

Quadrangle Research Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

Company Registration No. 08064640 (England and Wales)

Quadrangle Research Group Limited

Company Information

Directors	Alison Camps John Gambles Christine Hastings Alexander Lewis Benjamin Skelton
Company number	08064640
Registered office	The Butlers Wharf Building 36 Shad Thames London SE1 2YE
Auditors	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

Quadrangle Research Group Limited

Contents

	Page
Directors' report	1 - 2
Strategic report	3 - 4
Independent auditor's report	5 - 7
Statement of total comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 26

Quadrangle Research Group Limited

Directors' Report

For the year ended 31 December 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the business was that of management consultancy and research.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alison Camps
John Gambles
Christine Hastings
Daniel Leaman
Alexander Lewis
Benjamin Skelton

(Resigned 26 November 2019)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

In March 2020 the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a global health pandemic, which has spread throughout the world. Global markets and economies have experienced a significant amount of volatility as a result of the pandemic. While the disruption is currently expected to be temporary, there is uncertainty around the duration or the long term impact. It may result in a fall revenue and an increase in aged debts owing to the financial position of their customer base. However, notwithstanding these challenges, the company remains in a strong position owing to the support it receives from its ultimate controlling party. The related financial impact of the pandemic cannot be reasonably estimated at this time, though the directors do not believe it will have a material impact on the business's ability to continue as a going concern.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

Quadrangle Research Group Limited

Directors' Report (Continued)

For the year ended 31 December 2019

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

John Gambles

Director

24 December 2020

Quadrangle Research Group Limited

Strategic Report

For the year ended 31 December 2019

The Directors present the Strategic Report, their Annual Report and the audited financial statements for the year ended 31 December 2019 ("the financial year" or "the year").

Principal Activities

Quadrangle Research Group Limited ("the Company") is one of the UK's leading, independent research and strategy consultancies. We have won multiple Awards for our work, which centres around helping brands understand and prioritise what matters to customers. We describe our work as Research. For decision makers.

There have not been any significant changes to the Company's principal activities in the period under review.

Future Developments

We moved early and decisively to deal with the unexpected and unprecedented challenges of the Coronavirus pandemic in 2020. By the end of February, the Board had signed off a 'Coronavirus Contingency Plan and Budget' which we implemented immediately. Commercially, the Plan had a dual thrust: to create a sharper focus on what our clients most value; and to align the cost base of the business to reflect this, whilst fully supporting staff in the pivot to 100% home working. We have seen the benefits of this in the second half of 2020, in high levels of repeat business and new client wins, with a particularly strong performance in Q4. The benefits are also evident in the exceptionally high scores we are getting from our Client Feedback Programme, where we are now seeing straight runs of '10 out of 10' across our 3 core KPIs from a large proportion of our clients. We are building on this in 2021 with the creation of a two-division structure – 'Tracking' and 'Ad hoc' – each of which will have its own MD, reporting into the CEO. Again, we anticipate this will further sharpen our commercial focus and further improve our ability to deliver what clients most value. Finally, we will continue our on-going partnership with the Financial Times to track the economic impact of Covid-19 on the demand side. As well as coverage in the FT, the study gives our clients unparalleled insights into how the pandemic is changing what matters to different customer cohorts and, crucially, how they should respond to this.

Business Review

2019 began on a similar trajectory to 2018 for the business, however as Brexit uncertainty loomed during the spring, client budgets took a downturn and didn't recover until later in the year. This resulted in us posting Earnings before interest, tax, depreciation and amortisation of £243,605 (compared to £879,897 in 2018) and a net loss before tax of £271,089 (compared to £331,610 profit in 2018). In order to combat this the company undertook a significant cost cutting exercise and further cost savings at year end from Property and IT overheads which have benefited the Company during 2020 as the Company adjusts to a new Income level as a result of Coronavirus and Brexit uncertainty

Key performance indicators (KPIs)

The Directors believe that, as a Consultancy business, our Gross Profit and Employment Cost per Head are the Key Performance Indicator (KPIs) necessary and appropriate for an understanding of the performance of the company

In 2019, these KPIs were:

- Average Gross Profit per Staff member in the year: £80,563 (2018: £99,706)
- Average Employment Cost per staff member in the year: £55,257 (2018: £55,687)

The Balance Sheet on page 9 of the financial statements shows that the Company's financial position at the year-end has, in net asset terms, remained broadly consistent over the period.

Principal risks and uncertainties

The Directors have assessed the principal risks and uncertainties facing the Company and the industry in which we operate. The risks are set out below. The Directors monitor these risks on a regular basis and take appropriate actions to mitigate each risk facing the Company.

