MERIT GROUP

ANNUAL REPORT
2021

WE INFORM.
Merit Group is a data and intelligence business.

Merit Group plc

Our Services

We use our proprietary technology to provide our clients with valuable business intelligence through two complementary operating businesses.

Dods

Dods specialises in content and data within policy, public affairs and politics. The business is focused on the gathering and analysis of political data in the UK and Europe. Dods is a leading provider of intelligence, data, media, events and training in its market.

Merit Data & Technology

Merit is a technology enabled business that gathers, organises and enriches the data that informs some of the world's leading b2b intelligence brands. The business also researches prospect and customer data to make it rich, compliant and relevant for defined target audiences. It provides cost efficient technology solutions and resources for clients.

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Registered Number
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About Merit Group plc

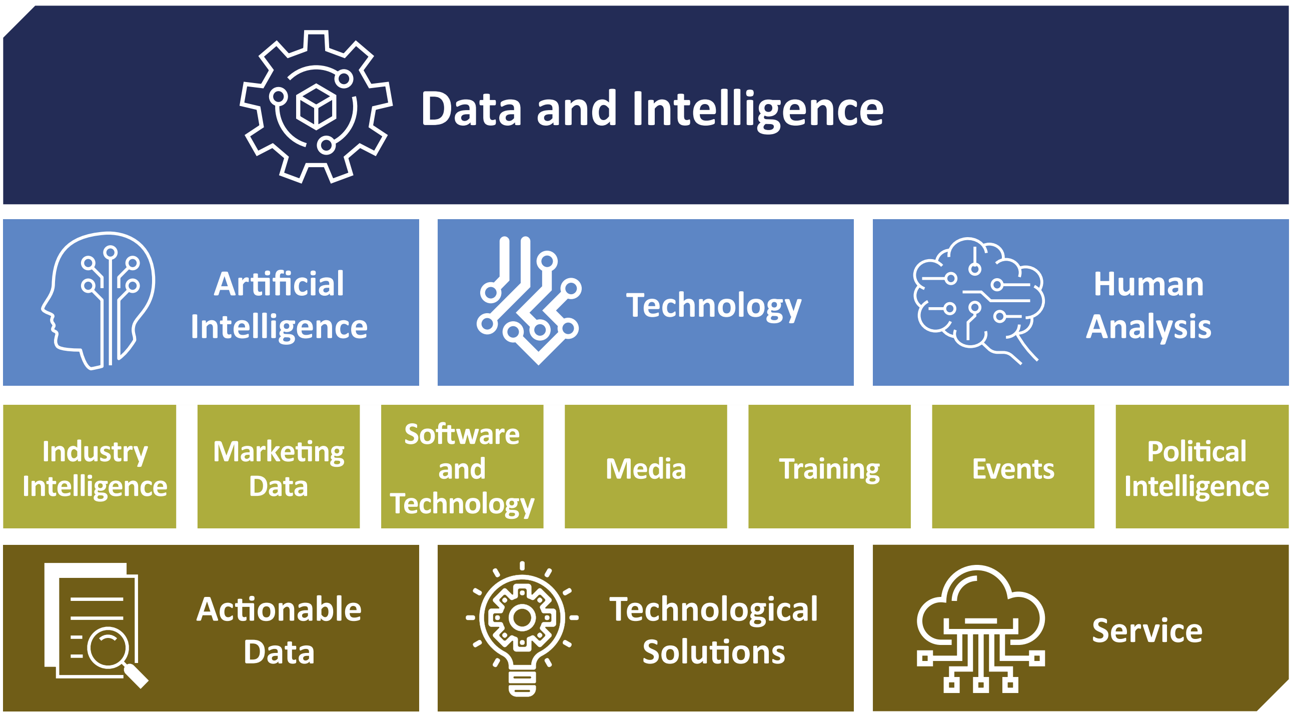
We are experts in data, business and political intelligence.

We use our proprietary technology and Artificial Intelligence (AI) to gather and enhance complex and hard to acquire data. Our team of experts provide analysis and intelligence covering a wide range of political, regulatory, business and marketing data.

Our Strategy

Data and Intelligence remains at the core of everything that we do. We continue to invest in technology, human and artificial intelligence to enable us to add the greatest value to the data we provide to our customers. We will grow through the expansion of the sectors we cover and by constantly improving the proprietary technology platforms our customers use to access our business intelligence.

We operate in growth markets and can improve the margins we make by better use of data, technology led efficiencies as well as tightly controlling our costs. The key drivers of our business success remain the provision of; high quality actionable data; leading technological solutions that allow our customers to target the data most relevant to them; and very high levels of customer service.



Chairman's statement

An exceptional year

The 2020/2021 financial year was exceptional for businesses large and small, more importantly it was a difficult and challenging time for individuals. I would like to start by paying tribute to all of the people impacted by the pandemic; colleagues, investors, suppliers, partners and customers. We are very grateful for your support through difficult times and we recognise the hardships and challenges that the last year has brought to so many of you. As I write the impacts of the pandemic are being particularly hard felt in India where we employ over eight hundred people, we continue to do what we can to support our colleagues and their families in India.

The pandemic has disrupted the way we work, I am pleased to be able to report that our staff have proved themselves both agile and flexible in the way they approached the necessary changes. The first half of the financial year was particularly tough but the recovery we saw in the second half is a demonstration of the resilience of our staff and the loyalty of our customers, for both of which we are extremely grateful.

Results for the financial year

Whilst in the full year the Group's revenue from continuing operations decreased by 11% to £24.7million (2020: £27.8 million) and gross profit decreased by 7% to £8.3 million (2020: £8.9 million), we experienced a significant turnaround from the first half to the second half. The table below shows the performance of each half:

	Full Year FY2020[4] £m	H1 FY2021 £m	H2 FY2021 £m	Full year FY2021 £m
Revenue	27.8	10.2	14.5	24.7
Net Income[1]	21.1	9.2	12.6	21.8
Gross profit	8.9	3.2	5.1	8.3
Adjusted EBITDA[2]	2.8	(0.2)	2.2	2.0
Net Margin %[3]	13%	n/a	17.5%	9.2%
Loss before tax	(1.3)	(2.6)	(0.5)	(3.1)

(1) Net income is total revenue less pass through cost directly related to provision of services to customers

(2) Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share based payments and non-recurring items

(3) Net margin is adjusted EBITDA percentage of Net Income

(4) FY20 includes only 8.5 months of Merit Data & Technology post acquisition

Net Income

The Board believes that Net Income is a better measurement of the Group's top line performance than total revenue. The Group's total revenue includes an element of pass through costs (for example venue hire in the events part of the business) which are not included in Net Income. To keep the business focussed on revenue that delivers attractive margins it is more relevant to look at Net Income, and this is the Board's focus going forward.

Merit Data and Technology achieved net income growth of 9% in the second half when compared to the first – with increased spend from existing clients, new project wins and a rebound in some tactical revenue which had been impacted by Covid-19 in the earlier part of the year. The business benefits from strong levels of recurring revenue from long term contracts.

Dods, which was heavily impacted by the inability to hold physical events and training in the first half, has recovered by moving much of its operations online, net income in this division has grown very strongly half on half, from £4.7 million to £7.8 million.

Profitability

Whilst the Group is reporting a loss before tax of £3.1 million in the year the Board is encouraged by the recovery in the second half. Adjusted EBITDA for the full year was £2.0 million, with £2.2 million EBITDA in H2 compared with an adjusted EBITDA loss of £0.2 million in the first half and shows impressive resilience against £2.8 million EBITDA achieved in the prior year, pre-Covid.

Going forward, the Board is focused on building on the net income growth in the second half and delivering further efficiencies to improve margins to drive profitability. A key expenditure challenge for the Group is the costs of our London offices, we are in discussions with our landlord with the ambition to reduce these costs. Headcount across the Group has been tightly managed and is down from 1,252 to 1,044 at the year end; a 17% reduction.

Cash

The Group has come through a difficult year with a robust balance sheet and year-end net cash (cash less bank debt) of £1.0 million; (31 March 2020 £1.4 million). At the year end the Group had £5.6 million of cash available including its fully drawn debt facility of £4.6 million. The Group generated £2.6 million of cash from operating activities during the year.

Chairman's statement

(continued)

The Group benefited during the year from deferring the payments of operating liabilities of £1.7 million, of which VAT (£1.4 million) is the most significant element. This will unwind during the course of the current financial year. There are no other temporary Covid-19 relief measures that are impacting the Company's balance sheet. Due to the positive cash flow of the Group, the Board has already resumed debt repayments.

Change of name and share capital reorganisation

At the end of the financial year the Board sought approval from shareholders for the change of the Parent Company's name to Merit Group plc and the reorganisation of its share capital. All the resolutions were passed at a general meeting held on 16 April 2021. The Board believes the changes to the Group's strategic direction and ambition have been emphasised and enhanced by changing the Parent Company's name to Merit Group plc.

Board Changes

On the 26 November 2020, we welcomed Vijay Vaghela, who joined the Board as a Non-Executive Director. Vijay took over my role as chair of the Audit Committee as I moved from Interim Chairman to Non-Executive Chairman.

The Board has commenced a search for a Group CEO, whilst that search continues it has appointed David Beck to the role of Interim Group CEO. David has been working as a consultant to the Group for the last few months. As an interim appointee David is not joining the plc Board but he will be attending the Group's Board meetings. David is an experienced Managing Partner, COO and Board adviser having previously worked in the investor relations and communications industry.

Current trading and outlook

The new financial year has started well and we expect the improvement seen in the second half of last year to continue. Whilst the ongoing pandemic restrictions continue to restrict some of the Group's activities, the changes to working practices and the fact that we are, in almost all cases, able to work from home puts us in a much stronger position than we were a year ago.

We are optimistic that as more restrictions are relaxed we will continue to see a robust recovery in performance across all parts of the Group.

We maintain tight cost controls and are now actively seeking to halve our London property footprint which, if achieved, would represent a significant saving on current Group overheads.

We continue to invest in technology to drive growth. We are in the advanced stages of building a new technology platform for our political intelligence offering that we will launch later in the year. This will put us at a competitive advantage in a market in which we are already a well-established leader. Our recent investment in, and commercial arrangements with, DataWorks a new business with ground-breaking technology focused on the fast growing e-commerce market also provides opportunities with a compelling data offering. DataWorks fits perfectly within our strategy to invest in technology that enables us to provide our customers with the best quality data and intelligence.

The excellent data technology solutions acquired with Meritgroup combined with the data and content analysis strengths within Dods are a powerful combination and provide a strong base to build revenue and profitability to drive value for our shareholders.

Mark Smith
Chairman

29 July 2021

Merit Data & Technology Operational Review

Even though the trading environment was extremely challenging due to the Covid-19 pandemic, Merit Data & Technology traded well during the 2020/2021 financial year. We saw our recurring revenue hold up extremely well in very difficult circumstances and this enabled us to deliver strong margins across the business. Our model of servicing largely UK based clients with a highly skilled staff base located in India continues to be successful. 97% of our developers are graduates of which 27% have a Master's degree or equivalent. Three quarters of them have at least 5 years' experience working with us.

A skilled and stable workforce helps deliver a loyal customer base producing repeat revenue. We are proud of the length of our client relationships. Of our four largest clients, who collectively represent a little over half of our total revenue, three have been working with us for ten years or more. In the year we also secured new project wins from RBI, Wilmington, Lexis Nexis and others.

We continue to focus on business efficiency, in the year we engineered a cost reduction plan of c.100 employees with a combination of automation and process re-engineering enabling annualised payroll savings of £0.5 million. This helped us to mitigate some revenue reductions in our non-recurring clients, predominantly in the hard-hit events and conference space.

Industry Intelligence

Merit Data & Technology is expert at gathering data from thousands of diverse sources and transforming raw data into highly valuable information. We use proprietary data collection platforms and Machine Learning tools to extract, classify and refine raw data, across industries ranging from healthcare, finance, automotive, metals, advertising and construction.

With teams of data engineers, software developers and machine learning professionals, the solutions we provide are industry agnostic and can easily adapt to a wide range of unique user cases.

We are confident that we can continue to grow strongly in this sector; data is critical to decision making in almost every industry sector and demand for a flow of comprehensive, clean and refined data is likely to remain robust.

We continue to develop new ways to capture data from unstructured narrative content (which is an increasingly important source of news and insight), as well as scaling our technology to harness high volumes of structured data.

DataWorks

Since the year end we have announced an investment in DataWorks one of the most exciting data gathering businesses to emerge in recent years. The investment, and an additional trading agreement with DataWorks, gives us access to market leading technology focused on the very fast growing eCommerce sector.

DataWorks has the only platform where new eCommerce sources of data can be added with little or no additional underlying software code. The unique and real time data quality and data completeness dashboards will enable us to manage eCommerce data collection at scale, to a very high level of quality, along with complete category coverage.

Merit has the reputation, domain knowledge and sales capability to effectively sell the DataWorks technology, giving us a unique opportunity to develop additional revenue from existing clients and to expand our client portfolio.

Marketing Data

We are a leading supplier of marketing data to the events and conferences industry in the UK.

We help our clients run more effective marketing campaigns and to optimise their ROI by providing highly qualified contact and company data. We acquire extremely specific and niche audience data for events that can range from large, three day conferences, down to very small, hyper specific gatherings with an audience of less than one hundred attendees.

Our proprietary solution combines a cutting edge tech toolset to source and qualify data from thousands of online sources, allied to augmented manual research to create accurate lists that will multiply conversion rates.

We have accreditations for adhering to the strictest compliance around GDPR, and other relevant regulatory frameworks, and we focus on B2B (not consumer) data only. We are not list brokers; we produce immediate, up to date and very bespoke data sets.

We expect to see strong growth in this segment, arising from a number of factors:

- A rebound in attendance at events is likely to emerge towards the end of 2021 and 2022 in particular;

Merit Data & Technology Operational Review

(continued)

- Clients' data sets may well have deteriorated over the past 18 months given the pandemic and changes in the labour market in this time;
- Digital marketing as a route to market (for both online and in person events), continues to dominate.

Software and Technology Resourcing

We have a ten year record in delivering software solutions and assigning technical staff to clients in the UK. We have access to a very rich seam of talent on the Indian subcontinent, but we embody a number of characteristics and a distinct approach which translate into strong USPs in this industry.

- We use expatriate management in our offshore locations to oversee project delivery.
- We have a distinct and unique approach to assessing, hiring, and retaining talent.
- We only focus on SME and mid-market clients, where sales lead times are shorter (and lower risk) and client acquisition is quicker and easier to start.

There is wage inflation in India which will impact margins, but we think we can improve significantly from the current level as we build more growth into our fixed cost base.

We have seen Covid-19 shift UK companies towards an increased digitisation of how they conduct business – from customer interaction to supplier management and employee work habits. This in addition to an already underway shift to cloud platforms leading to strong demand for technically qualified staff to assist in the delivery of these programmes.

We believe this presents us with a vibrant market into which we are expanding our sales and marketing spend and we anticipate this will yield double digit growth in our net revenues in this segment.

Business Process Outsourcing (BPO)

Merit has a long history of excellent delivery around customer services and back office administrative activities mainly to the publishing sector.

The BPO sector will be more exposed to automation and technical innovation, as Robotic Process Automation and customer self-service techniques continue to develop and come to dominate. Growth in the segment is likely to be challenged by these factors, although this may be counterbalanced by a remote working culture which now makes offshoring more attractive, with lower perceived risk and much lower implementation costs.

We will continue to pursue new opportunities and manage our clients in this space where recurring revenues and long term contracts are attractive characteristics.

Con Conlon
Managing Director
Merit Data & Technology

Dods Operational Review

The 2020/2021 financial year came with a unique set of challenges which we believe the Dods business has risen to and overcome. In the pre pandemic world a significant part of what we offered our clients was delivered physically whether that be at events, training sessions or media. The first lockdown that came almost simultaneously with the start of the new financial year had a significant impact on the first half trading in parts of our business.

That we have been able to recover strongly in the second half is down to the strength of our client relationships, the value of what we offer and the fact that we have been very innovative in delivering remote engagement opportunities. The adaptability and agility of our people has allowed us to maintain and grow relationships both with our partners, like the Cabinet Office, and clients.

Whilst clients have of course needed to look at the costs of all the services they buy and we have seen some pricing pressure we have lost very few clients and are pleased to have expanded our client list overall. In the year we serviced over 1,200 clients across the four business streams that make up our income.

We have taken the necessary action to adjust our own cost base and end the year with a leaner team (headcount down 15%) more focused on client delivery and the higher margin parts of our business.

Business Intelligence

Business intelligence is our most significant business stream representing approximately half of Dods' net income. We are a leading provider of business-critical political intelligence and analysis, helping clients to engage more effectively with policy makers and understand the impact of upcoming legislative and regulatory changes. Our expert insights and analysis bring clients right into the heart of government, helping to generate opportunities and educate the key decision makers on the issues that matter. The service is made up of the following:

Monitoring

Bespoke, up-to-the-minute alerts, providing clients with the intelligence they need when they most need it. Dedicated consultants provide contextual analysis and advice to support public affairs planning.

Research

Deep analysis and insight, giving clients the intelligence needed to be able to plan effective engagement with government or the wider public sector.

People

Comprehensive source of stakeholder intelligence offering unparalleled access to up-to-date information on political representatives, civil servants and stakeholders across the UK and EU.

Our Political Intelligence offering is typically provided to clients on long term contracts giving us very high levels of recurring revenue and strong margins.

With the support of the Merit Data and Technology team we are in the advanced stages of a major investment in the technology that supports this business stream. Dods is a respected leader in this field and with our new and significantly enhanced platform, which will be launched later in the year, we will be able to stay ahead of our competition. We are confident that the investment we are making will allow us to grow our customer base, improve the data we capture about how our clients use our services and improve margins.

Media

Dods is the publisher of respected and independent titles in the policy, regulatory and political sector. The publications are important in maintaining the Dods brand and help drive income in all our other business sectors. We publish **Civil Service World** and **Training Journal** aimed at those working in the civil service. We also publish respected titles around the working of different parliaments in both the UK and Europe, best known are **The House** and **Holyrood** which focus on Westminster and the workings of the Scottish Parliament respectively. Covering the European Union, we have **The Parliament** which is growing its status and influence.

In the field of breaking political news, the **Politics Home** website is a popular destination attracting half a million unique users per month.

Our media titles are all funded through advertising and branded content and we work with a wide range of corporates and other bodies wishing to target the influential readerships of our titles. They also help promote our business intelligence, training and events and in that regard are an important part of our marketing effort. In the year we improved margins by reducing the frequency of print editions and converting some of the smaller titles to digital only.

Dods Operational Review

(continued)

Key Clients

Events

Our events business was the most heavily impacted by the pandemic as face to face events were cancelled. In the second half of the year we were able to launch a series of online events which enabled us to recover strongly. Without the physical costs associated with a face to face event, such as venue hire and catering, we are able to achieve better margins from online events albeit off lower revenues as delegate numbers are lower online.

Going forward, whilst we see a return to some physical events in the latter part of the current year, we will be continuing our focus on higher margin small events rather than large EXPO types of events which do not deliver the necessary margins. We have had considerable success in delivering events that are topical and tailored to an identifiable audience – for example our Diversity & Inclusion portfolio.

