL LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Grahame Maughan (Senior Statutory Auditor)

for and on behalf of

Ryecroft Glenton

Chartered Accountants & Statutory Auditors

32 Portland Terrace

Newcastle upon Tyne

Tyne & Wear

NE2 1QP

14 August 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	6,928,278	6,304,727
Cost of sales		(1,574,622)	(1,268,540)
Gross profit		5,353,656	5,036,187
Administrative expenses		(4,633,766)	(4,851,218)
Other operating income	5	82,540	-
Operating profit	6	802,430	184,969
Interest receivable and similar income	10	8,916	11,060
Interest payable and expenses	11	(77,109)	(90,000)
Profit before tax		734,237	106,029
Tax on profit	12	3,910	97,495
Profit for the financial year		738,147	203,524
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme	21	22,000	284,000
Movement of deferred tax relating to pension deficit	18	(3,740)	(48,280)
Other comprehensive income for the year		18,260	235,720
Total comprehensive income for the year		756,407	439,244

The notes on pages 10 to 27 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	17,500	22,000
Tangible assets	14	136,719	92,517
		<u>154,219</u>	<u>114,517</u>
Current assets			
Debtors: amounts falling due within one year	15	6,185,406	4,935,099
Cash at bank and in hand	16	2,313,567	3,042,218
		<u>8,498,973</u>	<u>7,977,317</u>
Creditors: amounts falling due within one year	17	(956,547)	(1,085,307)
Net current assets		<u>7,542,426</u>	<u>6,892,010</u>
Total assets less current liabilities		<u>7,696,645</u>	<u>7,006,527</u>
Pension liability	21	(3,244,000)	(3,243,000)
Net assets		<u><u>4,452,645</u></u>	<u><u>3,763,527</u></u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account	20	4,452,644	3,763,526
		<u><u>4,452,645</u></u>	<u><u>3,763,527</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 August 2020.

N Clark
Director

The notes on pages 10 to 27 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	1	3,324,282	3,324,283
Profit for the year	-	203,524	203,524
Actuarial gains on pension scheme	-	235,720	235,720
At 1 April 2019	1	3,763,526	3,763,527
Profit for the year	-	738,147	738,147
Actuarial gains on pension scheme	-	18,260	18,260
Other distributions			
Payment to Employee Ownership Trust	-	(67,289)	(67,289)
At 31 March 2020	1	4,452,644	4,452,645

The notes on pages 10 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. General information

UMi Commercial Limited is a private company limited by shares incorporated in England and Wales (no. 07227157). The Company's registered office is Spectrum 6, Spectrum Business Park, Seaham, SR7 7TT.

The Company's principal activity is disclosed in the Strategic Report.

With effect from 17th June 2019, the name of the Company was changed from Business and Enterprise Commercial Ltd to UMi Commercial Ltd.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" on the basis of being a qualifying entity:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of UMi Holdings Limited as at 31st March 2020 and these financial statements may be obtained from Companies House.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.3 Going concern

The Company has considerable financial resources and, as a consequence, the directors believe that the Company is well placed to manage its business risks successfully and continue in existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of preparation for these financial statements.

As highlighted in the strategic report, the directors are aware of the COVID-19 pandemic but are confident that the associated risks will continue to be mitigated by the balance of revenue streams in the UMi Group's portfolio.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company 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 Other income

Other income is recognised on receipt.

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. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	2-3 years straight line
-------------------------	---	-------------------------

Intangible assets are not amortised until completion of the asset, and are reviewed at the end of each period for impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

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	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years 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 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.

2.9 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, cash and bank balances and loans to or from related parties, including fellow group companies. All such instruments are due within one year and are measured, initially and subsequently, at the transaction price.

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 Statement of Comprehensive Income.