Quadrangle Research Group Limited

Strategic Report (Continued)

For the year ended 31 December 2019

The Directors believe that the principal risk and uncertainty continues to be to be the economic conditions and other external factors, including Brexit and Coronavirus, which could impact spending by brands on research and strategy consultancy services. However, this is the same risk faced by other companies within our industry.

The Directors believe that the principal risk and uncertainty to be the economic conditions and other external factors, including Brexit, which could impact spending by brands on research and strategy consultancy services. However, this is the same risk faced by other companies within our industry.

To mitigate this, the Company continually seeks to secure long-term client relationships and new clients to diversify economic risk. We also review our cost base and performance against budget on a continuing basis, to ensure timely action can be taken, if needed.

Financial Risk Management

The Directors regularly review the financial requirements of the Company and the risks associated therewith and are satisfied with the financing arrangements for the Company.

Credit Risk

The Director regularly review the concentration and repayment of credit extended to clients of the Company and the risks associated herewith and are satisfied with the credit arrangements for the Company.

On behalf of the board

John Gambles
Chairman

24 December 2020

Quadrangle Research Group Limited

Independent Auditor's Report

To the Members of Quadrangle Research Group Limited

Opinion

We have audited the financial statements of Quadrangle Research Group Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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 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 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.

Quadrangle Research Group Limited

Independent Auditor's Report (Continued)

To the Members of Quadrangle Research Group Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Quadrangle Research Group Limited

Independent Auditor's Report (Continued)

To the Members of Quadrangle Research Group Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Matthew Meadows (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

24 December 2020

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Quadrangle Research Group Limited

Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	3	7,237,071	9,017,341
Cost of sales		(2,322,713)	(2,835,536)
Gross profit		4,914,358	6,181,805
Administrative expenses		(5,170,382)	(5,848,949)
Other operating income		-	150
Operating (loss)/profit	4	(256,024)	333,006
Interest payable and similar expenses	7	(15,065)	(1,396)
(Loss)/profit before taxation		(271,089)	331,610
Taxation	8	45,358	(59,101)
(Loss)/profit for the financial year		(225,731)	272,509

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Quadrangle Research Group Limited

Balance Sheet

As at 31 December 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	9	3,037,506		3,487,506	
Tangible assets	10	209,729		189,004	
		<u>3,247,235</u>		<u>3,676,510</u>	
Current assets					
Debtors	12	1,357,889		2,101,015	
Cash at bank and in hand		4,133		89,161	
		<u>1,362,022</u>		<u>2,190,176</u>	
Creditors: amounts falling due within one year	13	<u>(2,032,920)</u>		<u>(2,736,361)</u>	
Net current liabilities			<u>(670,898)</u>		<u>(546,185)</u>
Total assets less current liabilities			<u>2,576,337</u>		<u>3,130,325</u>
Provisions for liabilities	15		<u>(28,334)</u>		<u>(24,214)</u>
Net assets			<u><u>2,548,003</u></u>		<u><u>3,106,111</u></u>
Capital and reserves					
Called up share capital	18	187,000		187,000	
Other reserves		1,412,688		1,745,065	
Profit and loss reserves		948,315		1,174,046	
Total equity			<u><u>2,548,003</u></u>		<u><u>3,106,111</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24 December 2020 and are signed on its behalf by:

John Gambles
Director

Company Registration No. 08064640

Quadrangle Research Group Limited

Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	187,000	2,251,423	901,537	3,339,960
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	272,509	272,509
Other movements	-	(506,358)	-	(506,358)
Balance at 31 December 2018	187,000	1,745,065	1,174,046	3,106,111
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(225,731)	(225,731)
Other movements	-	(332,377)	-	(332,377)
Balance at 31 December 2019	187,000	1,412,688	948,315	2,548,003

Quadrangle Research Group Limited

Statement of Cash Flows

For the year ended 31 December 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	23	121,172	1,192,293
Interest paid		(15,065)	(1,396)
Income taxes (paid)/refunded		-	13,817
Net cash inflow from operating activities		106,107	1,204,714
Investing activities			
Purchase of tangible fixed assets		(85,419)	(104,941)
Net cash used in investing activities		(85,419)	(104,941)
Financing activities			
Repayment of capital		(332,377)	(506,358)
Repayment of amounts due to shareholders		-	(300,000)
Payment of finance leases obligations		-	(2,593)
Net cash used in financing activities		(332,377)	(808,951)
Net (decrease)/increase in cash and cash equivalents		(311,689)	290,822
Cash and cash equivalents at beginning of year		89,161	(201,661)
Cash and cash equivalents at end of year		(222,528)	89,161
Relating to:			
Cash at bank and in hand		4,133	89,161
Bank overdrafts included in creditors payable within one year		(226,661)	-