We have also undertaken a thorough review of internal processes which has led to a 40% fall in permanent headcount in this business. With this newly restructured cost base and pent up demand following a fallow period we are budgeting for significant net income growth from events in the current year.

Training

Training is the smallest of our four revenue streams. Over the full year it was only slightly impacted by the pandemic restrictions as we were able to transition to digital more quickly than in the events segment. At the core of our training business, we benefit from working with partners EY and KPMG on long term contracts to deliver Civil Service Learning contracts.

With the return of in person events, we are focused on strengthening our relationships with NGOs such as the UN, WHO and World Bank amongst others to provide more international training focused on Policy.

The training segment of our business has low central costs and uses flexible freelance resources who are experts in their fields. The combination of these two factors delivers good margins.

Conclusion

Dods had a strong second half to the 2020/2021 financial year and is well positioned to continue that growth in the current year.

Munira Ibrahim
Managing Director
Dods

CFO's Report

Whilst 2020/2021 was a challenging year with the devastating impact of Covid-19, the successful integration of Meritgroup into the Group and the quick manoeuvrability of the teams into a digital working world and product catalogue allowed the Group to minimise the overall decline in revenue.

As expected, the Group was impacted by a decrease in the Dods business revenue, although we saw a recovery of revenue in the second half of the year as lockdowns began to ease in the UK.

Merit Data and Technology business revenue remained consistent.

On 18 May 2021, the Group successfully completed tranche 1 of its €600K investment into DataWorks with tranche 2 due by the end of September 2021.

Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring), and volatile items predominantly relating to investment activities and other separately reported items.

In addition, the Group also measures and presents performance in relation to various other non-GAAP measures including adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Revenue and operating results

Primarily as a result of the Covid-19 pandemic the Group's revenue from continuing operations decreased by 11% to £24.7 million (2020: £27.8 million) and gross profit decreased by 7% to £8.3 million (2020: £8.9 million). Despite the challenging revenue environment, a focus on efficiencies enabled gross margin to improve from 32% to 34%. The increase in gross margin was largely due to a change in product delivery following the transition to digital.

Adjusted EBITDA decreased to £2.0 million (2020: £2.8 million), largely impacted by the decrease in Revenue due to the pandemic. Operating loss was £2.5 million (2020: loss of £0.9 million), after non-cash items including an amortisation charge of £0.9 million (2020: £0.7 million) for business combinations and a charge of £0.5 million (2020: £0.2 million) for intangible software assets. The depreciation charge in the year increased slightly to £0.6 million (2020: £0.5 million) and a right-of-use depreciation charge was £1.3 million (2020: £1.2 million). Non-recurring acquisition related costs, impairment expense, people-related costs and other costs were £1.2 million (2020: £1.0 million).

The statutory loss before tax for the year was £3.1 million (2020: loss before tax of £1.3 million).

Taxation

The Group has a tax credit of £0.4 million for the year resulting from the current year loss (2020: credit of £0.1 million).

Earnings per share

Adjusted earnings per share, both basic and diluted, from continuing operations in the year were a loss of 0.10 pence (2020: profit of 0.12 pence) and were based on the adjusted loss for the year of £0.6 million (2020: profit of £0.6 million) with a basic weighted average number of shares in issue during the year of 574,336,311 (2020: 492,696,964).

Earnings per share, both basic and diluted, from continuing operations in the year were a loss of 0.47 pence (2020: loss of 0.24 pence) and were based on the loss after tax for the year of £2.7 million (2020: loss of £1.2 million).

On 16 April 2021 the Group's shareholders approved a share consolidation and sub-division.

- 582,071,380 ordinary shares of £0.01 upon consolidation became 166,307 ordinary shares of £35.00;
- These were then sub-divided into 20,788,375 new shares of £0.28 nominal.

Accordingly the earnings per share, using the newly consolidated shares, would be:

- Adjusted, basic & diluted, continuing operations loss of £0.03 per share;
- Basic & diluted, continuing operations loss of £0.13 per share.

Dividend

The Board is not proposing a dividend (2020: £nil).

CFO's Report

(continued)

Assets

Non-current assets of £48.9 million comprise goodwill of £28.9 million (2020: £28.9 million), intangible assets of £10.4 million (2020: £11.2 million) and property, plant and equipment of £2.2 million (2020: £2.1 million), IFRS 16 right of use assets of £6.7 million (2020: £7.9 million), Investment and loan to associates of £0.7 million (2020: £1.2 million).

The Investment in associates incudes a 40% equity in Sans Frontières Associates (SFA) and the Group has also loaned SFA £0.6 million (2020: £0.6 million). The loan is unsecured and carries no interest charge. The carrying value of this investment increased by £0.1 million during the year (2020: £0.2 million) reflecting the Group's share of profit for the year. The Group also holds a 30% equity in Social 360 which it held at £0.5 million (2020: £0.5 million).

Trade and other receivables decreased by £2.2 million to £5.6 million (2020: £7.8 million) due to a combination of reduced revenue and improved debtor collections during the year.

Liabilities

Current liabilities fell marginally by £0.5 million to £17.4 million (2020: £17.9 million) primarily due to a fall in amounts payable under the bank facility of £0.7 million to £2.3 million (2020: £3.0 million).

Non-Current liabilities fell by £1.0 million to £9.2 million (2020: £10.2 million). Key changes in the year were a fall in deferred consideration for the acquisition of Meritgroup of £1.0 million which is now included in current liabilities, bank debt of £2.4 million (2020: £nil) and a reduction in lease liabilities of £1.2 million.

Capital and Reserves

Total equity decreased by £1.8 million to £34.0 million (2020: £35.8 million), reflecting the loss for the year partially offset by the issue of shares in July 2020 (26,141,667 shares were issued, priced at 4 pence per share, in relation to deferred consideration payable for the acquisition of Meritgroup).

Liquidity and capital resources

The Group has a term loan of £2.6 million (2020: £3.0 million) over a 5-year period with interest at 3.25% over LIBOR, the loan was taken out during FY20. In addition, the Group also drew down on a revolving credit facility (RCF) during the year of £2.0 million and the full balance was outstanding at end of year (2020: £nil).

The Group has a cash and cash equivalents balance of £5.6 million (2020: £4.4 million) and a net cash position of £1.0 million (2020: £1.4 million).

Principle risks and uncertainties

Presented on page 17, under the title of Principle risks and uncertainties.

Updated banking facilities

On the 30 June 2021 the Group formally agreed amendments to the bank facilities with Barclays Bank:

- Term Loan: reduced payments in the current year with offsetting increases in subsequent years although no increase in overall duration of the loan; a change in pricing from 3.25% above LIBOR to 3.75% above the Bank of England interest rate;
- RCF: a change in pricing, effective January 2022; from 3.50% above LIBOR to 4.00% above the Bank of England interest rate;
- Covenants: revised leverage and debt service covenants with effect from 1 April 2021 for the balance of the facility (June 2024);
- Cash: the requirement to maintain a minimum cash balance, across the Group, of £0.5 million.

In the 12 month period from the balance sheet date capital repayments of £2.3 million are due with the remaining £2.3 million due in subsequent periods.

These revised facilities and covenants provide strong support in the aftermath of the Covid-19 pandemic and we are thankful for the continued support of Barclays Bank.

Simon Bullock
Chief Financial Officer

29 July 2021

Directors’ Section 172(1) Statement

Below, the Directors outline the matters they must consider in meeting the requirements of Section 172(1) of the Companies Act 2006:

- **The likely consequences of any decision in the long term** – Strategic and other long-term decisions made by the Board are made after Board and, where appropriate, senior management discussion and in conjunction with supporting information, compiled by either senior management, or external advisers. The considerations outlined in the five points below form part of any decision that may have a long-term impact.

- **The interests of the Group’s employees** – The Group values the interests of its employees, which are its biggest asset. Employee involvement and engagement is discussed on page 15 of this annual report.

- **The need to foster the Group’s business relationships with suppliers, customers and others** – The Board understands that long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (customers, suppliers, regulators and others). The Group is dedicating significant time to understanding and acting on the needs and requirements of each of these groups via meetings, surveys, feedback and appraisals.

- **The impact of the Group’s operations on the community and the environment** – By their nature the Group’s regular operations are judged to have a low environmental impact. Despite this, the Group will continue to look to make improvements to the impact it may have on the environment.

- **The desirability of the Company maintaining a reputation for high standards of business conduct** – As outlined in the Corporate Governance section of this annual report, the Group has decided to apply, so far as it is reasonable and practical to do so given the size of the Group, the QCA Code and its ten principles. In addition to being guided by the QCA Code, the Company has various policy and procedure documents in place, including a whistleblower policy, to ensure employee conduct is of a high standard.

- **The need to act fairly between members of the Group** – The Group regularly seeks the advice of its Nomad on matters relating to this point. It maintains a clear contact page on its website which investors can use to communicate with the Group and communications are reviewed by the Chairman and executive. The Company Secretary can also be contacted by shareholders on matters of governance and investor relations.

Streamlined energy and carbon reporting (SECR)

The Group's employees are located in 6 different offices around the world.

In some locations energy usage is metered and the Group pays for energy directly consumed. In other locations, energy usage is pooled across all building tenants and the Group pays a service charge that includes energy consumed. The Group's energy consumption has been calculating by collating data from both methods.

The Group's greenhouse gas emissions have been calculated using a conversion factor of 0.212 tCO2e per MWh; this greenhouse gas emissions conversion factor is as recommended by the UK Government.

Emissions are classified from Scope 1 to 3:

- Scope 1 being direct emissions – activities under the Group's control;
- Scope 2 being indirect emissions – electricity purchased and used by the Group, emissions are created during the production of the energy and eventually consumed by the Group;
- Scope 3 being all other indirect emissions – from activities of the Group, occurring from sources that they do not own or control.

The Group has no significant energy consumption which falls into scope 1. The majority of the Group's emission fall within Scope 2.

Energy consumption data 2021	UK	International	Total
Energy Consumption (MWh)	**438**	**686**	**1,124**
Conversion factor (tCO2e)	**102**	**160**	**262**
Employees	**184**	**974**	**1,158**
tCO2e per employee	**0.55**	**0.16**	**0.23**

During the year the Group identified several actions to further reduce its energy consumption and greenhouse gas emissions. These include moving towards a hybrid home/office working model. This will help the Group to rationalise its office space requirements which has the potential to reduce total energy consumption.

In all major office locations recycling of paper and plastic is actively encouraged in line with local authority guidelines and facilities. The London premises (the Shard) has a 'zero landfill' policy.

In addition, the Group participates in the UK Government's Cycle to Work scheme encouraging its employees to cycle to work.

The Strategic report was approved by the Board of Directors and were signed on its behalf by:

Simon Bullock
Chief Financial Officer

29 July 2021

Directors' report

Principal activities and business review

The Group's principal activity is the creation and aggregation of high quality information and data and the provision of services through a combination of online information and digital services, training courses, conferences and events, publications and other media. The Group operates primarily in the UK, Europe and India and has market-leading positions in much of its portfolio. A review of the Group's performance during the year and its position at the year end, including commentary on its financial performance, likely future developments and prospects, is set out on pages 2 to 9 and should be read in conjunction with this Report. A description of the principal risks and uncertainties facing the Group can be found in this Report on page 17. The purpose of the Annual Report is to provide information to the shareholders of the Company and other stakeholders. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The Group's financial results for the year are shown in the Consolidated Income Statement on page 31. The Board of Directors have decided not to propose to pay a dividend.

Financial instruments

Details of financial instruments can be found in Note 19 to the accounts.

Future Developments

Details of future development can be found in the Operational Reviews on pages 4 and 6.

Directors

The Directors who held office during the period and up to the date of signing these financial statements were:

Mark Smith	Non-Executive Director (until 17 June 2020) Interim Non-Executive Chairman (from 17 June 2020) Non-Executive Chairman (from 26 Nov 2020)
Richard Boon	Non-Executive Director
Angela Entwistle	Non-Executive Director
Diane Lees CBE	Non-Executive Director
Vijay Vaghela	Non-Executive Director (appointed 26 November 2020)
Simon Bullock	Chief Financial Officer (appointed 1 June 2020)
Munira Ibrahim	Managing Director, Dods (appointed 1 July 2020)
Cornelius Conlon	Managing Director, Merit Data & Technology (appointed 1 July 2020)

Directors' report

(continued)

Directors' biographies

Mark Smith (A, M)

Non-Executive Chairman

Mark Smith is a media and communications expert, and a qualified Chartered Accountant. Mark served as Chief Operating Officer and CFO of Chime Communications plc from 1994 to 2017. He is currently Non-Executive Chairman of Holiday Extras, a major travel and leisure business which is privately owned, Non-Executive Chairman of Panoply Holdings plc, an AIM listed company delivering digital transformation projects for clients mostly in the Public Sector and Non-Executive Chairman of The Unlimited Marketing Group a UK based private equity owned marketing services business. He joined the Merit Group plc Board on 29 November 2017 and was appointed Chairman on 26 November 2020.

Richard Boon (A, M)

Non-Executive Director

Richard Boon is a Chartered Financial Analyst with over 30 years of investment experience, having earlier professionally qualified in both Law and Accountancy. After working in corporate finance on privatisations in N.Z during the late 1980s, he moved to the UK as Head of Regulatory Policy at The Post Office in 1993, when its privatisation was first considered. From 1995-2001 he worked as a Global Equity portfolio manager at Morgan Stanley Asset Management and from 2001-2004 as a Managing Director and U.S. Equity portfolio manager at Merrill Lynch Investment Managers. In 2005 he founded hedge fund manager Artefact Partners LLP and has acted as an advisor to private equity firms from 2013 onwards. Over the past decade he has been active in the media and real estate sectors, and was an investor in and Non-Executive Director of Local World at the time of its successful sale in 2015 to Reach plc. He is also a Non-Executive Director of Aim Listed KCR Residential Reit plc.

Angela Entwistle (R)

Non-Executive Director

Angela is a Corporate Communications Specialist working with companies in the private sector including Deacon Street Partners Limited, Conservative Home Limited and Biteback Publishing Limited and was appointed as Non-executive Director of Merit Group in November 2017. She is also a Non-executive Director of Impellam Group plc, a leading Global Talent Acquisition and Managed Workforce Solutions provider, and Carlisle Support Services, one of the leading suppliers of value-added solutions across the public and private sectors in the UK and Ireland. Angela was Corporate Communications Director of ADT Limited, an international business services company and the world's leader in electronic security solutions, from 1986 to 1997. Angela is significantly involved in a number of charities including acting as Trustee of both Crimestoppers, the only UK charity dedicated to solving crimes, and Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy.

Diane Lees CBE (R)

Non-Executive Director

Diane Lees CBE is Director General of Imperial War Museums, She is also Chair of the Board of Governors for the University of Lincoln. Other board positions include being Vice President of the American Air Museum in Britain, Trustee of the Gerry Holdsworth Special Forces Trust and Director of IWM Trading Company. She is a member of the Women Leaders in Museums Network. She was awarded a CBE for services to Museums in 2014.

Vijay Vaghela (A)

Non-Executive Director

Vijay has extensive media, M&A and restructuring experience and is a qualified Chartered Accountant. He is currently Chief Operating Officer for National World plc. Vijay was previously Group Finance Director of Reach plc (formerly Trinity Mirror plc) for 15 years to February 2019. He was Interim Chief Executive from June 2012 to August 2012 and was Company Secretary from 2015. Vijay held a number of roles from 1994 to 2003 at Reach plc, including Head of Internal Audit, Group Treasurer and Deputy Finance Director.

He served as member of the Audit Committee of the Football Association from 2011 to 2017 and was a Non-Executive Director and Chairman of the Audit Committee of Local World Limited for three years from 2012 to 2015 prior to the Company being acquired by Reach plc.

Directors' report

(continued)

Simon Bullock

Chief Financial Officer

Simon Bullock joined Merit Group plc, as CFO, on 30 March 2020. After an early career with Mars and GE Simon qualified as a Chartered Management Accountant in 1996. He brings over 30 years finance experience including more than 20 years' operating at CFO level across a wide range of complementary sectors including media, events, SaaS and technology. Wider sector experience includes financial services, retail, mining exploration and residential construction. Simon was the founding CFO of Gigaclear, the leading rural broadband provider, and during his tenure the business grew significantly with headcount increasing from 15 to 150 people; notable achievements included raising £70 million in equity, £20 million in debt and £10 million in Government grants. Simon was appointed a Director of the Company on 1 June 2020.

Munira Ibrahim

Managing Director, Dods

Munira Ibrahim joined as Group CRO in May 2019 and was promoted to Managing Director, Dods on 1 June 2020. Munira is a media professional with strong management, financial (ACCA Qualified), sales and business development credentials and an in-depth knowledge of international media across all platforms. After qualifying as an accountant and moving to CNBC, Munira moved to the sales and production side of the business in 2002 where she led the sales operations side of the business and built the international teams branded content and digital capabilities. After 15 years at CNBC, Munira joined Reuters as Head of Broadcast Solutions overseeing the global editorial teams across 12 locations, later being promoted to SVP of Sales and Content Solutions. Munira was appointed a Director of the Group on 1 July 2020.

Cornelius Conlon

Managing Director, Merit Data & Technology

Cornelius ("Con") Conlon is the founder of Meritgroup; a leading provider of big data and technology solutions in the UK; which was acquired by the Group in July 2019. Con is a technology entrepreneur with over 25 years of experience in the data and software realms, in addition to a successful track record of building high performing teams and running successful technology businesses in Ireland, the UK and India. Con joined the board on 1 July 2020.

(A) Member of the Audit Committee
(R) Member of the Remuneration Committee
(M) Member of the Mergers & Acquisitions Committee

Directors' interests

Details of the Directors' interests (including those of their immediate families and any connected persons) in the share capital of the Company at the beginning and end of the year are set out below. Save as disclosed, no contracts or arrangements were entered into during the year or subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

	Interest in ordinary shares	
	At 1 April 2020	At 31 March 2021
Richard Boon and immediate family	1,076,922	**1,076,922**
Angela Entwistle	–	**–**
Diane Lees CBE	42,654	**42,654**
Mark Smith	621,067	**621,067**
Vijay Vaghela (appointed 26 November 2020)	–	**384,615**
Simon Bullock (appointed 1 June 2020)	–	**–**
Munira Ibrahim (appointed 1 July 2020)	153,846	**153,846**
Cornelius Conlon (appointed 1 July 2020)	6,995,856	**20,329,675**

As one of the three core sellers of Meritgroup Limited, Cornelius Conlon is entitled under the purchase agreement to receive ordinary shares in the Company on the first and second anniversaries of the acquisition, as part consideration for the acquisition. The number of shares is variable and based on a monetary value. The first anniversary issue was completed on 28 July 2020. Cornelius Conlon was issued 13,333,819 shares, taking his interest in ordinary shares to 20,329,675.

Directors' report

(continued)

Save as disclosed, none of the Directors had any interest in the securities of the Company or any Subsidiary.

The market-price of a Company share during the 12 months was as follows:

Opening share price: 1 April 2020	2.85 pence
Closing share price: 31 March 2021	3.00 pence
Average share price during the year	3.15 pence

Share listing

The Company's Ordinary shares are listed on the Alternative Investment Market (AIM: MRIT), which is regulated by the London Stock Exchange.