2.11 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.12 Finance costs

Finance costs are charged to profit or loss 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.14 Pensions (continued)

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 based on taxable profit and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 2 to 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.19 Other distributions

It is the policy of the company that payments made to the fixed beneficiaries of the EOT are treated as equity payments via other distributions. These other distributions are recognised once they are no longer at the discretion of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No significant judgements were required in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

Defined benefit pension scheme - the company has an obligation to pay 'final salary' pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management, supported by an independent actuary, estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historic experience and current trends. See note 21 for details of the assumptions applied by management. The assumptions with the greatest sensitivity are as follows:

0.1% adjustment to discount rate - 1.6% change in present value of total obligation

0.1% change in pension increase rate - 1.8% change in present value of total obligation

1 year change to mortality assumption - 2.9% change in present value of total obligation

Other - Other estimates included within these financial statements include depreciation charges and asset impairments. In the preparation of these financial statements, any such estimates are not considered to carry significant estimation uncertainty, nor to bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the provision of services.

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Sundry income	82,540	-
	<u>82,540</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation	75,017	124,995
Other operating lease rentals	<u>156,672</u>	<u>122,395</u>

7. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,500</u>	<u>12,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

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

	2020	2019
	£	£
Wages and salaries	2,755,861	3,243,392
Social security costs	315,363	301,120
Cost of defined benefit scheme	13,000	10,000
Cost of defined contribution scheme	359,241	226,284
	<u>3,443,465</u>	<u>3,780,796</u>

The average monthly number of direct and indirect employees, including the directors, during the year was 122 (2019 - 117).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	368,985	256,690
Company contributions to defined contribution pension schemes	32,475	35,895
	<u>401,460</u>	<u>292,585</u>

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,835 (2019 - £137,459).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,100 (2019 - £27,200).

10. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	8,916	11,060
	<u>8,916</u>	<u>11,060</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	109	-
Interest on net defined benefit pension liability	77,000	90,000
	<u>77,109</u>	<u>90,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous periods	-	(91,375)
	-	(91,375)
Total current tax	-	(91,375)
Deferred tax		
Origination and reversal of timing differences	-	2,884
Changes to tax rates	-	(301)
Adjustments in respect of previous periods	(3,910)	(8,703)
Total deferred tax	(3,910)	(6,120)
Taxation on loss on ordinary activities	(3,910)	(97,495)

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. Intangible assets

	Development expenditure £
Cost	
At 1 April 2019	185,843
Additions	17,500
Intra-group transfers	(22,000)
	<hr/>
At 31 March 2020	181,343
	<hr/>
Amortisation	
At 1 April 2019	163,843
	<hr/>
At 31 March 2020	163,843
	<hr/>
Net book value	
At 31 March 2020	<u>17,500</u>
<i>At 31 March 2019</i>	<u>22,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2019	42,444	508,267	1,729,280	2,279,991
Additions	21,807	25,035	76,226	123,068
Disposals	(42,444)	(484,601)	(1,462,421)	(1,989,466)
At 31 March 2020	21,807	48,701	343,085	413,593
Depreciation				
At 1 April 2019	42,444	495,940	1,649,090	2,187,474
Charge for the year on owned assets	823	8,423	65,769	75,015
Disposals	(42,444)	(484,592)	(1,458,579)	(1,985,615)
At 31 March 2020	823	19,771	256,280	276,874
Net book value				
At 31 March 2020	20,984	28,930	86,805	136,719
At 31 March 2019	-	12,327	80,190	92,517

15. Debtors

	2020 £	2019 £
Trade debtors	580,590	468,738
Amounts owed by group undertakings	3,813,334	2,807,592
Other debtors	251,239	872,840
Prepayments and accrued income	988,762	234,618
Deferred taxation (Note 18)	551,481	551,311
	6,185,406	4,935,099

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,313,567	3,042,218
	<u>2,313,567</u>	<u>3,042,218</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	364,831	168,289
Other taxation and social security	210,662	403,172
Other creditors	37,561	54,220
Accruals and deferred income	343,493	459,626
	<u>956,547</u>	<u>1,085,307</u>

18. Deferred taxation

	2020 £
At beginning of year	551,311
Charged to profit or loss	3,910
Charged to other comprehensive income	(3,740)
At end of year	<u>551,481</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Pension surplus	551,481	551,311
	<u>551,481</u>	<u>551,311</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

19. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

20. Reserves

Following a purchase of own shares on 22 December 2016, the parent company, UMi Holdings Limited, is owned by UMi Employee Ownership Trustee Co Limited and is an employee owned company, "EOT".