Quadrangle Research Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies

Company information

Quadrangle Research Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Butlers Wharf Building, 36 Shad Thames, London, SE1 2YE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As at the date of approval of the financial statements, the directors are continuing to assess the impact of the outbreak of COVID-19 and the measures taken to contain it, on the Company's activities. COVID-19 is a non-adjusting event occurring after the reporting date of 31 December 2019 and consequently no adjustment has been made to the financial statements as a result of its impact. At the date of approval of the financial statements, the estimated impact on the value of the Company's asset base has not been able to be quantified. Whilst the overall effect of COVID-19 on the Company cannot be established at this time, the directors do not believe it will affect the ability of the Company to continue its operations and meet its liabilities as they fall due. The directors have taken steps to control overheads and have secured a loan of £550,000 under the CBILS scheme in May 2020 which will provide future financial security.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual installments over its estimated useful economic life (currently estimated to be 14 years from the date of acquisition).

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line/ 25% reducing balance
Fixtures and fittings	25% reducing balance
Computer equipment	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. The Company only has basic financial instruments measured at amortised cost, with no financial instruments classified as other or basic instruments measured at fair value.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Revenue is recognised in the financial statements according to the stage of completion of contracts.

Recoverability of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

Share based payments

Judgement and estimation is required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the awards' term, the risk-free interest rate and the expected volatility of the market price of the Company's shares. Details of share-based payments and the assumptions applied are disclosed in the notes to the accounts.

Depreciation and useful economic life of tangible assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment and note 1.5 for the useful economic lives for each class of asset.

Amortisation and useful economic life of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 10 for the carrying amount of the intangible assets and notes 1.4 for the useful economic lives for each class of asset.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Turnover	7,237,071	9,017,341
	<u>7,237,071</u>	<u>9,017,341</u>
	2019 £	2018 £
Turnover analysed by geographical market		
International research	1,480,434	2,469,978
U.K. Research	5,756,637	6,547,363
	<u>7,237,071</u>	<u>9,017,341</u>

4 Operating (loss)/profit

	2019 £	2018 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(475)	1,351
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	17,250
Depreciation of owned tangible fixed assets	64,694	98,287
Amortisation of intangible assets	450,000	450,000
Operating lease charges	6,431	12,704
	<u>6,431</u>	<u>12,704</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £475 (2018 - £1,351).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Data collection and processing	15	18
Customer consultancy and insight	37	36
Business support and administration	9	8
	<u>61</u>	<u>62</u>

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

5 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,892,262	3,028,693
Social security costs	320,168	333,843
Pension costs	136,900	110,247
	<u>3,349,330</u>	<u>3,472,783</u>
Redundancy payments made or committed	<u>21,355</u>	<u>-</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	485,180	525,415
Company pension contributions to defined contribution schemes	44,051	36,899
	<u>529,231</u>	<u>562,314</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>129,696</u>	<u>148,178</u>

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	15,065	-
Interest on finance leases and hire purchase contracts	-	39
	<u>15,065</u>	<u>39</u>
Other finance costs:		
Other interest	-	1,357
	<u>15,065</u>	<u>1,396</u>

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

8 Taxation

	2019 £	2018 £
Deferred tax		
Origination and reversal of timing differences	(45,358)	59,101

The applicable UK Corporation tax rate has remained at 19%. The rate is maintained for the financial year beginning 1 April 2020 and 1 April 2021.

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(271,089)	331,610
<i>Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</i>	(51,507)	63,006
Tax effect of expenses that are not deductible in determining taxable profit	7,134	647
Unutilised tax losses carried forward	44,907	-
Depreciation on assets not qualifying for tax allowances	(534)	2,580
Effect of deferred tax recognised at the future tax rate	(45,358)	(7,132)
Taxation (credit)/charge for the year	(45,358)	59,101

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	6,360,726
Amortisation and impairment	
At 1 January 2019	2,873,220
Amortisation charged for the year	450,000
At 31 December 2019	3,323,220
Carrying amount	
At 31 December 2019	3,037,506
At 31 December 2018	3,487,506

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

10 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2019	317,553	50,999	506,242	874,794
Additions	51,004	5,175	29,240	85,419
At 31 December 2019	368,557	56,174	535,482	960,213
Depreciation and impairment				
At 1 January 2019	308,922	45,520	331,348	685,790
Depreciation charged in the year	12,361	2,689	49,644	64,694
At 31 December 2019	321,283	48,209	380,992	750,484
Carrying amount				
At 31 December 2019	47,274	7,965	154,490	209,729
At 31 December 2018	8,631	5,479	174,894	189,004

11 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,072,779	1,740,141
Carrying amount of financial liabilities		
Measured at amortised cost	477,627	1,390,871

12 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	991,692	1,451,701
Other debtors	13,839	17,310
Prepayments and accrued income	282,375	611,499
	1,287,906	2,080,510
Deferred tax asset (note 16)	69,983	20,723
	1,357,889	2,101,233