Directors' Section 172(1) Statement

The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. This has been outlined on page 10.

Employee involvement

The Group aims to attract, retain and motivate its employees by encouraging and rewarding high performance, both on an individual and team contribution basis, through competitive remuneration and incentive arrangements. Efforts are made to provide employees with continuing opportunities to develop their full potential and advance to positions of greater responsibility by gaining the relevant skills and experience required to deliver upon both the Group's business objectives and the individual's own personal objectives. The Group is committed to providing equality of opportunity to all existing and prospective employees without discrimination. In addition, it is supportive of the employment and advancement of disabled persons. All operations within the Group actively encourage employee involvement and communication, both through regular employee briefings and by direct access to managers and Directors at all levels.

Political and charitable donations

No political donations were made in the year (2020: £nil). £14k (2020: £8k) in charitable donations were made during the year through the Merit Data & Technology business in India.

Retirement and rotation of Directors

Pursuant to the Company's Articles of Association, all Directors are subject to re-election at least every three years. The service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office during normal business hours.

Directors' and Officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the Directors and officers of the Company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as Directors or officers of the Group, as far as permitted by law. This insurance policy subsisted throughout the year and remains in place at the date of this report. The Group has also given Directors a limited indemnity as allowed under the Companies Act 2006.

Substantial shareholdings

As at 30 June 2021, the Company had been notified of the following interests in 3% or more of its issued share capital:

Lord Ashcroft KCMG PC	42.00%
Gresham House Asset Management Limited	11.74%
Schroder Investment Management Limited	8.60%
Sasqua Fields Management LLC	7.04%
Cornelius Conlon	3.49%

Share capital

As at 31 March 2021, the issued share capital of the Company was 582,071,380 ordinary shares of £0.01 each. The movement reflects the allotment of 26,141,667 new ordinary shares in July 2020, in connection with its deferred consideration obligations entered into as part of the Company's acquisition of Meritgroup. These shares were issued at 4 pence per share.

On 16 April 2021 the Group's shareholders approved a share consolidation and sub-division; further details can be found in notes 24, 29 and 43. The impact of the consolidation and subdivision was to reduce the number of ordinary shares by a factor of 28 and to increase the nominal value by a factor of 28 (so from 1p to 28p nominal).

Directors' report

(continued)

Health, safety and environmental

The Executive Directors are responsible to the Board for the health, safety and environmental performance of the Group. Local management has been delegated responsibility for practical day-to-day compliance with relevant legislation at operating unit level. This includes the requirement for a local policy statement, the provision of appropriate related training as well as the communication to all employees of the need to create and maintain a safe and healthy working environment. In appreciating the importance of good environmental practice, we seek to ensure that our operations and products cause minimum detrimental impact to the environment. The Group's objective is to comply with environmental legislation in all countries in which it operates and to promote effective environmental management throughout its business.

Anti-bribery

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

Statement of disclosure of information to the auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- The consolidated financial statements of Merit Group plc have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held at 12pm on 30 September 2021 at the offices of Fieldfisher, Riverbank House, 2 Swan House, London, EC4R 3TT.

The Directors will present their annual report together with the audited financial statements of Merit Group plc (the "Company") and its subsidiaries (together, the "Group") for the 12 months ended 31 March 2021. The Notice of Meeting and Explanation of Special Business accompanies this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and 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 to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that

Directors' report

(continued)

they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Principal risks and uncertainties

Risks	Mitigating Actions	Opportunity
Geo-political and post Brexit negotiations, global political tensions and potential trade issues with the major trading blocs could cause uncertain economic conditions.	The Group continues to focus on growing a diverse range of customers, in different markets, which helps to mitigate this risk. The Group also continues to focus on compliance with all our global trading partners.	To be well positioned with a balanced portfolio of customers and markets, ensuring we are compliant with local laws.
The markets in which The Group operates are constantly changing due to rapid technology advancements.	Constant focus on efficiency programmes in service delivery platforms and increasing the quality of our content.	As volume of information grows, and becomes more readily available, there is a greater need for users to receive the type of curated information provided by the Group.
Further migration of print advertising to online. An industry wide change.	The Group continues to invest and develop in digital expertise and platforms.	Further capitalise on our diverse brand portfolio.
People succession planning.	Increasing our talent and leadership capacity with key hires. Ongoing "Level up" of current staff.	We are implementing key employee engagement programmes.
Data storage/cyber attack. Loss, integrity and breach of data.	Effective data management detailing where all business data is stored and how, together with ISO27001 Information Security Management System containing these controls. Intrusion detection monitoring software exists on our network.	As part of implementing GDPR we are reviewing data stores, security, processes and procedures and continue to monitor on an ongoing basis.
Stricter rules on how data is handled through GDPR.	Delegated Limits of Authority, setting out requirements for approval and execution of legally binding documents (limits set by value and legal risk).	Cleansing of data, new procedures and more effective marketing should benefit the Group in the long term.
Ability to Finance the business.	Rephased loan and revised covenants agreed with the Group's banker.	Enables the Group to further invest into the platforms to drive growth.
Covid-19 and other pandemics impact on face-to-face events and training business, as well as more general macroeconomic impacts.	Remote working for employees; deferral of statutory payments where allowable; ongoing access to the government furlough scheme; a roll out of online delivery capabilities for our training and events businesses; and various other strategic and operational actions. It is not considered appropriate to comment on opportunities arising.	

Corporate governance

For the year ended 31 March 2021

Corporate governance

It is a requirement of Rule 26 of the AIM Rules for Companies that the Company's website contains details of the corporate governance code that Merit has decided to apply and how the Company complies with that code.

As a company listed on AIM, Merit is not required to comply with the UK Corporate Governance Code. The corporate governance code that the Directors have decided to apply instead, so far as it is reasonable and practical to do so given the size of the Group, is the Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) produced by the Quoted Companies Alliance (the "QCA Code"). The Board notes that the QCA Code refers to certain minimum disclosures which must be seen to be addressed in order for a company to say that it complies with the QCA Code.

The ten principles of the QCA Code are as follows:

- Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.
- Principle 2 – Seek to understand and meet shareholder expectations.
- Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.
- Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.
- Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair.
- Principle 6 – Ensure that between them the directors have the necessary up-to-date experience skills and capabilities.
- Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
- Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.
- Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.
- Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board

The Board currently comprises of the Non-Executive Chairman, four Non-Executive Directors and three Executive Directors. Short biographical details of each of the Directors are set out on pages 13 & 14. The Board is responsible to the shareholders for the proper management of the Group and generally meets quarterly to set the overall direction and strategy of the Group, and such other times as necessary.

The roles of Managing Directors and Chairman are intended to be separate and there is a clear division of their responsibilities. All Directors are subject to re-election at least every three years.

Board committees

Audit Committee

The composition of the Audit Committee is disclosed on pages 13 & 14 and comprises solely of Non-Executive Directors. By invitation, the meetings of the Audit Committee may be attended by the other Directors and the external auditor. The Committee meets not less than twice annually. The Audit Committee responsibilities include the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major audit recommendations and the independence and objectivity of the auditor, and other such matters as directed by the Board.

Remuneration Committee

The composition of the Remuneration Committee is disclosed on pages 13 & 14 and comprises solely of Non-Executive Directors. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve as appropriate the contract terms, remuneration and other benefits of Executive Directors. The Remuneration Committee also approves the remuneration of senior management and remuneration plans for the Group as a whole as part of the budget and in line with delegated limits of authority.

The Remuneration Committee approves the setting of objectives for Executive Directors and authorises any bonus payments for achievement of objectives.

Corporate governance

(continued)

The Remuneration Committee aims to put in place remuneration packages that are sufficient to attract, retain and motivate Executive Directors required to run the Group successfully, but seeks not to pay more than is necessary for their services.

M&A Committee

The Mergers and Acquisitions (M&A) Committee was established on 7 December 2018. The composition of the M&A Committee is disclosed on pages 13 & 14 and currently comprises two Non-Executive Directors and exists to evaluate and implement M&A activity for approval by the Board.

Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Secretary.

Attendance at Board and Committee meetings

The Directors attended the following board and committee meetings during the year ended 31 March 2021

	Board	Remuneration[1]	Audit[1]	M&A[1]
Total Meetings Held	**17**	**4**	**5**	**1**
Mark Smith	17	1	5	1
Angela Entwistle	17	4	–	–
Diane Lees CBE	15	4	–	–
Richard Boon	16	–	5	1
Vijay Vaghela	3	–	1	1
Simon Bullock	16	–	5	1
Munira Ibrahim	14	–	–	1
Cornelius Conlon	14	–	1	1

Note 1: By invitation, other Directors may be invited to attend the Remuneration, Audit Committee and M&A meetings.

Relationships with shareholders

The Board recognises the importance of effective communication with the Group's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Group communicates with investors through Interim Statements, audited Annual Reports, press releases and the Company's website www.meritgroupplc.com. Shareholders are entitled to attend the Group's AGM (notice of which is provided with this Report).

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

Going concern

The Directors had approved the budget for the period of 12 months from the date of signing these accounts, under which they have assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities and had assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants.

In addition the Directors have prepared an updated 3-year forecast, which has been adjusted to take account of the current trading environment. The Directors consider the forecasts to be reasonable.

Based on this work, and in light of the mitigating actions undertaken by the Group to respond to the impact of Covid-19, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On the 30 June 2021 the Group formally agreed revised facilities with Barclays Bank which included:

- Term Loan: reduced payments in the current year with offsetting increases in subsequent years although no increase in overall duration of the loan; a change in pricing from 3.25% above LIBOR to 3.75% above the Bank of England interest rate;
- RCF: a change in pricing, effective January 2022; from 3.50% above LIBOR to 4.00% above the Bank of England interest rate;
- Covenants: revised leverage and debt service covenants with effect from 1 April 2021 for the balance of the facility (June 2024);
- Cash: the requirement to maintain a minimum cash balance, across the Group, of £0.5 million.

In the 12 month period from the balance sheet date capital repayments of £2.3 million are due to the bank with the remaining £2.3 million due in subsequent periods.

Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interests of the Group's stakeholders, including its investors, employees, suppliers and business partners when operating the business.

Employment

The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for its visitors.

On the 21 January 2021 we launched the Dods Engagement and Wellbeing Programme in the UK. We opened with multiple online activities aimed at ensuring the mental health and physical health of our employees. The activities ranged from physical events such as yoga on breathing exercises to seminars on mental health and how to actively deal with emotional wellbeing.

The Dods Academy was launched in the UK on 13 April 2021, a platform for online training and development. Dods Academy facilitates policy awareness and compliance training by inviting employees to read and acknowledge key business policies and complete short training courses on various aspects of compliance and best practice.

Environment

By their nature the Group's regular operations are judged to have a low environmental impact and are not expected to give rise to any significant inherent environmental risks over the next 12 months.

AIM rule compliance report

Merit Group plc (formerly Dods Group plc) is traded on AIM and as a result the Group has complied with AIM Rule 31 which requires the following:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- the Group to seek advice from Nominated Adviser ("Nomad") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- the Group to provide the Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers, including any proposed changes to the Board and provision of draft notifications in advance;
- the Group to ensure that each of the Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- the Group to ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

The Directors Report were approved by the Board of Directors and were signed on its behalf by:

Simon Bullock

Chief Financial Officer

29 July 2021

Independent auditor's report

to the members of Merit Group plc (formerly Dods Group plc)

Our opinion on the financial statements is unmodified

We have audited the financial statements of Merit Group plc (formery Dods Group plc) (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Parent Company balance sheet, the Parent Company statement of changes in equity and the notes to the consolidated and the Parent Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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 are responsible for concluding 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 Group's and the Parent 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Independent auditor’s report

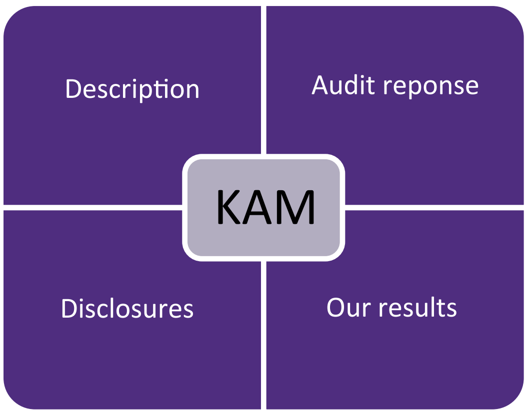
(continued)

Our approach to the audit

	**Overview of our audit approach** Overall materiality: • Group: £120,000 (2020: £138,000), which represents approximately 0.5% of the Group’s total revenue (2020: 0.5% of the Group’s total revenue); • Parent Company: £90,000, which is based on 2% of Total assets however Parent Company materiality was capped at 75% of component materiality (2020: £103,000)
	Key audit matters were identified as • Impairment of the carrying value of goodwill and other intangible assets (same as previous year); and • Going concern (same as previous year) Our auditor’s report for the year ended 31 March 2020 included two key audit matters that have not been reported as key audit matters in our current year’s audit report. The two key matters related to the acquisition accounting for a material acquisition in the prior year and first time adoption of IFRS 16 Leases in the prior year, which were not identified as the key matters applicable for the current year audit.
	We performed full scope audit procedures on the financial statements of the significant group components Merit Group Plc (formerly Dods Group Plc), Dods Group Limited (formerly Dods Parliamentary Communications Limited), Merit Data & Technology Limited (formerly Meritgroup Limited) and Letrim Intelligence Services Private Limited. For Letrim Intelligence Services Private Limited, we issued group instructions to the component auditor in India. We performed analytical procedures on the financial information of all other components. There was no change in the audit scope in the current year compared to the prior year.

Key audit matters

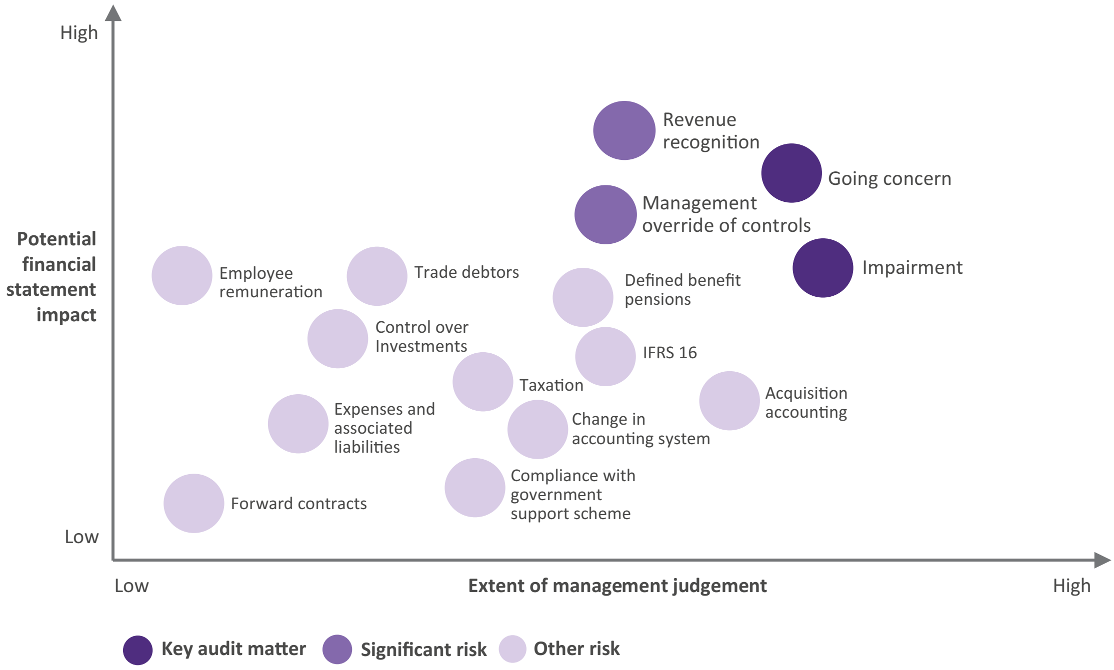
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report

(continued)

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group	How the matter was addressed in the audit – Group
Impairment of goodwill and identified intangible assets We identified the impairment of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement due to error. At the year end the Group has £28.9 million of goodwill (2020: £28.9 million) and £9.6 million of intangible assets acquired through business combinations (2020: £8.8 million). Under IAS 36, the Group is required to perform a quantified impairment test annually for goodwill acquired in a business combination, and for intangible assets acquired if there is an indicator for impairment. There is a risk that the carrying value of the goodwill and intangible assets may be higher than the recoverable amount. The process of making the impairment assessment through identification of cash generating units (CGUs), forecasting cash flows, the determination of the appropriate discount rate and other assumptions to be applied are characterised by significant judgement, therefore subject to management bias, and the associated outcomes can significantly impact the results of the impairment review.	In responding to the key audit matter, we performed the following audit procedures: • We assessed whether the Group's stated accounting policy for impairment was compliant with IFRSs. • We reviewed the design effectiveness of controls relevant to the impairment reviews for goodwill and other intangible assets. • We reviewed management's assessment of impairment, including the discounted cash flow model and challenged their assessment of its appropriateness and methodology in line with the requirement of IAS 36 'Impairment of assets'. This includes the consideration that the Group has two single cash generating units (CGUs). • We challenged the key assumptions around EBITDA forecast (proxy for operating cash flow forecast) for next five years, growth rate and discount rates included within the discounted cash flow model, by reviewing the actuals vs forecast, reviewing the evidence to support inputs to the calculations and comparing to the country's growth rate. • We agreed inputs of the discount rate to observable inputs such as the risk free rate and recalculated the cost of equity using our own inputs. • We performed downward sensitivity analysis on all key assumption. • We reviewed the diclosures relating to the impairment for compliance with financial reporting requirements.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Relevant disclosures in the Annual Report and Accounts • Financial statements – Note 1 for the accounting policy – Note 2 for significant judgements and estimates – Note 13 Goodwill and – Note 14 Intangible assets	**Our results** Our audit testing did not identify any material misstatements in relation to impairment of goodwill and intangible assets.
Going concern We identified the impairment of going concern as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud and error as a result of the judgement required to conclude whether there is a material uncertainty related to going concern. Covid-19 is one of the most significant events currently faced by the UK, and at the date of this report there is an unprecedented level of uncertainty as to the ultimate impact of this event to the Group. This event increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. The first lockdown, that came almost simultaneously with the start of the new financial year, had a significant impact on the Group's first half trading in parts of the business mainly events, followed by recovery in the second half trading. To counter the negative impact on revenue, management implemented various costs mitigations & deferral actions. In undertaking their assessment of going concern for the Group over 12 months from the approval of the Group's financial statements, management performed a scenario testing exercise for the period covered by the going concern forecast, including considering a reasonable 'base case' forecast and a sensitised case scenario. The Directors reviewed the results of both scenarios and were satisfied in both cases that the Group has sufficient resources available to meet its liabilities as they fall due and have concluded that there are no material uncertainties that cast significant doubt over the entity's ability to continue as a going concern.	Our audit work included, but was not restricted to: • Obtaining and reviewing management's Group cash flow forecasts covering the period to July 2022; • Evaluating management assumptions made in the forecasts and management's outlook of the business in light of the current economic climate; • Evaluating the appropriateness of the forecasts by corroborating these with our understanding of the business derived from other detailed audit work undertaken, applying relevant sensitivities to the underlying assumptions, and challenging those assumptions; • Assessing covenant compliance and obtaining supporting evidence from the lender confirming the revisions to the Group's banking facilities and covenants; • Assessing the accuracy of management's past forecasting by comparing management's forecasts for last year to the actual results for last year and considering the impact on the base case cash flow forecast; • Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and • Assessing the adequacy of related disclosures within the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macroeconomic uncertainties such as United Kingdom's withdrawal from the European Union and Covid-19, we assessed and challenged the reasonableness of the forecasts made by the Directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