During the year the company approved a payment, in line with policy, to the fixed beneficiaries of the EOT totalling £67,289 (2019 - £nil) and the payments are shown as a deduction from reserves under the heading 'other distributions'.

UMi Holdings Limited does not control the EOT, and so it is not included within the consolidated accounts.

The following reserves are included in the financial statements:

Profit and loss account

The profit and loss reserve represents the cumulative profits and losses of the company, net of other adjustments. Other adjustments include gains/losses on the annual remeasurement of the net defined benefit pension liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

21. Pension commitments

The Company operates a defined contributions pension scheme.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £359,241 (2019 - £226,284). Contributions totalling £34,830 (2019 - £15,721) were payable to the fund at the balance sheet date and are included in creditors.

The Company operates a Defined Benefit Pension Scheme.

Certain employees of the Company participate in the Teesside Pension Fund, a multi-employer defined benefit scheme. The participating employers have agreed a basis for allocating the costs and actuarial risks associated with the scheme, and these financial statements account for the company's share of the scheme as a defined benefit scheme in accordance with that allocation basis.

The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The participating employers have agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salaries. Additional contributions are agreed with the trustees to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the scheme, using the projected unit credit method, was carried out at 31 March 2020 by PensionsWatch Limited, independent consulting actuaries. Adjustments to update the valuation to the balance sheet have been made based on the assumptions set out on page 26.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	12,824,000	12,528,000
Current service cost	13,000	10,000
Interest cost	303,000	322,000
Actuarial gains/losses	(1,199,000)	222,000
Contributions	2,000	2,000
Benefits paid	(419,000)	(260,000)
At the end of the year	11,524,000	12,824,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

21. Pension commitments (continued)

Composition of plan assets:

	2020 £	2019 £
Equities	6,027,840	6,889,000
Property	731,124	881,000
Bonds, cash and other	1,521,036	1,811,000
Total plan assets	8,280,000	9,581,000

	2020 £	2019 £
Fair value of plan assets	8,280,000	9,581,000
Present value of plan liabilities	(11,524,000)	(12,824,000)
Net pension scheme liability	(3,244,000)	(3,243,000)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	(13,000)	(10,000)
Net interest on obligation	(77,000)	(90,000)
Total	(90,000)	(100,000)

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	9,581,000	9,037,000
Interest income on plan assets	226,000	232,000
Actuarial gains and (losses)	(1,177,000)	506,000
Contributions by employer	67,000	64,000
Contributions by scheme participants	2,000	2,000
Benefits paid	(419,000)	(260,000)
	8,280,000	9,581,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

21. Pension commitments (continued)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £22,000 (2019 - £284,000).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	2.4	2.4
Future salary increases	1.5	1.5
Future pension increases	1.9	2.2
Rate of inflation (consumer price index)	1.9	2.2
Mortality rates		
- for a male aged 65 now	21.8	22.2
- at 65 for a male aged 45 now	23.2	23.9
- for a female aged 65 now	23.5	24.1
- at 65 for a female member aged 45 now	25.3	25.9

22. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	81,972	23,624
Later than 1 year and not later than 5 years	244,500	-
Later than 5 years	21,500	-
	<u>347,972</u>	<u>23,624</u>

The above lease commitments are in relation to office rent. UMi Commercial Limited are committed to pay £341,000 in future payments for the lease of the Head Office based in Seaham, with a further £6,972 for office space in Leeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

23. Related party transactions

Key management personnel of the company and of its parent:

Transactions with entities in which one or more members of key management personnel have an interest (for example a directorship or governorship) were as follows:

	2020 £	2019 £
- Sales (in aggregate)	12,500	13,894
- Purchases (in aggregate)	<u>44,945</u>	<u>13,576</u>

At the year end, £nil was owed to these related parties (2019 - £947). There was £nil owing from these related parties (2019 - £nil).

Entities with control, joint control or significant influence over the entity

During the year the company made payments to related parties totalling £67,289 (2019 - £nil) in relation to EOT bonus payments, treated as other distributions.

24. Controlling party

The immediate and ultimate parent undertaking and controlling party is UMi Holdings Limited.

The company is included in the consolidated financial statements of UMi Holdings Limited, copies of which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.