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

12 Debtors		(Continued)	
		2019	2018
		£	£
Amounts falling due after more than one year:			
Deferred tax asset (note 16)		-	(218)
		<u> </u>	<u> </u>
Total debtors		1,357,889	2,101,015
		<u> </u>	<u> </u>
13 Creditors: amounts falling due within one year			
	Notes	2019	2018
		£	£
Bank loans and overdrafts	14	226,661	-
Trade creditors		740,714	852,462
Amounts due to group undertakings		1,805	1,805
Other taxation and social security		356,625	512,191
Other creditors		29,189	28,291
Accruals and deferred income		677,926	1,341,612
		<u> </u>	<u> </u>
		2,032,920	2,736,361
		<u> </u>	<u> </u>
14 Loans and overdrafts			
		2019	2018
		£	£
Bank overdrafts		226,661	-
		<u> </u>	<u> </u>
Payable within one year		226,661	-
		<u> </u>	<u> </u>
The overdraft facility is secured by a fixed and floating charge over all the assets of the company.			
15 Provisions for liabilities			
	Notes	2019	2018
		£	£
Deferred tax liabilities	16	28,334	24,214
		<u> </u>	<u> </u>

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Balances:				
ACAs	28,334	24,214	-	-
Tax losses	-	-	67,214	19,959
Timing differences on provisions	-	-	2,769	546
	<u>28,334</u>	<u>24,214</u>	<u>69,983</u>	<u>20,505</u>
				2019
Movements in the year:				£
Liability at 1 January 2019				3,709
Credit to profit or loss				(45,358)
Liability/(Asset) at 31 December 2019				<u>(41,649)</u>

The deferred tax asset set out above is expected to reverse and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances and timing differences on provisions.

17 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>136,900</u>	<u>110,247</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
1,870,000 ordinary shares of 10p each	<u>187,000</u>	<u>187,000</u>
	<u>187,000</u>	<u>187,000</u>

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

19 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 January	477,816	318,235	0.10	0.10
Granted	-	167,081	0.10	0.10
Forfeited	(127,143)	(7,500)	0.10	0.10
	<u>350,673</u>	<u>477,816</u>	<u>0.10</u>	<u>0.10</u>
Outstanding at 31 December	<u>350,673</u>	<u>477,816</u>	<u>0.10</u>	<u>0.10</u>
Exercisable at 31 December	<u>350,673</u>	<u>477,816</u>	<u>0.10</u>	<u>0.10</u>

The estimated fair value was calculated by applying a Black-Scholes option pricing model. The calculated fair value of the share options has not been charged to the profit and loss account as it is not material to the accounts.

Inputs were as follows:

	2019	2018
Weighted average share price (£)	0.12	0.11
Weighted average exercise price (£)	0.10	0.10
Expected volatility (%)	35.00	35.00
Expected life (Yrs)	10.00	10.00
Risk free rate (%)	1.25	1.25
	<u>1.25</u>	<u>1.25</u>

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

20 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	5,279	290,364
Between two and five years	2,640	847,919
	<u>7,919</u>	<u>1,138,283</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>529,231</u>	<u>562,314</u>

In the year, the company paid £664,269 (2018: £995,912) to FQ Partnership Ltd, a company in which John Gambles is a director.

At the balance sheet date, an amount of £1,098 was owed to the FQ Partnership Ltd (2018: £6,979).

The balance due to Quadrangle Group LLP at the year end was £1,805 (2018: £1,805) an LLP controlled by the shareholders of the company.

Quadrangle Research Group Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

22 Directors' transactions

The following included in other reserves are due to the directors of the business. These amounts arose from the acquisition of the trade and assets of Quadrangle Group LLP by Quadrangle Research Group Limited.

	Opening balance £	Amounts repaid £	Closing balance £
B Skelton	36,922	14,198	22,724
C Hastings	627,354	121,894	505,460
J Gambles	656,177	123,512	532,665
A Camps	191,370	38,403	152,967
	<u>1,511,823</u>	<u>298,007</u>	<u>1,213,816</u>

During the prior years the directors loaned the company £200,000, and was included within other creditors due within one year. The loans were given to assist with the working capital of the company and were repaid in the prior year.

23 Cash generated from operations

	2019 £	2018 £
(Loss)/profit for the year after tax	(225,731)	272,509
Adjustments for:		
Taxation (credited)/charged	(45,358)	59,101
Finance costs	15,065	1,396
Amortisation and impairment of intangible assets	450,000	450,000
Depreciation and impairment of tangible fixed assets	64,694	98,287
Movements in working capital:		
Decrease/(increase) in debtors	792,604	(180,031)
(Decrease)/increase in creditors	(930,102)	491,031
Cash generated from operations	<u>121,172</u>	<u>1,192,293</u>

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.