Independent auditor's report

(continued)

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Relevant disclosures in the Annual Report and Accounts • Financial statements – Note 1 for the accounting policy – Note 2 for significant judgements • Directors report: page 19	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold Significant judgments made by auditor in determining the materiality	£120,000 which is approximately 0.5% of Group revenue. This benchmark is considered the most appropriate because the Group made a loss for the year, meaning that an earnings benchmark would not be appropriate due to volatility in earnings. Other benchmarks were also considered, such as total assets. However, as this is a trading group, revenue was considered the most appropriate benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2020 as the Group's revenue declined significantly in the first half of the current year	£90,000, which is approximately 2% of Parent Company total assets, capped at 75% of group materiality. Total assets is considered the most appropriate benchmark because the Parent Company does not trade and holds material investments in subsidiary companies. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2020 owing to a lower cap as a result of group materiality being lower this year than last.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	

Independent auditor's report

(continued)

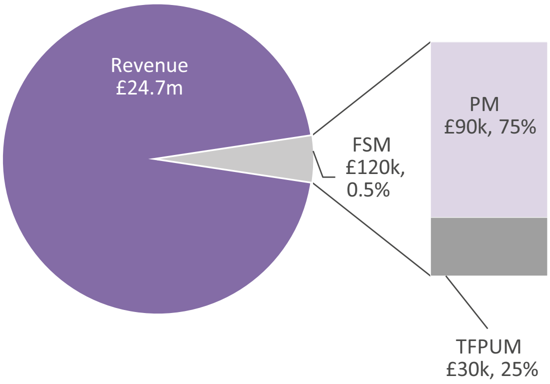
Materiality measure	Group	Parent Company
Performance materiality threshold Significant judgments made by auditor in determining the materiality	75% of financial statement materiality. In determining performance materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the financial statements in prior years • Whether there were any significant control deficiencies identified in prior years • Whether there were any changes in senior management during the period • Whether there were any significant changes in business objectives/strategy	75% of financial statement materiality. In determining performance materiality, we made the following significant judgements: • Whether there were any significant adjustments made to the financial statements in prior years • Whether there were any significant control deficiencies identified in prior years • Whether there were any changes in senior management during the period • Whether there were any significant changes in business objectives/strategy
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for certain areas such as Director's remuneration and related party transactions.	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£6,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report

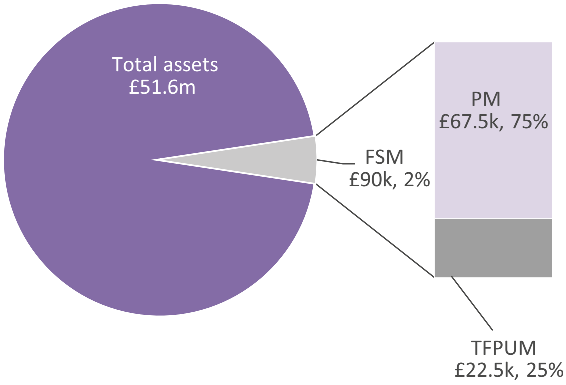
(continued)

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, and in particular matters related to:

Understanding the Group, its components, and their environments, including group-wide controls

- obtaining an understanding of the Group and its environment, including group-wide controls. Merit Group plc (formerly Dods Group plc) has centralised processes and controls over the key areas of our audit focus. Group management are responsible for all judgemental processes and significant risk areas. A centralised finance team performs all accounting processes for all group components with the exception of the group component in India, Letrim Intelligence Services Private Limited, which has a finance team in India;

Identifying significant components

- identifying and evaluating the components to assess their significance and to determine the planned audit response based on a measure of materiality. We determined significance as a percentage of the Group's total assets, revenues and profit before taxation;

Type of work to be performed on financial information of parent and other components

- tailoring our audit procedures accordingly with all audit work in relation to Letrim Intelligence Services Private Limited being undertaken by a component auditor. All other audit work was performed by the Group audit team;
- performing full scope audit procedures on the financial statements of Merit Group plc (formerly Dods Group plc), Dods Group Limited (formerly Dods Parliamentary Communications Limited), Merit Data & Technology Limited (formerly Meritgroup Limited) and Letrim Intelligence Services Private Limited, to component materiality which was capped at group performance materiality;
- the total percentage coverage of revenue and total assets achieved from procedures including all full scope entities were 94% and 96% respectively;
- analytical procedures were performed on the financial information of Holyrood Communications Limited, Fenman Limited, Total Politics Limited and Le Trombinoscope SAS.

Communications with component auditors

- Due to the travel restrictions being put in place as a result of the Covid -19 pandemic, we arranged for the component audit files to be reviewed remotely and held regular calls with the local component auditors to discuss the results and resolve any queries; and

Changes in approach from previous period

- our audit approach was to rely on controls for our audit of certain material revenue streams and third party costs incurred during the year, with testing in these areas supplemented by substantive testing. A fully substantive approach was used for all other areas, which is consistent with our approach taken in the prior year.

Independent auditor’s report

(continued)

Audit approach	No. of components	% coverage Total assets	% coverage Revenue	% coverage PBT
Full-scope audit	4	96%	94%	93%
Analytical procedures	4	4%	6%	7%

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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors for the financial statements

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

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

Independent auditor's report

(continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Parent Company and the Group and sector in which they operate. We determined that the following laws and regulations were most significant: International accounting standards, Companies Act 2006 and taxation laws.
- We understood how the Parent Company and the Group is complying with those legal and regulatory frameworks by making inquiries to the management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- We assessed the susceptibility of the Parent Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - held discussions with those outside the finance team including, human resources and key management personnel.
- The engagement partner assessed that the engagement team collectively had the appropriate competence and capabailities to identify or recognise non-compliance with laws and regulations through the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; and
  - knowledge of the industry in which the client operates.
- The engagament team also engaged with tax specialists in the UK to address the risk of non-compliance relating to tax legislation.
- For component at which audit procedures were performed, we requested component auditor to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the Group financial statements.

Independent auditor's report

(continued)

Use of our report

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

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

29 July 2021

Consolidated income statement

	Note	2021 £'000	2020 £'000
Revenue	3	**24,690**	27,796
Cost of sales		**(16,402)**	(18,852)
Gross profit		**8,288**	8,944
Adjusted Administrative expenses*		**(6,979)**	(6,154)
Other operating income	4	**688**	–
Adjusted EBITDA		**1,997**	2,790
Depreciation of tangible fixed assets*	15	**(612)**	(537)
Depreciation of right-of-use assets*	25	**(1,330)**	(1,210)
Amortisation of intangible assets acquired through business combinations*	14	**(862)**	(711)
Amortisation of software intangible assets*	14	**(488)**	(158)
Total Administrative expense[(1)]		**(10,271)**	(8,770)
Non-recurring items			
Non-recurring acquisition costs and professional fees	5	**–**	(171)
People-related costs	5	**(995)**	(785)
Other non-recurring items	5	**(210)**	(80)
Operating loss		**(2,500)**	(862)
Net finance costs	9,10	**(669)**	(555)
Share of profit of associate	17	**56**	158
Loss before tax	6	**(3,113)**	(1,259)
Income tax credit	11	**389**	76
Loss for the year		**(2,724)**	(1,183)
Loss per share (pence)			
Basic	12	**(0.47p)**	(0.24p)
Diluted	12	**(0.47p)**	(0.24p)

(1) Total of all line items marked "*"

The Notes on pages 36 to 75 form part of these financial statements.

100% of the loss is attributable to owners of the parent.

Consolidated statement of comprehensive income

	Note	2021 £'000	2020 £'000
Loss for the year		**(2,724)**	(1,183)
Items that may be subsequently reclassified to Profit and loss			
Exchange differences on translation of foreign operations		**(19)**	6
Remeasurement of defined benefits obligations	27	**(45)**	–
Other comprehensive income/(loss) for the year		**(64)**	6
Total comprehensive loss for the year		**(2,788)**	(1,177)

The Notes on pages 36 to 75 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2021

	Note	2021 £'000	Restated 2020* £'000
Non-current assets			
Goodwill	13	**28,911**	28,911
Intangible assets	14	**10,449**	11,238
Property, plant and equipment	15	**2,184**	2,134
Right-of-use assets	25	**6,688**	7,926
Investment in associates	17	**717**	661
Long-term loan receivable	17	**–**	560
Total non-current assets		**48,949**	51,430
Current assets			
Work in progress and inventories	18	**36**	273
Trade and other receivables	20	**5,584**	7,819
Loan receivable	17	**560**	–
Cash and cash equivalents	20	**5,565**	4,368
Total current assets		**11,745**	12,460
Total assets		**60,694**	63,890
Capital and reserves			
Issued capital	24	**19,501**	19,239
Share premium		**20,866**	20,082
Merger reserves		**409**	409
Retained loss		**(6,671)**	(3,991)
Translation reserve		**(80)**	(61)
Other reserves		**(45)**	–
Share option reserve		**58**	75
Total equity		**34,038**	35,753
Current liabilities			
Trade and other payables	21	**12,582**	12,285
Pension obligation	27	**73**	54
Deferred consideration	16	**1,046**	1,046
Bank loan/RCF	22	**2,253**	3,000
Lease liability	25	**1,467**	1,515
Total current liabilities		**17,421**	17,900
Non-current liabilities			
Deferred tax liability	23	**222**	862
Pension obligation	27	**166**	84
Deferred consideration	16	**–**	1,045
Other payables	21	**–**	545
Bank Loan	22	**2,378**	–
Lease liability	25	**6,469**	7,701
Total non-current liabilities		**9,235**	10,237
Total equity and liabilities		**60,694**	63,890

The Notes on pages 36 to 75 form part of these financial statements.

*Refer to Note 27 regarding prior year restatement.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Simon Bullock
Chief Financial Officer
29 July 2021

Consolidated statement of changes in equity

	Share capital £'000	Share premium reserve[1] £'000	Merger reserve[2] £'000	Retained earnings £'000	Translation reserve[3] £'000	Other reserves £'000	Share option reserve[4] £'000	Total shareholders' funds £'000
At 31 March 2019	17,096	8,142	409	(2,616)	(67)	–	55	23,019
Effect of adoption of IFRS 16 *Leases (see Note 25)*	–	–	–	(192)	–	–	–	(192)
At 1 April 2019	17,096	8,142	409	(2,808)	(67)	–	55	22,827
Total comprehensive income								
Loss for the year	–	–	–	(1,183)	–	–	–	(1,183)
Other comprehensive income								
Currency translation differences	–	–	–	–	6	–	–	6
Share-based payment	–	–	–	–	–	–	20	20
Transactions with owners								
Issue of ordinary shares	**2,143**	**11,940**	**–**	**–**	**–**	**–**	**–**	**14,083**
At 31 March 2020	**19,239**	**20,082**	**409**	**(3,991)**	**(61)**	**–**	**75**	**35,753**
At 1 April 2020	**19,239**	**20,082**	**409**	**(3,991)**	**(61)**	**–**	**75**	**35,753**
Total comprehensive income								
Loss for the year	–	–	–	(2,724)	–	–	–	(2,724)
Currency translation differences	–	–	–	–	(19)	–	–	(19)
Remeasurement of defined benefits obligation	–	–	–	–	–	(45)	–	(45)
Lapsed Share Options	–	–	–	44	–	–	(44)	–
Share-based payment	–	–	–	–	–	–	27	27
Transactions with owners								
Issue of ordinary shares	262	784	–	–	–	–	–	1,046
At 31 March 2021	**19,501**	**20,866**	**409**	**(6,671)**	**(80)**	**(45)**	**58**	**34,038**

(1) The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

(2) The merger reserve represents accounting treatment in relation to historical business combinations.

(3) The translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.

(4) The share option reserve represents the cumulative expense recognised in relation to equity-settled share-based payments.

The Notes on pages 36 to 75 form part of these financial statements.

Consolidated statement of cash flows

	Note	2021 £'000	2020 Restated* £'000
Cash flows from operating activities			
Loss for the year		**(2,724)**	(1,183)
Depreciation of property, plant and equipment	15	**612**	537
Depreciation of right-of-use assets	25	**1,330**	1,210
Amortisation of intangible assets acquired through business combinations	14	**862**	711
Amortisation of other intangible assets	14	**488**	158
Share-based payments charge	26	**27**	20
Share of profit of associate	17	**(56)**	(158)
Lease interest expense	25	**422**	420
Net finance costs	9,10	**247**	135
Income tax credit	11	**(389)**	(76)
Operating cash flows before movement in working capital		**819**	1,774
Change in inventories	18	**237**	(257)
Change in trade and other receivables		**852**	(1,013)
Change in trade and other payables		**670**	(282)
Cash generated by operations		**2,578**	222
Taxation paid		**–**	(193)
Net cash from operating activities		**2,578**	29
Cash flows from investing activities			
Interest and similar income received	9	**16**	5
Additions to property, plant and equipment	15	**(662)**	(187)
Additions to intangible assets	14	**(561)**	(1,400)
Investment in subsidiaries (net of cash acquired)	16	**–**	(17,055)
Repayment of long-term loan by associate	17	**–**	140
Net cash used in investing activities		**(1,207)**	(18,497)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	13,037
Interest and similar expenses paid	10	**(262)**	(140)
Payment of lease liabilities	25	**(1,181)**	(1,067)
Payment of lease interest	25	**(362)**	(420)
Net proceeds from bank loan	22	**2,000**	3,000
Repayment of bank loan		**(369)**	–
Net cash (used in)/received financing activities		**(174)**	14,410
Net increase in cash and cash equivalents		**1,197**	(4,058)
Opening cash and cash equivalents		**4,368**	8,426
Effect of exchange rate fluctuations on cash held		**–**	–
Closing cash at bank		**5,565**	4,368
Comprised of:			
Cash and cash equivalents		**5,565**	4,368
Closing cash at bank	20	**5,565**	4,368

The Notes on pages 36 to 75 form part of these financial statements.

* Reclassification of 2020 "Non-recurring acquisition costs and professional fees" reclassed from investing activities to operating activities, where they eliminate. The line item "Non-recurring acquisition costs and professional fees" should not have been included in the prior year cash flow statement. Net Cash from Operating Activities restated from £2,039k to £29k, as a result of this restatement.

Reclassification of 2020 "Net proceeds from bank loan" from cash flow from investing activities to cash flow from financing activities.

Net cash used in investing activities, adjusted with both the restatements, restated from £17,507k outflow to £18,497k outflow. Net cash received in financing activities restated from £11,410k to £14,410k.

Notes to the consolidated financial statements

1. Statement of significant accounting policies and judgements

Merit Group plc (formerly Dods Group plc) is a Company incorporated in England and Wales.

The consolidated financial statements of Merit Group plc have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its group.

The accounting policies set out below have, unless otherwise stated, or as outlined in the 'Standards adopted' section below, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Accounting developments

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2021 and is consistent with the policies applied in the previous financial year.

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2020, which had any impact on the Group's accounting policies and disclosures in these financial statements.

None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 April 2020 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

Standards adopted

There are IFRS or IFRIC interpretations that are not yet effective for the first time for the financial year beginning on or after 1 April 2020. The Group expect no material impact.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for goodwill which is stated at the greater of its value in use and fair value less costs to sell, forward contracts stated at fair value at year end and gratuity stated at fair value at year end.

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. Merit Group plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:

- Fenman Limited
- Total Politics Limited
- Holyrood Communications Limited
- Training Journal Limited
- Monitoring Services Limited

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Going Concern

The Directors have considered the implications for going concern below, for a period of at least twelve months from the signing of these accounts.

The Directors had approved the budget for a period of 12 months from the date of approving these accounts, under which they had assessed the future funding requirements of the Group and compared them with the level of available borrowing facilities and had assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. Additionally, the Group had prepared a 3-year forecast, which has been adjusted to take account of the current trading environment. The Directors consider the forecasts to be reasonable. Based on this work, and in light of the mitigating actions undertaken by the Group to respond to the impact of Covid-19, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In the 12 month period from the balance sheet date capital repayments of £2.3 million will be due to the bank with the remaining £2.3 million due in subsequent periods.

The Group continues to have the support of Barclays Bank plc and agreement has been reached on revised covenants and a rephased term loan to support the Group going forward.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed to, or has rights to, variable returns and has the ability to affect those returns. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Revenue policy

Revenue is the total amount of income generated by the sale of goods or services relating to the Group's primary operations. The Group has multiple revenue streams being revenue from Business Intelligence, Events, Training, Media, Industry Intelligence, Marketing Data, Software & Technology Resourcing and BPO.

Business Intelligence is a subscription-based service, the revenue is recognised on a straight-line basis over the life of the subscription.

The performance obligation is the provision and availability of the subscription platform; the obligation is deemed to be satisfied as the client has ongoing access to the subscription platform.

1. Statement of significant accounting policies and judgements (continued)

Events is a delivery-based service, the revenue is recognised upon the delivery of the event.

The performance obligation is the delivery of the booked event, the obligation is deemed to be satisfied upon the delivery of the event.

Training is a delivery-based service, the revenue is recognised upon the delivery of the training event.

The performance obligation is the delivery of the booked training course, the obligation is deemed to be satisfied upon the delivery of the training course.

Our media business comprises both on-line (website advertising) and off-line (printed magazines) offerings.

The performance obligation for on-line is deemed to be satisfied upon publication onto the relevant website; revenue is recognised at the point of publication.

Off-line obligations are satisfied upon the distribution (typically mailing) of the magazine or publication; revenue is recognised at the point of distribution. Where a campaign runs over a number of print issues/editions revenue is recognised equally across the period of the campaign.

Merit Data and Technology offer multiple services to clients; Industry Intelligence, Marketing Data, Software & Technology Resourcing and BPO. A detailed breakdown of these streams is given in the Operational Review for Merit Data & Technology on page 4.

Across the multiple services offered by Merit the performance obligation is the delivery of the service as agreed with the client in the contract. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The revenue is measured using input method as the hours used relative to the total expected hours to the satisfaction of that performance obligation.

Leases

A contract contains a lease if the contract gives a right to control the use of an asset for a period of time in exchange for consideration. Leases which meet the criteria of "short-term," for which the lease term is less than 12 months, or "low-value assets" are exempt from IFRS 16. Lease payments associated with "short-term" and "low-value assets" are expensed on a straight-line basis over the life of the lease.

For all other leases, at the lease commencement date, a right-of-use asset and corresponding lease liability are recognised in the Statement of financial position. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Right-of-use assets are measured at the value of the associated lease liability plus any initial direct costs incurred, adjusted for any prepaid or accrued lease payments. The right-of-use asset is initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is increased by the interest cost and decreased by the lease payments made.

During the year, in response to the Covid-19 pandemic, the Group negotiated a revised payment profile relating to one of its property leases.

Post-retirement benefits – defined contribution

The Group contributes to independent defined contribution pension schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Defined benefits pensions

The Group operates a defined benefit pension plan for eligible employees based in India. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.

Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability (asset), are recognised in other comprehensive income (OCI), net of income taxes.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Non-recurring items

Non-recurring items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included on the income statement on an independent line to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Non-recurring items are not in accordance with any specific IFRS definition and therefore may be different to other companies' definition of non-recurring items.

Taxation

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

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement 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 Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet 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 enacted or that are expected to apply (substantively enacted) at the balance sheet dated when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 Intangible Assets. Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 Accounting Policies, "Changes in Accounting Estimates and Errors" if this is considered necessary, there were no changes from last year. The estimated useful lives are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Other assets	1 year

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful lives of between 3-6 years. The salaries of staff employed in the development of new software relating to the Group's information services products and salaries of staff employed in building our digital platform architecture within the Group are capitalised into software.

Intangible assets – research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use;
- Its intention to complete and its ability and intention to use the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins from the date development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is charged to the income statement. During the period of development, the asset is tested for impairment.

In 2021 there were two (2020: nil) capitalised development projects. The projects completed in the current year relate to (i) the development of the Group's digital platform and (ii) production of a new ERP and CRM system. The Directors assessed the capitalisation criteria of its internally generated material intangible assets through a review of the output of the work performed, the specific costs proposed for capitalisation, the likely completion of the work and the likely future benefits to be generated from the work.

The Directors assess the useful life of the completed capitalised projects to be 3-6 years from the date of when benefits begin to be realised and amortisation will begin at that time.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the shorter of the life of the asset or lease period
Equipment, fixtures and fittings	3-7 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are subsequently measured at average weighted cost.

Cash

Cash includes cash on hand and in the bank. The Group recognises government grants under the accruals model, which requires that the grant be recognised as "revenue based", in the financial statements this is recognised in operating income. Grants which are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs shall be recognised in income in the period in which it becomes available.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Foreign currencies

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Pounds Sterling, which is the presentation currency of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

Provisions

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Financial Instruments

Financial assets

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

All of the Group's derivatives and forward contracts are measured at their fair value at the end of each period. Derivatives and forward contracts that mature within one year are classified as current.

Financial assets

Financial Assets are measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through income statement (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The Group's financial assets comprise of trade and other receivables and cash and cash equivalents.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Trade receivables

Trade receivables are measured at amortised costs and are carried at the original invoice amount less allowances for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying a historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether, and the extent to which, settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key driver of the loss rates are the ageing of the debtor. When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any credit loss allowance available and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement. Long term receivables are discounted where the effect is material.

Cash & cash equivalents

Cash held in deposit accounts is measured at amortised cost.

Financial Liabilities

The Group's financial liabilities consist of trade payables, loans and borrowings, and other financial liabilities. Trade payables are non-interest bearing. Trade payables initially recognised at their fair value and subsequently measured at their amortised cost. Loans and borrowings and other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense is measured on an effective interest rate basis and recognised in the income statement over the relevant period.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Periodically management assesses whether there is any sign of impairment in the investment in associate, management make judgment in regard to the investees ability to fulfil financial obligations, significant adverse changes in the environment where the investee operate. If management judge that evidence of impairment exists, an impairment test will be conducted. The entire carrying amount of the investment is tested for impairment as a single asset by comparing it's carrying amount to its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. If the carrying amount of an investment in associate is higher than its recoverable amount, an impairment charge is recognised in the consolidated income statement.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in the income statement. Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Government grants

The Group recognises government grants under the accruals model, which requires that the grant be recognised as "revenue based", in the financial statements this is recognised in operating income. Grants which are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs or unfulfilled conditions and other contingencies attached to the government assistance, shall be recognised in income in the period in which it becomes available.

2. Critical accounting estimates and judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant Financial Judgements

a) Going concern

Management applies judgement when determining to apply the going concern basis for preparation of the financial statements, through evaluation of financial performance and forecasts. See "Going concern" section on page 19 for further details.

b) Recognition of deferred tax assets

Judgement is applied in the assessment of deferred tax assets in relation to losses to be recognised in the financial statements. As the Group has not been generating taxable profits for the last few years, the Board has judged that the deferred tax assets should only be recognised to the extent that they offset a tax liability. See Note 23 for further details.

c) Capitalisation of development costs

Management applies judgement when determining the value of development costs to be capitalised as an intangible asset in respect of its product development program. Judgement includes the technical feasibility, intention and availability of resources to complete the intangible asset so that the asset will be available for use and assessment of likely future economic benefits. Details of intangible assets capitalised are available in Note 14.

d) Accounting for acquisitions

Management applies judgement in accounting for acquisitions, including identifying assets arising from the application of IFRS 3 Business Combinations, undertaking Purchase Price Allocation exercises to allocate value between assets acquired, including the allocation between intangible assets and goodwill.

e) Identification of cash generating units for goodwill impairment testing

Judgement is applied in the identification of cash-generating units (CGUs). The Directors have judged that the primary CGUs used for impairment testing should be Dods and Merit, see Note 13 for further details.

f) Non-recurring administrative expenses

Due to the Group's significant restructuring and acquisition related activity in recent years, there are a number of items which require judgement to be applied in determining whether they are non-recuring in nature. In the current year these relate largely to restructuring and redundancy costs. See Note 5 for further details.

Notes to the consolidated financial statements

(continued)

2. Critical accounting estimates and judgements and adopted IFRS not yet effective (continued)

g) Contingent cash pay-out

The expense relating to amounts payable arising on the acquisition of Meritgroup is contingent upon the continued employment of certain employees. During the prior year no expense was recognised, the Group now believes these amounts are highly probable to be paid; accordingly the expense is now being recognised over the period the payments are due.

h) Investments

The Group takes into account the power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of the investor's return to determine whether the investment is treated as an associate or a controlling interest. See Note 17 for further details. Where a controlling interest exists, the investee is consolidated.

Significant Financial Estimates

a) Carrying value of goodwill

The Group uses forecast cashflow information and estimates of future growth to assess whether goodwill is impaired. Key assumptions include the EBITDA margin allocated to each CGU, the growth rate to perpetuity and the discount rate. If the results of an operation in future years are adverse to the estimates used for impairment testing, impairment may be triggered at that point. Further details regarding impairment testing are available on Note 13.

The Merit CGU was determined to be sensitive to these estimates. The key assumptions for the sensitivity analysis being a decrease in cash flows of 10% and separate scenario of an increase in discount rate by 20%. If these scenarios occur then Merit CGU will have a carrying value higher than its recoverable value and an impairment loss will have to be recorded. The carrying value of goodwill for Merit CGU is £15.6 million (2020: £15.6 million).

b) Bad debt allowance

Under IFRS 9 simplified approach, a bad debt allowance is calculated be segmenting debtors into categories and estimating a credit loss risk percentage for each category. Using this approach, a bad debt allowance of £162,000 was estimated for the year (2020: £62,000).

c) Pensions

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.

Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability (asset), are recognised in other comprehensive income (OCI), net of income taxes.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Further details of the estimate are in Note 27.

Adopted IFRS not yet applied

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2021 and is consistent with the policies applied in the previous financial year. There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2020, which had any impact on the Group's accounting policies and disclosures in these financial statements. None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 April 2020 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

Notes to the consolidated financial statements

(continued)

3. Segmental information

The basis on which operating results are reviewed and resources allocated is examined from both a business and geographic perspective by the senior management team.

Business segments

The Group now considers that it has two operating business segments, Dods and Merit Data & Technology. Dods business segment concentrates on the provision of key information and insights into the political and public policy environments around the UK and the European Union. The Merit Data & Technology segment focuses on the fields of data engineering, machine learning, and artificial intelligence.

The following table provides an analysis of the Group's segment revenue by business segment.

Revenue by business segment	2021 £'000	2020 £'000
Dods	**14,394**	20,154
Merit Data & Technology	**10,296**	7,642
	24,690	27,796

*2020: 8.5 months only.

No client accounted for more than 10 percent of total revenue.

Group Revenue by stream	2021 £'000	2020 £'000
Business Intelligence	**6,839**	7,206
Events	**2,952**	7,993
Training	**1,616**	1,950
Media	**2,987**	3,005
Industry Intelligence*	**3,586**	2,708
Marketing Data*	**2,239**	2,434
Software & Technology Resourcing*	**2,875**	1,754
BPO*	**1,596**	746
	24,690	27,796

*2020: 8.5 months only.

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

Profit before tax by business segment	2021 Dods £'000	2020 Dods £'000	2021 Merit Data & Technology £'000	2020* Merit Data & Technology £'000
Adjusted EBITDA	**503**	810	**1,494**	1,980
Depreciation of tangible fixed assets	**(392)**	(378)	**(220)**	(159)
Depreciation of right-of-use assets	**(753)**	(736)	**(577)**	(474)
Amortisation of intangible assets acquired through business combinations	**(351)**	(351)	**(511)**	(360)
Amortisation of software intangible assets	**(488)**	(158)	**–**	–
Non-recurring items				
Non-recurring acquisition costs and professional fees	**–**	(171)	**–**	–
People-related costs	**(995)**	(785)	**–**	–
Other non-recurring items	**(168)**	(80)	**(42)**	–
Operating profit (loss)	**(2,644)**	(1,849)	**144**	987
Net finance Cost	**(424)**	(218)	**(245)**	(337)
Share of profit of associate	**56**	158	**–**	–
Profit (loss) before tax	**(3,012)**	(1,909)	**(101)**	650

*2020 – 8.5 months only.

The total losses of both segments for 2021 equal to £3,113k which is equal to the total Group's loss before tax as shown in the income statement.

Geographical segments

The following table provides an analysis of the Group's segment revenue by geographical market. Segment revenue is based on the geographical location of customers.

Revenue by geographical segment	2021 £'000	2020 £'000
UK	**19,708**	22,179
Belgium	**1,943**	1,897
USA	**489**	337
France	**768**	658
Germany	**391**	455
Rest of world	**1,391**	2,270
	24,690	27,796

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

Non-current assets by geographical segment	2021 £'000	2020 £'000
UK	**45,611**	**47,324**
Goodwill	28,911	28,911
Intangible assets	10,448	11,238
Property, plant and equipment	1,536	1,763
Right-of-use asset	3,999	4,191
Investment in associates	717	661
Long-term loan receivable	–	560
India	**3,338**	**4,106**
Property, plant and equipment	649	371
Right-of-use asset	2,689	3,735
	48,949	**51,430**

Group Deferred revenue

The following table provides an analysis of the Group's deferred revenue:

Aggregate Deferred Revenue	2021 £'000	2020 £'000
Dods	**4,749**	5,596
Merit Data & Technology	**46**	26
	4,795	5,622

The Group expects to recognise £4.1 million over the next year ending 31 March 2022, and the remainder in the period up to 31 March 2023.

During the current year the Group recognised £4.9 million of deferred revenue from prior period, based on the performance obligation being satisfied. The remaining £0.7 million is yet to be recognised, and is expected to be recognised in the year ending 31 March 2022, this also forms part of the current year balance.

4. Other operating income

During the year the Group participated in the UK Government's Coronavirus Job Retention Scheme (CJRS) for its London and Edinburgh based employees. Details of the scheme criteria and eligibility are well documented.

The Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other Income in the Consolidated Income Statement. There are no unfulfilled conditions and other contingencies attaching to the government assistance.

The number of employees who were put on the CJRS varied from month to month up to a maximum of 140. Total amount received during the year was £648,000 (2020: £nil).

In February 2021 the Group also received a one-off grant from the Scottish Government. The grant was issued by the Pivotal Event Businesses Fund (the Issuer) and was for £40,000 (2020: £nil).

Again, the Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other Income in the Consolidated Income Statement.

In August 2021 the Group must provide the Issuer with a report to assess the value of the grant to the Group. There are no unfulfilled conditions and other contingencies attaching to the government assistance.

Notes to the consolidated financial statements

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5. Non-recurring items

	2021 £'000	2020 £'000
Non-recurring acquisition costs and professional fees	–	171
People-related costs	**995**	785
Other		
– Professional services and consultancy	**85**	45
– Other	**125**	35
	1,205	1,036

People Related costs include deferred cash consideration on the Meritgroup acquisition. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business. Prior Year costs included redundancy and recruitment of senior management for roles which have been newly created within the Group.

Other non-recurring costs include branding and marketing expenses, costs relating to ongoing strategic corporate review and initiatives, various legal fees and one-off consultancy expenses. These are classified as non-recurring as they relate to the name change and share capital restructure and are therefore highly unlikely to arise again.

6. Loss before tax

Loss before tax has been arrived at after charging:

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	**612**	537
Depreciation of right of use asset	**1,330**	1,210
Amortisation of intangible assets acquired through business combinations	**862**	711
Amortisation of other intangible assets	**488**	158
Staff costs (see Note 8)	**15,127**	14,616
Non-recurring items (see Note 5)	**1,205**	1,036
Share of profit of associate	**56**	158
Net finance costs	**669**	555

Auditor's remuneration	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**22**	20
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries, pursuant to legislation	**102**	78
– Non-audit services in relation to IT program assurance	–	18
	124	116

Notes to the consolidated financial statements

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7. Directors' remuneration

The remuneration of the Directors of the Group for the years ended 31 March 2021 and 31 March 2020 is set out below:

		Salaries £	Committee Fees £	Pension contributions £	Other Benefits[10] £	Total £
Executive Directors						
Simon Bullock[1]	**2021**	**192,487**	**–**	**1,094**	**1,483**	**195,064**
Chief Financial Officer	2020	–	–	–	–	–
Munira Ibrahim[2]	**2021**	**204,166**	**–**	**1,313**	**725**	**206,204**
Managing Director	2020	–	–	–	–	–
Cornelius Conlon[2]	**2021**	**202,061**	**–**	**3,436**	**220,768**	**426,265**
Managing Director	2020	–	–	–	–	–
Dr David Hammond[3]	**2021**	**50,001**	**–**	**–**	**–**	**50,001**
Former Executive Chairman	2020	86,525	5,000	–	–	91,525
Simon Presswell[4]	**2021**	**207,779**	**–**	**27,500**	**1,694**	**236,973**
Former Chief Executive Officer	2020	265,000	–	30,000	1,953	296,963
Nitil Patel[5]	**2021**	**72,039**	**–**	**8,333**	**350**	**80,722**
Former Chief Financial Officer	2020	180,000	–	20,000	785	200,785
Non-executive Directors						
Richard Boon[6]	**2021**	**22,917**	**4,583**	**–**	**–**	**27,500**
Non-Executive Director	2020	25,000	5,000	–	40,000	70,000
Angela Entwistle[7]	**2021**	**22,917**	**4,583**	**–**	**–**	**27,500**
Non-Executive Director	2020	25,000	5,000	–	–	30,000
Diane Lees	**2021**	**22,917**	**4,583**	**–**	**–**	**27,500**
Non-Executive Director	2020	25,000	5,000	–	–	30,000
Mark Smith[8]	**2021**	**42,917**	**7,500**	**–**	**–**	**50,417**
Non-Executive Chairman	2020	45,000	10,000	–	–	55,000
Vijay Vaghela[9]	**2021**	**8,333**	**3,333**	**–**	**–**	**11,666**
Non-Executive Director	2020	–	–	–	–	–
Total for 2021		**1,048,534**	**24,582**	**41,676**	**225,020**	**1,339,812**
Total for 2020		651,525	30,000	50,000	42,748	774,273

(1) Appointed as Chief Financial Officer on 1 June 2020.
(2) Appointed as Managing Director on 1 July 2020.
(3) Served the role of Non-Executive Chairman to 21 January 2020. Appointed interim Executive Chairman on 22 January 2020.
(4) Resigned as a Director on 22 January 2020. See also share-based payments – Note 26.
(5) Resigned as a Director on 24 February 2020.
(6) See also related party transactions – Note 27.
(7) The £27,500 (2020: £30,000) paid for the services of Angela Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited.
(8) Appointed as Non-Executive Chairman on 26 November 2020.
(9) Appointed as a Non-Executive Director on 26 November 2020.
(10) Other benefits are health insurance and deferred cash consideration on acquisition of Meritgroup.

The current Directors and their interests in the share capital of the Company at 31 March 2021 are disclosed within the Directors' Report.

Renumeration of the highest paid Director was £426,265 (2020: £296,963)

The highest paid Director received pension contributions of £3,436 (2020: £30,000)

Notes to the consolidated financial statements

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8. Staff costs

The average number of persons employed by the Group (including Executive Directors) during the year within each category was:

	2021 Number	2020 Number
Editorial and production staff	**117**	137
Sales and marketing staff	**36**	37
Managerial and administration staff	**31**	31
Technology and support staff	**974**	724
	1,158	929

The prior year figure includes only 8.5 months of Meritgroup employees.

	2021 £'000	2020 £'000
Wages and salaries	**13,568**	13,049
Social security costs	**1,295**	1,376
Pension and other costs	**237**	171
Share-based payment charge	**27**	20
	15,127	14,616

Staff costs do not include deferred cash consideration in relation to the Meritgroup acquisition, this is treated as non-recurring and is included in Note 7.

9. Finance income

	2021 £'000	2020 £'000
Bank interest receivable	**16**	5

10. Finance costs

	2021 £'000	2020 £'000
Bank interest payable	**195**	117
Lease interest expense	**422**	420
Net foreign exchange losses[1]	**68**	23
	685	560

(1) Includes £6k FX gain on derivative (2020: £nil)

Notes to the consolidated financial statements

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11. Taxation

	2021 £'000	2020 £'000
Current tax		
Current tax on income for the year at 19% (2020: 19%)	**–**	–
Adjustments in respect of prior periods	**–**	(173)
	–	(173)
Overseas tax		
Current tax expense on income for the year	**251**	260
Total current tax expense	**251**	87
Deferred tax (see Note 23)		
Origination and reversal of temporary differences	**(479)**	(150)
Effect of change in tax rate	**–**	142
Adjustments in respect of prior periods	**(161)**	(155)
Total deferred tax income	**(640)**	(163)
Total income credit	**(389)**	(76)

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%).

A reconciliation is provided in the table below:

	2021 £'000	2020 £'000
Loss before tax	**(3,113)**	(1,259)
Notional tax credit at standard rate of 19% (2020: 19%)	**(591)**	(239)
Effects of:		
Expenses not deductible for tax purposes	**185**	23
Non-qualifying depreciation	**69**	88
Adjustments to bought forward value	**(161)**	–
Effect of deferred tax rate changes on realisation and recognition	**–**	142
Deferred tax not recognised	**39**	10
Utilisation of losses not provided for	**(97)**	–
Tax losses carried forward	**107**	52
Adjustment to agree foreign tax charge	**66**	–
Other	**(6)**	(152)
Total income tax credit	**(389)**	(76)

In the Spring Budget on 3 March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

As of the date of the approval of these financial statements the increase in rates has been substantively enacted; however, as the proposal to increase the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the consolidated financial statements

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12. Earnings per share

	2021 £'000	2020 £'000
Loss attributable to shareholders	**(2,724)**	(1,183)
Add: non-recurring items	**1,205**	1,036
Add: amortisation of intangible assets acquired through business combinations	**862**	711
Add: net exchange losses	**68**	23
Add: share-based payment expense	**27**	20
Adjusted post-tax profit/(loss) attributable to shareholders	**(562)**	607

	2021 Ordinary shares	2020 Ordinary shares
Weighted average number of shares		
In issue during the year – basic	**574,336,311**	492,696,964
Adjustment for share options	**1,620,333**	1,674,500
In issue during the year – diluted	**575,956,644**	494,371,464

	2021 Pence per share	2020 Pence per share
Earnings per share – continuing operations		
Basic	**(0.47)**	(0.24)
Diluted	**(0.47)**	(0.24)
Adjusted earnings per share – continuing operations		
Basic	**(0.10)**	0.12
Diluted	**(0.10)**	0.12

13. Goodwill

	2021 £'000	2020 £'000
Cost and net book value		
Opening balance	**28,911**	13,282
Acquisition of subsidiary	**–**	15,629
Closing balance	**28,911**	28,911

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. During the prior year the carrying amount of goodwill, £13.3 million had been allocated to the Dods CGU (2020: £13.3 million) and £15.6 million has been allocated to the Merit CGU (2020: £15.6 million).

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts of income and costs.

13. Goodwill (continued)

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a three-year period, considering both past performance and expectations for future market developments. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each separate business.

The impairment charge was £nil (2020: £nil).

CGU

The recoverable amount of each CGU is determined from value in use calculations. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other group of assets. Management determined that the smallest level they could reasonably allocate the group of assets to was Dods CGU and Merit CGU. Dods CGU being the historical element of the Group and Merit CGU being the assets from prior year acquisition.

Value in use was determined by discounting future cash flows generated from the continuing use of the assets and was based on the following most sensitive assumptions:

- cash flows for 2021/22 were projected based on the forecast for 2021/22, using the budget as a base and sensitising in light of the current environment;
- cash flows for years ending 31 March 2023 to 2024 were projected based on the Group forecast for these two years, based on the current economic environment in respect of Covid-19. For years ending 31 March 2025 and 31 March 2026, cash flows were prepared using underlying growth rates of 5% for Dods and 5% for Merit, based on management's view on likely trading and likely growth for those years;
- this assumption is based upon both assumed increases in revenue from yield improvements and expansion of markets and also strict cost control;
- cash flows beyond 2026 are extrapolated using a 2% growth rate for both Dods and Merit;
- cash flows were discounted using the CGU's pre-tax discount rate of 9.72% for Dods and Merit.

Based on the above sensitivity assumptions the calculations disclosed headroom against the carrying value of goodwill for Dods CGU. However due to the pandemic, it is acknowledged that given the environment, it is not possible to determine what changes to these estimates may eventuate.

It was determined that the estimate for Merit CGU is sensitive to negative adjustments in discount rate and cash flow. However, management believe that these occurring are unlikely due to the performance of Merit CGU an expected future performance as mentioned earlier in the report. The key assumptions for the sensitivity analysis being a decrease in cash flows of 10% and separate scenario of an increase in discount rate by 20%. If these scenarios occur then Merit CGU will have a carrying value higher than its recoverable value and an impairment loss will have to be recorded. Headroom for the Merit CGU is £6.1 million.

Notes to the consolidated financial statements

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14. Intangible assets

	Assets acquired through business combinations[1] £'000	Software £'000	Under Construction capitalised costs £'000	Total £'000
Cost				
At 1 April 2019	23,956	3,419	-	27,375
Additions – internally generated	-	296	-	296
Additions – other	-	-	1,304	1,304
Acquisition of subsidiary	4,086	-	-	4,086
At 31 March 2020	28,042	3,715	1,304	33,061
Additions – internally generated	-	200	316	516
Additions – other	-	45	-	45
Reclass to Software	-	874	(874)	-
At 31 March 2021	**28,042**	**4,834**	**746**	**33,622**
Accumulated amortisation				
At 1 April 2019	17,710	3,244	–	20,954
Charge for the year	711	158	–	869
At 31 March 2020	18,421	3,402	–	21,823
Charge for the year	862	488	–	1,350
At 31 March 2021	**19,283**	**3,890**	**–**	**23,173**
Net book value				
At 31 March 2020	9,621	313	1,304	11,238
At 31 March 2021	**8,759**	**944**	**746**	**10,449**

The useful economic lives of the intangible assets are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Software	3-6 years

The carrying value of publishing rights with a useful economic life of 75 years is £4.0 million (2020: £4.1 million).

Included within intangible assets are internally generated assets with a net book value of £0.5 million (2020: £0.3 million).

During the period there was £nil expenses to income statement for Research & Development (2020: £nil).

Notes to the consolidated financial statements

(continued)

14. Intangible assets (continued)

[1] Assets acquired through business combinations comprise:

	Publishing rights £'000	Brand names £'000	Customer relationships and lists £'000	Other assets £'000	Total £'000
Cost					
At 1 April 2019	18,934	1,277	3,591	154	23,956
Acquisition of subsidiary	–	–	4,086	–	4,086
At 31 March 2020	18,934	1,277	7,677	154	28,042
Acquisition of subsidiary	–	–	–	–	–
At 31 March 2021	**18,934**	**1,277**	**7,677**	**154**	**28,042**
Accumulated amortisation					
At 1 April 2019	12,688	1,277	3,591	154	17,710
Charge for the year	351	–	360	–	711
At 31 March 2020	13,039	1,277	3,951	154	18,421
Charge for the year	351	–	511	–	862
At 31 March 2021	**13,390**	**1,277**	**4,462**	**154**	**19,283**
Net book value					
At 31 March 2020	5,895	–	3,726	–	9,621
At 31 March 2021	**5,544**	**–**	**3,215**	**–**	**8,759**

Notes to the consolidated financial statements

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15. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2019	2,010	1,121	3,131
Additions	15	172	187
Acquisition of subsidiary	–	421	421
At 31 March 2020	2,025	1,714	3,739
Additions	12	650	662
Disposals	–	(109)	(109)
At 31 March 2021	**2,037**	**2,255**	**4,292**
Accumulated depreciation			
At 1 April 2019	480	588	1,068
Charge for the year	212	325	537
Disposals	–	–	–
At 31 March 2020	692	913	1,605
Charge for the year	226	386	612
Disposals	–	(109)	(109)
At 31 March 2021	**918**	**1,190**	**2,108**
Net book value			
At 31 March 2020	1,333	801	2,134
At 31 March 2021	**1,119**	**1,065**	**2,184**

IT equipment additions include £77,000 of lease equipment, liability is recognised in Note 25.

Notes to the consolidated financial statements

(continued)

16. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Group Limited[1]	Publishing	100	England and Wales
Fenman Limited[1]	Publishing	100	England and Wales
Holyrood Communications Ltd[2]	Publishing	100	Scotland
Le Trombinoscope SAS[3]	Publishing	100	France
Total Politics Limited[1]	Publishing	100	England and Wales
Training Journal Limited[1]	Holding company	100	England and Wales
Merit Data & Technology[1]	Data and code	100	England and Wales
Letrim Intelligence Services Private Limited[4]	Data and code	99.99	India
Merit Processes Limited[1]	Dormant	100	England and Wales
European Parliamentary Communications Services SPRL[5]	Dormant	100	Belgium
Monitoring Services Limited[1]	Holding company	100	England and Wales
Vacher Dod Publishing Limited[1]	Dormant	100	England and Wales
VDP Limited[1]	Dormant	100	England and Wales

(1) Registered address: 11th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG.
(2) Registered address: Panmure Court, 32 Calton Road, Edinburgh, EH8 8DP.
(3) Registered address: Tour Voltaire, 1 place des Degrés – La Défense, 92800 Puteaux, Paris, France.
(4) Registered address: SP 52, 3rd Street, Ambattur Industrial Estate, Chennai 600 058.
(5) Registered address: Boulevard Carlemagne 1, 1041 Bruxelles, Belgium.

During the current year the Group has elected to provide a parental guarantee to Fenman Limited, Total Politics Limited, Holyrood Communications Limited, Training Journal Limited and Monitoring Services Limited in accordance with section 479C of the Companies Act 2006, meaning that they are exempt from the requirement to have a statutory audit.

On 27 July 2021 Merit Processes Limited was dissolved.

Acquisitions of subsidiaries

There was no acquisition during the current year.

Summary of prior year acquisition

In the prior year the Group acquired 100% of the issued share capital of Meritgroup Limited and its subsidiaries, a provider of data services and software code. The acquisition enabled the Group to further diversify and strengthen its presence in new end markets and open significant opportunities through the sharing of resources and talent across the Group. The purchase consideration was for £21.4 million made up of £18.2 million cash, £1.1 million ordinary shares and £2.1 million deferred consideration. On acquisition £15.6 million goodwill, £4.1 million intangible assets and £1.7 million other identifiable assets were recognised on the Group balance sheet.

Notes to the consolidated financial statements

(continued)

16. Subsidiaries (continued)

Of the £2.1 million deferred consideration, £1.05 million was finalised during the year, the remainder £1.05 million will be issued in the following year.

Fair value of net assets acquired	2020 £'000
Cash and cash equivalents	**1,176**
Trade and other receivables	**2,336**
Property, plant and equipment	**421**
Right-of-use assets	**4,209**
Identifiable intangible assets	**4,086**
Trade and other payables	**(1,587)**
Lease liabilities	**(4,209)**
Deferred tax liability	**(693)**
Net identifiable assets acquired	**5,739**
Add: Goodwill	**15,629**
Net assets acquired	**21,368**

17. Investments in associates

Set out below are the associates of the Group as at 31 March 2021 which, in the opinion of the Directors, are individually not material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% ownership	Carrying amount 2020 £'000	Impairment 2021 £'000	Share of profit 2021 £'000	Carrying amount 2021 £'000
Sans Frontieres Associates Ltd(1)	40	164	–	65	**229**
Social 360 Limited(2)	30	497	–	(9)	**488**
		661	–	56	**717**

Place of business/country of incorporation of both entities is England. The Group accounts for both entities as equity-accounted associates.

17. Investments in associates (continued)

(1) On 16 February 2017, the Group purchased 40% of the issued share capital of Sans Frontieres Associates Limited (SFA), a company registered in England and Wales, for a carrying value of £40.

SFA's objective is to redefine the approach taken to international geopolitical and crisis communications consulting.

As at the year end the Group had loaned SFA £560,000 (2020: £560,000). The unsecured loan of £560,000 carries no interest rate charge and is repayable in 2022. Recoverability is reviewed on an annual basis.

After taking into account the Group's power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a controlling interest in SFA as it is not able to direct the activities of SFA. Therefore SFA has been accounted for as an associate in these financial statements.

No dividend was received for the year (2020: £nil)

As required by IFRS12 the financial information from the unaudited abridged accounts of SFA dated 30 November 2020 is as follows: Current Assets £1,170k of which £722k is cash and cash equivalents, non-current assets £2k, current liabilities £39k, non-current liabilities £1,132k. The depreciation recorded was of £1k.

(2) On 16 November 2017, the Group purchased 30% of the enlarged share capital of Social 360 Limited (Social360), a company registered in England and Wales, for a carrying value of £1.68 million in cash including acquisition costs. Social360 provides intelligent digital media monitoring and analysis.

No dividend was received for the year (2020: £nil)

As required by IFRS12 the financial information from the unaudited filleted abridged accounts of Social360 dated 31 August 2020 is as follows: Current Assets £798k of which £325k is cash and cash equivalents, non-current assets £6k, current liabilities £188k, non-current liabilities £100k. The depreciation recorded was of £4k.

The total share of profit recognised from associates which is based on the unaudited management accounts as 31 March 2021 is £56k (2020: £158k).

18. Work in progress and inventories

	2021 £'000	2020 £'000
Work in progress and inventories	**36**	273
	36	273

Notes to the consolidated financial statements

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19. Financial instruments

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2021 £'000	2020 £'000
Financial assets		
Trade and other receivables (amortised cost)	**3,996**	5,086
Derivate Contracts (FVTPL*)	**6**	–
Loan receivable (amortised cost)	**560**	560
Cash and cash equivalents (amortised cost)	**5,565**	4,368
	10,127	10,014
Financial liabilities		
Trade and other payables (amortised cost)	**(9,926)**	(10,226)
Lease liabilities (amortised cost)	**(7,936)**	(9,216)
Bank loan & RCF (amortised cost)	**(4,631)**	(3,000)
	(22,493)	(22,442)
Net financial assets and liabilities	**(12,366)**	(12,428)

*FVTPL stands for "Fair value through profit and loss"

The loan receivable has no discount rate. The fair value of the loan is the same as the booked value therefore there is no discounting on the outstanding amount. During the financial year there was no repayments on the loan.

On 2 February 2021, Group signed 6 forward contracts of total value approximately £2.9 million with a maturity date ranging from 22 April 2021 to 20 October 2021. The forward contracts are for currency pairing of GBP to INR.

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 March 2021, £350,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2020: £487,000).

19. Financial instruments (continued)

The ageing of trade receivables at the reporting date was:

	Gross 2021 £'000	Provided Loss Allowance 2021 £'000	Gross 2020 £'000	Provided Loss Allowance 2020 £'000
Trade Receivables	**3,882**	**(162)**	4,576	(64)
	3,882	**(162)**	4,576	(64)

The maximum credit risk exposure for the Group is £162,000.

	Gross carrying amount £'000	Default rate	Lifetime expected credit losses* £'000
Current	2,426	1.34%	32
1-30 days past due	1,106	1.40%	15
31-60 days past due	104	3.49%	4
61-90 days past due	84	35.52%	30
More than 90 days past due	162	49.94%	81
	3,882		**162**

* Expected credit losses = Gross carrying amount x Default rate.

The loan receivable has not been assessed for credit losses, the Group believes that the expectation for default is not probable given the subsequent repayment and SFAs declaration to continue repaying. SFA is also currently in a strong cash position.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2021 £'000	2020 £'000
Balance at the beginning of the year	**64**	95
Acquisition of subsidiary	**–**	15
Movement	**98**	(46)
Balance at the end of the year	**162**	64

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The contractual cash flows of each financial liability are materially the same as their carrying amount.

A reconciliation of the Group's liabilities arising from financing activities is disclosed below.

	2021 £'000	2020 £'000
Loan Balance at the beginning of the year	**3,000**	3,000
Drawdown of RCF	**2,000**	2,000
Repayments of principle	**(369)**	(2,000)
Loan and RCF Balance at the end of the year	**4,631**	3,000

Notes to the consolidated financial statements

(continued)

19. Financial instruments (continued)

Banking covenants

On a rolling 12 month basis, at each quarter end date, the Group is subject to a covenant compliance test of the following three covenants:

Minimum Cash Balance: Total Group cash including term deposits available in under 30 days;

Leverage Ratio: Gross debt shall not be more than x times Adjusted EBITDA;

Profit Cover Ratio: Gross financing costs (capital & interest) shall not be less than x times Adjusted EBITDA.

Rolling 12 month basis, ending on	Minimum Cash Balance	Leverage Ratio	Profit Cover Ratio
30 June 2021	£500K	3.0x	2.5x
30 September 2021	£500K	2.5x	3.0x
31 December 2021	£500K	2.5x	3.0x
31 March 2022	£500K	2.5x	3.0x
30 June 2022	£500K	2.5x	3.0x
30 September 2022	£500K	2.5x	3.0x
31 December 2022	£500K	2.0x	3.0x
31 March 2023	£500K	2.0x	3.0x
30 June 2023	£500K	1.5x	3.0x
30 September 2023	£500K	1.5x	3.0x
31 December 2023	£500K	1.5x	3.0x
31 March 2024	£500K	1.5x	3.0x
30 June 2024	£500K	1.5x	3.0x

Adjusted EBITDA: Earnings before interest, tax, depreciation & amortisation adjusted for share based payments and non-recurring items. On an IFRS16 basis.

The Directors had approved a budget for a period of 12 months from the date of approving these accounts and have additionally prepared a 3 year forecast. The Directors consider the forecasts to be reasonable.

In agreeing to the above covenants, the forecasts were sensitised to ensure suitable headroom to enable compliance with the covenant tests.

Based on this work the Directors are satisfied that the Group is unlikely to breach any of the above covenants.

Maturity of financial liabilities:

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2021. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	2-5 years £'000	Beyond 5 years £'000	Total £'000
Trade and other payables	5,558	–	–	**5,558**
Lease liability	1,834	7,249	316	**9,399**
Bank loan/RCF	2,417	2,498	–	**4,915**

Notes to the consolidated financial statements

(continued)

19. Financial instruments (continued)

The Group has a long standing and supportive relationship with Barclays Bank and has recently agreed variations to the terms of its bank debt in order to give it further headroom. The Group has a three year plan that has been shared with Barclays and formed the basis of the new banking arrangements that were put in place. The plan sets out how the Group expects to return to bottom line profitability after recent losses, in part caused by the Covid-19 pandemic.

The Group has a strong track record on cash and working capital management and carefully monitors its aged debtors to ensure its cash receipts are as expected. The Group does not anticipate paying dividends to shareholders at this time.

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital see Note 24.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, changes in foreign exchange and interest rates would have an impact on consolidated earnings. The balances of the financial assets and liabilities exposed to these sensitivities are £532,000 trade receivables, £3.1 million Cash and equivalents and £285,000 trade payables for the year.

At 31 March 2021, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £34,000 (2020: £32,000).

It is estimated that a general increase of one percentage point in the value of the Euro and Dollar against Sterling would have decreased the Group's profit before tax by approximately £13,000 (2020: £11,000).

It is estimated that a general increase of one percentage point in the value of the Rupee against Sterling would have increased the Group's profit before tax of approximately £1,000. (2020: £2,000).

Fair values

The Directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

Capital management

The Group manages its capital to ensure that all entities will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the parent, comprising issued share capital, other reserves and retained earnings.

Capital Management	2021 £'000	2020 £'000
Cash & cash equivalents	**5,565**	4,368
Share Capital	**19,501**	19,239
Other reserves	**21,208**	20,505
Retained Earnings	**(6,671)**	(3,991)
	39,603	40,121

Notes to the consolidated financial statements

(continued)

20. Other financial assets

Trade and other receivables	2021 £'000	2020 £'000
Trade receivables	**3,720**	4,512
Other receivables	**281**	574
Prepayments and accrued income	**1,583**	2,733
	5,584	7,819

Trade and other receivables denominated in currencies other than Sterling comprise £336,000 (2020: £351,000) denominated in Euros and £13,000 (2020: £127,000) denominated in USD.

The Group had a balance of £146,000 of accrued income relating to contract assets (2020: £420,000).

Cash related	2021 £'000	2020 £'000
Cash and cash equivalents	**5,565**	4,368
	5,565	4,368

Cash includes £618,000 (2020: £763,000) denominated in Euros, £480,000 (2020: £248,000) denominated in USD and £438,000 (2020: £998,000) denominated in Indian Rupees.

21. Trade and other payables

Current	2021 £'000	2020 £'000
Trade creditors	**2,663**	1,880
Other creditors including tax and social security	**2,895**	2,197
Other payables	**–**	272
Accruals and deferred income	**7,024**	7,940
	12,582	12,289

Current liabilities denominated in currencies other than Sterling compromise £24,000 (2020: £47,000) denominated in Euros, £8,000 (2020: £20,000) denominated in USD and £113,000 (2020: £752,000) denominated in Indian Rupees.

The Group had a balance of £4.8 million of deferred revenue relating to contract liabilities (2020: £5.6 million).

Non-current	2021 £'000	2020 £'000
Other payables	**–**	545

Notes to the consolidated financial statements

(continued)

22. Interest-bearing loans and borrowings

The Group has a revolving credit facility (RCF) of £2 million (2020: £nil) carrying a rate of 3.5% over LIBOR. The current balance outstanding on the RCF is £2 million. During the prior year, the Group borrowed a term loan of £3 million over a 5-year period carrying a rate of 3.25% over LIBOR. The balance outstanding on the term loan is £2.6 million. In total the Group has a £2 million RCF liability and £2.6 million term loan liability as at the balance sheet date.

See Note 19 for the maturity analysis of the bank loan.

Revised banking facilities and updated covenants

On the 30 June 2021 the Group agreed revised facilities with Barclays Bank which included:

- Term Loan: reduced payments in the current year with offsetting increases in subsequent years although no increase in overall duration of the loan; a change in pricing from 3.25% above LIBOR to 3.75% above the Bank of England interest rate;
- RCF: a change in pricing, effective January 2022; from 3.50% above LIBOR to 4.00% above the Bank of England interest rate;
- Covenants: revised leverage and debt service covenants with effect from 1 April 2021 for the balance of the facility (June 2024);
- Cash: the requirement to maintain a minimum cash balance, across the Group, of £0.5 million.

In the 12 month period from the balance sheet date capital repayments of £2.3 million is due be repaid to the bank with the remaining £2.3 million due in subsequent periods.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are thankful for the continued support of Barclays Bank.

23. Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current year and prior year:

	Liabilities	Assets			
	Intangible assets arising on consolidation £'000	**Other timing differences £'000**	**Accelerated capital allowances £'000**	**Tax losses £'000**	**Total £'000**
At 31 March 2019	713	(4)	(42)	(180)	**487**
Acquisition of subsidiary	693	–	–	–	**693**
Other movements	(155)	–	–	–	**(155)**
Charge/(credit)	(140)	45	2	(70)	**(163)**
At 31 March 2020	1,111	41	(40)	(250)	**862**
Charge/(credit)	(152)	(65)	15	(438)	**(640)**
At 31 March 2021	**959**	**(24)**	**(25)**	**(688)**	**222**

Deferred tax assets and liabilities have been offset in both the current year and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has a total carried forward tax losses of £10.5 million (2020: £8.1 million) available to offset against future taxable profits. Out of which, the Group has recognised deferred tax assets of £688,000 (2020: £250,000) in respect of £3.5 million carried forward tax losses as it is probable that these assets shall be recovered against the taxable profits over the foreseeable period. On the remaining £7.0 million (2020: £6.8 million) carried forward taxable losses, the Group has not recognised a deferred tax asset as it is less probable that the potential asset would be utilised.

Notes to the consolidated financial statements

(continued)

24. Issued capital

	9p deferred shares Number	1p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2020	151,998,453	555,929,713	19,239
Shares issued during the year	–	26,141,667	262
Issued share capital as at 31 March 2021	**151,998,453**	**582,071,380**	**19,501**

Holders of the deferred shares do not have the right to receive notice of any general meeting of the Company or any right to attend, speak or vote at such meeting. The deferred shareholders are not entitled to receive any dividend or distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of 1 pence aggregate. The deferred shares are also incapable of transfer and no share certificate will be issued.

During the year the Company issued 26,141,667 ordinary shares priced at 4 pence due to the consideration on the acquisition of Meritgroup.

On 16 April 2021 the Group's shareholders approved the resolutions set out in the 1 April 2021 circular to all shareholders which recommended proposals for a cancellation of share premium account, a capitalisation of merger account and cancellation of the resulting share, the cancellation of Deferred Shares, the consolidation and sub division of the Company's Ordinary Shares, the purchase of certain of the Company's Ordinary Shares, the change of the Company's name and the adoption of new Articles of Association.

The impact of the consolidation and subdivision was to reduce the number of ordinary shares by a factor of 28 and to increase the nominal value by a factor of 28 (so from 1p to 28p nominal).

25. Leases

The Group had adopted IFRS 16 Leases as at 1 April 2019, which replaced IAS 17 Leases. The Group had elected to apply the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised as an opening balance adjustment to retained earnings as at 1 April 2019. Prior periods have not been restated.

On transition to IFRS 16 on 1 April 2019, the Group recognised a £4.9 million right-of-use asset, along with a corresponding lease liability of £6.2 million. Accrued rent has been adjusted by £1.1 million and the difference of £0.2 million against opening retained earnings. The incremental borrowing rate used by the Group in applying IFRS 16 is 5 percent.

A reconciliation of total operating lease commitments disclosed at 31 March 2019 to the lease liability amount recognised on adoption of IFRS 16 is as follows:

	£'000
Total operating lease commitments disclosed at 31 March 2019	**7,546**
Discounted using incremental borrowing rate	**(1,359)**
Total lease liabilities recognised under IFRS 16 at 1 April 2019	**6,187**

Notes to the consolidated financial statements

(continued)

25. Leases (continued)

	Right-of-use assets £'000	Lease liabilities £'000
On adoption – 1 April 2019	4,927	(6,187)
Additions through acquisition of subsidiary	4,209	(4,209)
Depreciation	(1,210)	–
Lease interest	–	(420)
Lease payments	–	1,732
Decrease in accruals/prepayments	–	(132)
As at 31 March 2020	7,926	(9,216)
Additions	713	(765)
Depreciation	(1,330)	–
Lease Interest	–	(422)
Lease payments[1]	–	1,846
Disposals	(89)	72
Translation	(532)	549
As at 31 March 2021	**6,688**	**(7,936)**
Current	n/a	(1,467)
Non-current	n/a	(6,469)

[1] Of the £1,846k, payment of the lease liability was £1,181k, payment of the interest expense £362k and an accrual of £303k paid post year end.

The statement of profit or loss shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right-of-use assets	**1,330**	1,210
Interest expense (included in finance cost)	**422**	420

The right-of-use assets relate to office space in five locations and at the balance date have remaining terms ranging up to 9 years.

There were £nil of expenses relating to diminutive payments not included in the measurement of lease liabilities. (2020: £nil)

The Group is potentially exposed to adverse changes in lease liabilities as there is a rent review due on its London premises in July 2021 and the Brussels lease has an immaterial inflationary increase every January.

Lease liabilities includes £77,000 of IT equipment. These assets are capitalised in Note 15 under IT equipment.

Notes to the consolidated financial statements

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26 Share-based payments

Executive Share Option Scheme

The Company operated an Unapproved Executive Share Option Scheme under which equity-settled share options are granted to selected Group employees. Only 1 employee held options under the scheme, and this employee is not a Director of the Company. The contractual life of each grant was 10 years. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2020	Granted during the year	Lapsed/exercised during the year	Outstanding options at 31 March 2021
4 November 2010	100,000	–	(100,000)	**–**
	100,000	–	(100,000)	**–**

All options granted are discretionary (as determined by the Board) and carry a pre-exercise performance condition, requiring the Company's Earnings Per Share achievement during any rolling three-year financial performance year to exceed the retail/consumer price index by at least 3%, in aggregate, during the same period. No consideration is received for an award and no grants can be made at an option exercise price per share which is less than the market price at the time of grant.

Long-Term Incentive Plan (LTIP)

On 21 September 2018, the Company granted the former Chief Executive Officer a conditional award under a new long-term incentive plan. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2020	Granted during the year	Lapsed/exercised during the year	Outstanding options at 31 March 2021
21 September 2018	1,562,000	–	–	**1,562,000**
	1,562,000	–	–	**1,562,000**

To become exercisable, the options are dependent on the market capitalisation of the Group. The options have a contractual life of 3 years, with the potential for additional value to be realised after a 4th year, subject to performance hurdles. The first £250,000 of this long-term incentive plan are under an approved EMI scheme. The option pricing model used in relation to the LTIP is a Monte-Carlo simulation model. Significant assumptions used include volatility and risk-free rates.

Details of the share options outstanding during the year are as follows.

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 1 April 2019	1,812,000	n/a
Lapsed during the year	(150,000)	n/a
As at 31 March 2020	**1,662,000**	**n/a**
Lapsed during the year	**(100,000)**	**n/a**
As at 31 March 2021	**1,562,000**	**n/a**

26 Share-based payments (continued)

The following options were outstanding under the Company's Executive Share Option Scheme and LTIP, as at 31 March 2021:

	Number of Ordinary shares	Exercise price per share (pence)	Exercise period
Long-Term Incentive Plan			
21 September 2018	1,562,000	16.1087p	Oct 2021
	1,562,000		

The income statement charge in respect of the LTIP for the year was £27,000 (2020: £20,000).

27. Pensions

Defined benefit pension

The Group operates a defined benefit pension scheme for qualifying employees based in India known as Gratuity Benefits which is classified as Post-Retirement Benefits under IAS19 (revised). Under the scheme, the eligible employees are entitled to a retirement benefit in cash based on final salary on attainment of retirement age (or earlier withdrawal/resignment or death) after 5 years of continual service. The assets of the scheme are held separately to the assets of the Group in a trustee administered fund.

The Group employed an independent actuary to update the Gratuity Benefits valuation to measure the scheme's liabilities.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The projected unit credit method is based on the plans accrual formula and upon services as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

The scheme's costs are borne by the Group. Any surplus or deficits in the scheme may affect the Group through periodic adjustments to the Group's contribution rate as determined by the actuary.

The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

- Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds.
- Investment risk – The plan assets at 31 March 2021 are policy from insurance. The value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the asset is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the valuation period.
- Longevity risk – The Group is required to provide benefits for the members in the gratuity scheme. Increases in the continual tenure of employment will increase the defined benefit liability.
- Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. High salary growths will lead to higher level of benefits to be paid by the Group.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the withdrawal rates. The assumptions used for the valuation of the defined benefits obligation are as follow in the "principle actuary assumption table".

Notes to the consolidated financial statements

(continued)

27. Pensions (continued)

Funded status of the plan

	2021 £'000	2020 £'000
Present value of funded defined benefit obligations	**371**	294
Fair value of plan Assets	**(132)**	(156)
Present value of unfunded defined benefit obligations	**239**	138
Current	**73**	54
Non-current	**166**	84
Net Deficit	**239**	138
Net Liability	**239**	138

Prior year balance sheet has been reclassed to show the balances of the net liability, £54k current and £84k non-current. This balance was previously part of trade payables which has been restated from £12,423k to £12,285k.

Movement in present value of obligation

	2021 £'000	2020 £'000
At 1 April	**294**	146
Current service cost	**70**	50
Interest cost	**17**	10
Remeasurement losses (gains) (OCI)		
Due to changes in financial assumptions	**48**	(10)
Due to changes in demographic assumptions	**–**	(13)
Due to experience adjustments	**(4)**	111
Benefits paid from fund	**(33)**	–
FX revaluation	**(21)**	–
At 31 March	**371**	294

Movement in fair value of plan assets

	2021 £'000	2020 £'000
At 1 April	**156**	146
Net interest Income	**10**	10
Return on plan assets	**(1)**	–
Contribution by employer	**11**	–
Benefits paid	**(33)**	–
FX revaluation	**(11)**	–
At 31 March	**132**	156

The breakdown of plan asset is 100% policy of insurance. The plan assets are all based geographically in India.

27. Pensions (continued)

Amount recognised in the Income statement

	2021 £'000	2020 £'000
Service cost	**70**	50
Interest cost	**17**	–
Interest Income	**(10)**	–
Contribution by employer	**11**	–
FX Revaluation	**(32)**	–
Total expenses recognised in Income Statement	**56**	50

Amount recognised in the statement of OCI

	2021 £'000	2020 £'000
Actuarial changes in financial assumptions	**48**	(10)
Actuarial changes in demographic assumptions	**–**	(13)
Actuarial experience adjustments	**(4)**	111
Return on plan assets	**1**	–
Total expenses recognised in OCI	**45**	88

In 2020 the £88k charge was included within admin expenses. Due to its immaterial value of OCI impact in 2020, this prior year reclassification error has not been restated.

Principle actuarial assumptions (expressed as weighted averages) are as follow:

Principle Actuarial assumptions

	2021 p.a	2020 p.a
Discount rate	**6.25%**	6.60%
Salary growth rate	**8.50%**	6.00%
Withdrawal rates by age		
Below 35	**25.00%**	25.00%
35 to 45	**15.00%**	15.00%
Above 45	**10.00%**	10.00%
Rate of return on plan assets	**6.25%**	6.60%

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below.

Notes to the consolidated financial statements

(continued)

27. Pensions (continued)

Mortality rates

Age (in years)	2021	2020
20	**0.09%**	0.09%
30	**0.10%**	0.10%
40	**0.17%**	0.17%
50	**0.44%**	0.44%
60	**1.12%**	1.12%

At 31 March 2021 the mortality rates were derived from the Indian Assured Lives Mortality (2012-2014) report.

The Group expects to contribute approximately £120,000 in the next financial year.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 5.90 years (2020: 5.77 years).

The calculation of the defined benefit obligation (DBO) is sensitive to the assumptions set out above.

The following table summarises how the define benefit obligation at the end of the reporting period would have been because of a change in the respective assumptions.

Sensitivity to key assumptions

	2021 £'000 p.a	2020 £'000 p.a
Discount rate		
Increase by 0.5%	**360**	287
Decrease by 0.5%	**382**	302
Salary growth rate		
Increase by 0.5%	**379**	301
Decrease by 0.5%	**362**	287
Withdrawal rate (W.R)		
W.R x 110%	**365**	292
W.R x 90%	**376**	296

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28. Related party transactions

During the year, the Group received a repayment of £nil (2020: £140,000) on its interest free loan to its associate Sans Frontieres Associates (SFA). At 31 March 2021 the balance outstanding was £560,000 (2020: £560,000).

During the year, an amount of £69,493 (2020: £55,720) was payable to an associate Social 360 Limited, in relation to profit-share for monitoring services provided. At 31 March 2021, £nil (2020: £22,620) of this balance was outstanding.

On acquisition of Meritgroup, an arm's length non-repairing 7-year lease was entered into between a Merit subsidiary (Letrim Intelligence Services Private Limited) and Merit Software Services Private Limited. Cornelius Conlon, a Director of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of Merit. During the year, payments of £752,000 (2020: £535,000) were made to Merit Software Services Private Limited in relation to the lease.

Cornelius Conlon, a Director of the Group is entitled to shares and a cash consideration on the first three anniversaries of the Meritgroup acquisition. The total number of shares issued were 13,333,819 of value of £533,352 and cash consideration of £220,000.

The Executive Directors of the Group are considered key management personnel. See Note 7 for details of Directors' remuneration.

29. Events occurring after the reporting date

On the 1 April 2021 the Company wrote to all shareholders recommending proposals for a cancellation of share premium account, a capitalisation of merger account and cancellation of the resulting share, the cancellation of Deferred Shares, the consolidation and sub division of the Company's Ordinary Shares, the purchase of certain of the Company's Ordinary Shares, the change of the Company's name and the adoption of new Articles of Association. This would have the effect of increasing distributable reserves to £22,782,434.

The Deferred Shares are not admitted to trading on AIM (unlike the Ordinary Shares) and the Deferred Shares are economically valueless.

The impact of the consolidation and subdivision was to reduce the number of ordinary shares by a factor of 28 and to increase the nominal value by a factor of 28 (so from 1p to 28p nominal).

The proposals were all agreed by shareholders on 16 April 2021.

The Board has no current intention of declaring dividends but as a result of the above proposals would have greater scope to do so if it resolved that the Company's cash reserves and profitability merited it.

Notes to the consolidated financial statements

(continued)

29. Events occurring after the reporting date (continued)

Proforma capital and reserves

Capital and reserves	31 March 2021 £'000	Step 1 £'000	Step 2 £'000	Step 3 £'000	Step 4 £'000	31 March 2021 £'000
Issued capital	19,501	–	409	(409)	(13,680)	5,821
Share premium	20,866	(20,866)	–	–	–	–
Merger reserves	409	–	(409)	–	–	–
Retained loss	(6,671)	20,866	–	409	–	14,514
Share option reserve	58	–	–	–	–	58
Translation reserve	(80)	–	–	–	–	(80)
Other reserves	(45)	–	–	–	–	(45)
Redemption Reserve	–	–	–	–	13,680	13,680
Total equity	34,038	–	–	–	–	34,038

The proposed changes were approved by our shareholders; the impact of the restructure is shown in the following steps below and table above, with the closing balance restated as a proforma.

1. The share premium account of the Company of £20,866,209 was cancelled and the balance was credited to the reserves;

2. The merger reserve balance of £409,286 was issued into a Capital Reduction Share;

3. The Capital Reduction Share was subsequently cancelled and credited to the reserves;

4. The deferred shares of 151,998,453 at a value of 9 pence each were cancelled and credited to the reserve at a value of £13,679,861.

On the 9 April 2021 Group received a loan repayment of £70k from its associate SFA.

On 18 May 2021, the Group successfully completed its tranche 1 of its €600K investment into DataWorks. Tranche 2 is payable by the end of September 2021.

On the 30 June 2021 the Group agreed revised facilities with Barclays Bank plc which include:

- Term Loan: reduced payments in the current year with offsetting increases in subsequent years although no increase in overall duration of the loan; a change in pricing from 3.25% above LIBOR to 3.75% above the Bank of England interest rate;
- RCF: a change in pricing, effective January 2022; from 3.50% above LIBOR to 4.00% above the Bank of England interest rate;
- Covenants: revised leverage and debt service covenants with effect from 1 April 2021 for the balance of the facility (June 2024);
- Cash: the requirement to maintain a minimum cash balance, across the Group, of £0.5 million.

On 7 and 8 July 2021 Group received further loan repayments of £70k from its associate SFA, bringing total loan repayment received since 1 April 2021 to £140k.

On 28 July 2021 the Group paid £272k to certain employees relating to the acquisition of Meritgroup Limited.

Parent Company balance sheet

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	32	**1,596**	1,624
Tangible fixed assets	33	**1,415**	1,658
Investments	34	**42,342**	42,342
Long-term loan receivable		**–**	560
Total non-current assets		**45,353**	46,184
Current assets			
Debtors	35	**5,026**	3,862
Loan receivable		**560**	–
Cash	36	**294**	120
Total current assets		**5,880**	3,982
Total assets		**51,233**	50,166
Capital and reserves			
Called-up share capital	39	**19,501**	19,239
Share premium account		**20,866**	20,082
Merger reserve		**409**	409
Profit and loss account		**1,968**	1,366
Share option reserve		**27**	–
Total equity		**42,771**	41,096
Current liabilities			
Trade and other payables	37	**2,708**	3,058
Deferred consideration	34	**1,046**	1,046
Bank loan/RCF	38	**2,253**	3,000
Lease liability	41	**17**	–
Total current liabilities		**6,024**	7,104
Non-current liabilities			
Other payables	37	**–**	921
Deferred consideration	34	**–**	1,045
Bank Loan	38	**2,378**	–
Lease liability	41	**60**	–
Total non-current liabilities		**2,438**	1,966
Total equity and liabilities		**51,233**	50,166

During the year, the Company made a profit of £602,000 (2020: profit of £26,000).

The Notes on pages 78 to 87 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Simon Bullock
Chief Financial Officer

29 July 2021

Company number: 04267888

Parent Company statement of changes in equity

	Share capital £'000	Share premium[1] £'000	Merger reserve[2] £'000	Profit and Loss £'000	Share option reserve £'000	Total shareholders' funds £'000
At 1 April 2019	17,096	8,143	409	1,340	–	26,988
Total comprehensive income						
Profit for the year	–	–	–	26	–	26
Share-based payment charge	–	–	–	–	–	–
Transactions with the owners						
Issue of ordinary shares	2,143	11,939	–	–	–	14,082
At 31 March 2020	**19,239**	**20,082**	**409**	**1,366**	**–**	**41,096**
Total comprehensive income						
Profit for the year	**–**	**–**	**–**	**602**		**602**
Share-based payment charge	**–**	**–**	**–**	**–**	**27**	**27**
Transactions with the owners						
Issue of ordinary shares	**262**	**784**	**–**	**–**		**1,046**
At 31 March 2021	**19,501**	**20,866**	**409**	**1,968**	**27**	**42,771**

(1) The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

(2) The merger reserve represents accounting treatment in relation to historical business combinations.

Share options reserve – prior year this was recognised at a Group level; however this year's charge has been recorded at a Company level.

The current year charge is £27,000 (2020: £20k at a Group level).

The Notes on pages 78 to 87 form part of these financial statements.

30. Statement of Accounting Policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom applicable accounting standards, including Financial Reporting Standard 102, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes;
- financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks;
- the requirement to present share-based payment disclosures; and
- the requirement to disclose key management personnel compensation.

Going Concern

The Directors have considered the implications for Going Concern for a period of at least twelve months from the signing of these accounts. The Board remains satisfied with the Company's funding and liquidity position as discussed further in Note 1 of the Group financial statement.

The Board remains mindful regarding the uncertainties inherent in the current economic conditions. The Company's forecasts and projections, taking into account reasonable changes in trading performance given these uncertainties, show the Company operating within its current cash flow with headroom going forward.

On the basis of these forecasts, and given the level of cash available, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Share-based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises a movement in the cost of investment in its subsidiaries equivalent to the equity-settled share based payment charge recognised in its subsidiary's financial statements, with the corresponding movement being recognised directly in equity.

Notes to the Parent Company financial statements

(continued)

30. Statement of Accounting Policies – Company (continued)

Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. The depreciation of the lease asset is the shorter of the lease term and the estimated useful life of the asset, in line with the policy.

Post-retirement benefits – defined contribution

The Company contributes to independent defined contribution pension schemes.

Dividends

Dividends from subsidiary companies are accounted for when payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset of a fixed asset have been met, the deferred tax is reversed, recognised, and will be assessed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Parent Company financial statements

(continued)

30. Statement of Accounting Policies – Company (continued)

Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives. Assets are not revalued. The amortisation period and method are reviewed at each financial year end.

Intangible assets represent publishing rights acquired by the Company. These are amortised over their useful economic life of 20 years.

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the remaining life of the lease
IT Equipment and fixtures and fittings	3-5 years

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings and participating interests are stated at cost less any provisions for impairment.

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of other comprehensive income until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Notes to the Parent Company financial statements

(continued)

30. Statement of Accounting Policies – Company (continued)

Reversals of impairment

An impairment loss is reversed on intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment on the intangible assets and the value in use or the fair value less cumulative depreciation is above the impaired carrying amount.

For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets, liabilities and equity instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Notes to the Parent Company financial statements

(continued)

31. Staff costs – Company

The average number of persons employed by the Company (including executive Directors) during the year within each category was:

	2021	2020
Managerial and administration staff	**8**	8

The aggregate payroll costs in respect of these employees (including executive Directors) were:

	2021 £'000	2020 £'000
Wages and salaries	**591**	678
Social security costs	**74**	76
Pension and other costs	**2**	–
Share-based payment charge	**27**	20
	694	774

Detailed disclosures on Directors' remuneration is given in Note 7.

32. Intangible assets – Company

	Publishing rights £'000	Software £'000	Total £'000
Cost			
At 1 April 2019	1,357	–	1,357
Additions	–	607	607
At 31 March 2020	1,357	607	1,964
Additions	–	167	167
At 31 March 2021	**1,357**	**774**	**2,131**
Accumulated amortisation			
At 1 April 2019	272	–	272
Charge for the year	68	–	68
At 31 March 2020	340	–	340
Charge for the year	68	127	195
At 31 March 2021	**408**	**127**	**535**
Net book value			
At 31 March 2020	1,017	607	1,624
At 31 March 2021	**949**	**647**	**1,596**

Notes to the Parent Company financial statements

(continued)

33. Tangible fixed assets – Company

	Leasehold Improvements £'000	IT Equipment £'000	Total £'000
Cost			
At 1 April 2019	1,992	748	2,740
Additions	14	–	14
At 31 March 2020	2,006	748	2,754
Additions	–	77	77
At 31 March 2020	**2,006**	**825**	**2,831**
Accumulated depreciation			
At 1 April 2019	463	323	786
Charge for the year	204	106	310
At 31 March 2020	667	429	1,096
Charge for the year	223	97	320
At 31 March 2020	**890**	**526**	**1,416**
Net book value			
At 31 March 2020	1,339	319	1,658
At 31 March 2021	**1,116**	**299**	**1,415**

34. Fixed asset investments – Company

	Associates £'000	Subsidiary undertakings £'000	Total £'000
Cost			
As at 1 April 2020	463	41,879	42,342
As at 31 March 2021	**463**	**41,879**	**42,342**

During the year the Company received dividends from its subsidiaries in total of £645k (2020: nil) which were recognised as income. Detailed disclosures on subsidiary undertakings are given in Note 16 and associates in Note 17. During the prior year the Company purchased 100% of the share capital of Meritgroup Limited.

35. Trade and other receivables – Company

	2021 £'000	2020 £'000
Other debtors	**–**	–
Amounts owed by group undertakings	**4,150**	2,692
Prepayments and accrued income	**876**	1,170
	5,026	3,862

Notes to the Parent Company financial statements

(continued)

36. Cash and cash equivalents – Company

	2021 £'000	2020 £'000
Cash and cash equivalents	**294**	120

37. Trade and other payables – Company

Trade and other payables: amounts falling due within one year	2021 £'000	2020 £'000
Trade creditors	**1,102**	–
Amounts owed to group undertakings	**237**	1,179
Other creditors including tax and social security	**–**	18
Other payables	**–**	272
Accruals and deferred income	**1,369**	1,589
	2,708	3,058

Trade and other payables: amounts falling due after more than one year	2021 £'000	2020 £'000
Amounts owed to group undertakings	**–**	376
Other payables	**–**	545
	–	921

38. Interest-bearing loans and borrowings – Company

During the prior year, the Company borrowed a term loan of £3 million over a 5-year period carrying a rate of 3.25% over LIBOR. In the current year it has a revolving credit facility (RCF) of £2 million (2020: £nil) carrying a rate of 3.5% over LIBOR. The current balance outstanding on the term loan is £2.6 million. The current balance outstanding on the RCF is £2 million. In total the Company has £4.6 million outstanding with the bank.

See Note 19 for the maturity analysis of the bank loan.

Notes to the Parent Company financial statements

(continued)

39. Share capital – company

	9p deferred shares Number	1p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2020	151,998,453	555,929,713	19,239
Shares issued during the year	–	26,141,667	262
Issued share capital as at 31 March 2021	**151,998,453**	**582,071,380**	**19,501**

Holders of deferred shares do not have the right to receive notice of any general meeting of the Company or any right to attend, speak or vote at such meeting. The deferred shareholders are not entitled to receive any dividend or distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of 1 pence aggregate. The deferred shares are also incapable of transfer and no share certificate will be issued.

During the year the Company issued 26,141,667 ordinary shares due to contingent consideration on the acquisition of Meritgroup.

On 16 April 2021 the Company's shareholders approved a share consolidation and sub-division. The impact of the consolidation and subdivision was to reduce the number of ordinary shares by a factor of 28 and to increase the nominal value by a factor of 28 (so from 1p to 28p nominal).

40. Operating lease commitments – Company

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

Land and buildings	2021 £'000	2020 £'000
Within one year	**1,056**	1,056
Between two and five years	**4,223**	4,223
After five years	**22**	1,078
	5,301	6,357

41. Finance lease commitment – Company

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

IT equipment	2021 £'000	2020 £'000
Within one year	**17**	–
Between two and five years	**60**	–
After five years	**–**	–
	77	–

Notes to the Parent Company financial statements

(continued)

42. Related party disclosures – Company

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Related Party Disclosures Section 33 (33.1A) from disclosing transactions which occurred between wholly owned subsidiaries of the Group headed by Merit Group plc.

During the previous years, Artefact Partners LLP provided strategic consultancy services to Merit Group plc, we were issued VAT only invoices in relation to these services to the value of £8,000 (2020: £20,000). Current Non-Executive Director Richard Boon is a LLP designated member of Artefact Partners LLP (also refer to Note 7 detailing Directors' remuneration).

Cornelius Conlon, a Director of the Group is entitled to shares and a cash consideration on the first 3 anniversaries of the Meritgroup acquisition. The total number of shares issued were 13,333,819 of value of £533,352 and Cash consideration of £220,000.

During the year, the Company received repayment of £nil (2020: £140,000) of an interest free loan from its associate Sans Frontieres Associates (SFA). At 31 March 2021 the balance outstanding was £560,000 (2020: £560,000).

43. Events occurring after the reporting date – Company

On the 1 April 2021 the Company wrote to all shareholders recommending proposals for a cancellation of share premium account, a capitalisation of merger account and cancellation of the resulting share, the cancellation of Deferred Shares, the consolidation and sub division of the Company's Ordinary Shares, the purchase of certain of the Company's Ordinary Shares, the change of the Company's name and the adoption of new Articles of Association. This would have the effect of increasing distributable reserves to £22,782,434.

The Company further proposed to cancel the 151,998,453 Deferred Shares that were created in February 2012 in the share capital reorganisation. The Deferred Shares are not admitted to trading on AIM (unlike the Ordinary Shares) and the Deferred Shares are economically valueless.

Finally the Company proposed a share consolidation and sub-division. The impact of the consolidation and subdivision was to reduce the number of ordinary shares by a factor of 28 and to increase the nominal value by a factor of 28 (so from 1p to 28p nominal).

The proposals were all agreed by shareholders on 16 April 2021.

The Board has no current intention of declaring dividends but as a result of the above proposals would have greater scope to do so if it resolved that the Company's cash reserves and profitability merited it.

Proforma capital and reserves

Capital and reserves	31 March 2021 £'000	Step 1 £'000	Step 2 £'000	Step 3 £'000	Step 4 £'000	31 March 2021 £'000
Issued capital	19,501	–	409	(409)	(13,680)	5,821
Share premium	20,866	(20,866)	–	–	–	–
Other reserves	409	–	(409)	–	–	–
Retained Profit	1,968	20,866	–	409	–	23,243
Share option reserve	27	–	–	–	–	27
Redemption Reserve	–	–	–	–	13,680	13,680
Total equity	**42,771**	–	–	–	–	**42,771**

Notes to the Parent Company financial statements

(continued)

43. Events occurring after the reporting date (continued)

The proposed changes were approved by our shareholders; the impact of the restructure is shown in the following steps below and table above, with the closing balance restated as a proforma.

1. The share premium account of the Company of £20,866,209 was cancelled and the balance was credited to the reserves;

2. The merger reserve balance of £409,286 was issued into a Capital Reduction Share;

3. The Capital Reduction Share was subsequently cancelled and credited to the reserves;

4. The deferred shares of 151,998,453 at a value of 9 pence each were cancelled and credited to the reserve at a value of £13,679,861.

On the 9 April 2021 Group received a loan repayment of £70k from its associate SFA.

On 18 May 2021, the Group successfully completed its tranche 1 of its €600k investment into DataWorks. Tranche 2 is payable by the end of September 2021.

On the 30 June 2021 the Group agreed revised facilities with Barclays Bank which included:

- Term Loan: reduced payments in the current year with offsetting increases in subsequent years although no increase in overall duration of the loan; a change in pricing from 3.25% above LIBOR to 3.75% above the Bank of England interest rate;
- RCF: a change in pricing, effective January 2022; from 3.50% above LIBOR to 4.00% above the Bank of England interest rate;
- Covenants: revised leverage and debt service covenants with effect from 1 April 2021 for the balance of the facility (June 2024);
- Cash: the requirement to maintain a minimum cash balance, across the Group, of £0.5 million.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are thankful for the continued support of Barclays Bank.

On 7 and 8 July 2021 Group received further loan repayments of £70k from its associate SFA, bringing total loan repayment received since 1 April 2021 to £140k.

On 28 July 2021 the Group paid £272k to certain employees relating to the acquisition of Meritgroup Limited.

Notice of Annual General Meeting

To be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London, EC4R 3TT on 30 September 2021 at 12pm.

Shareholders are encouraged to appoint the Chairman of the Meeting as their proxy. Shareholders can do this by utilising one of the methods detailed in paragraph 3, 4 and 5 of the notes to the Notice of AGM and are encouraged to appoint a proxy as early as possible.

With social distancing and limited capacity at the time of writing, please take note of the following visitor procedure if you attend the AGM:

- All shareholders will enter through reception located on Upper Thames Street.
- Photo I.D. is required to gain entry (a valid passport or driving license).
- All visitors will be required to wear a face mask or covering while in communal areas and whilst moving throughout the building until they reach the 9th floor reception area where it can then be removed.
- They will also be required to sanitise hands on arrival; hand sanitiser will be available at the entrance.
- In accordance with current government guidelines, shareholders will be asked to provide a contact phone number for track and trace purposes.

All votes must be delivered to the Registrar no later than 12.00 pm on 28 September 2021. Please refer to the explanatory notes to the Notice of Annual General Meeting for more information on the appointment of proxies.

You may vote online at the Registrars website at www.signalshares.com. To do this, you will need to log in to your Share Portal account or register for the Share Portal if you have not already done so. To register for the Share Portal you will need your investor code which can be located on your share certificate. Once registered, you will immediately be able to vote.

We invite shareholders to submit any questions in advance of the AGM. Any specific questions on the business of the AGM can be submitted ahead of the AGM by e-mail to ir@meritgroupplc.com (marked for the attention of the CFO). We will publish these questions (other than any questions which the Board considers to be frivolous or vexatious) and answers on our website following the AGM.

Ordinary business

1. To receive the Company's annual accounts for the financial year ended 31 March 2021, together with the Directors' report and the auditors' report on those accounts.

2. To re-appoint Grant Thornton UK LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid.

3. To authorise the Directors to set the auditors' remuneration.

4. To re-appoint Vijay Vaghela as a Director of the Company pursuant to article 25.3 of the articles of association of the Company.

5. To re-appoint Mark Smith as a Director of the Company who retires by rotation.

6. To re-appoint Angela Entwistle as a Director of the Company who retires by rotation.

7. To re-appoint Diane Lees CBE as a Director of the Company who retires by rotation.

Special business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 8 as an ordinary resolution and to resolutions 9, 10 and 11 as special resolutions:

8. **That**, in place of all existing authorities to the extent unused, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £1,940,248 (being 6,929,458 ordinary shares of £0.28 each or approximately 33.3% of the Company's issued share capital) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2022, but so that such authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities (as defined in section 560 of the Act) in pursuance of such offers or agreements as if this authority had not expired.

Notice of Annual General Meeting

(continued)

9. **That**, subject to and conditional upon Resolution 8 set out in this notice having been passed, in substitution for all subsisting authorities to the extent unused, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 8 above and/or where the allotment constitutes an allotment of equity securities by virtue of section 573 of the Act, as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) in connection with a rights issue or open offer in favour of the holders of ordinary shares on the register of members at such record date(s) or any other persons entitled to participate in such rights issue or open offer (other than the Company itself in respect of any shares held by it as treasury shares) as the Directors may determine, where the equity securities respectively attributable to the interest of the ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them on any record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal practical problems arising under the laws of any territory or the requirements of any recognised regulatory body or stock exchange or otherwise, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2022; and

    (b) the allotment (other than pursuant to paragraph (a) of this Resolution) to any person or persons of equity securities up to an aggregate nominal value of £290,455 being 4.99% of the Company's issued share capital and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2022;

    but so that such authority shall allow the Company before such expiry to make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if this authority had not expired.

10. **To** authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.28 each provided that:

    (a) The maximum aggregate number of ordinary shares that may be purchased is 2,078,837 being 10% of the Company's issued share capital.

    (b) The minimum price (excluding expenses) which may be paid for each ordinary share is £0.28.

    (c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:

        (i) 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and

        (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:

            (a) the last independent trade of; and

            (b) the highest current independent bid for,

            any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

11. **That**, new articles be adopted as articles of association of the Company in substitution for and to the exclusion of all other articles of association.

By order of the Board.

Simon Bullock
Chief Financial Officer
Merit Group plc

Date: 29 July 2021

Registered Office: 11th Floor, The Shard, 32 London Bridge Street, London SE1 9SG

Notice of Annual General Meeting

(continued)

Notes:

These notes are important and require your immediate attention.

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

   - 6.00 pm on 28 September 2021; or
   - if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

   shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website giving information regarding the meeting

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at http://www.meritgroupplc.com/

Appointment of proxies

3. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the AGM. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. You will not have received a hard copy proxy form for the 2021 AGM in the post. You can instead submit your proxy vote electronically by accessing the shareholder portal at www.signalshares.com, logging in and selecting the 'Vote Online Now' link. You will require your username and password in order to log in and vote. If you have forgotten your username or password you can request a reminder via the shareholder portal. If you have not previously registered to use the portal you will require your investor code ('IVC') which can be found on your share certificate. Proxy votes should be submitted as early as possible and in any event, no later than 48 hours before the time for the holding of the meeting or any adjournment of it. You may request a hard copy proxy form directly from the Registrars, Link Group by emailing enquiries@linkgroup.co.uk or by post at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. To be valid, any hard copy proxy form must be received by post or (during normal business hours only) by hand at the Company's registrars, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL no later than 48 hours before the time for the holding of the meeting or any adjournment of it.

   To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) or at the electronic address provided in the form of the proxy by our registrar, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, no later than 48 hours business hours before the time for the holding of the meeting or any adjournment of it. If you are a CREST member, see note 4 below.

   Completion of a form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

Appointment of proxies through CREST

4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (CREST Participant ID: RA10) no later than 12pm on 28 September 2021, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting

(continued)

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

5. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

6. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

7. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Link Group no later than 12pm on 28 September 2021.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

8. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

9. As at 12.00pm on 28 July 2021 the Company's issued share capital comprised 20,788,375 ordinary shares of 28 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12.00pm on 28 July 2021 is 20,788,375.

   The website referred to in note 2 will include information on the number of shares and voting rights and biographical details of each Director who is being proposed for re-appointment or re-election by shareholders.

Company information

Company Directory

Registered and Head Office

Merit Group plc
11th Floor, The Shard
32 London Bridge Street
London SE1 9SG

Telephone: +44 (0)207 593 5500
Fax: +44 (0)207 593 5794

Email: information@meritgroupplc.com
www.meritgroupplc.com

Registered Number

04267888

Secretary and Advisors

Secretary

Fieldfisher Secretaries Limited
Riverbank House
2 Swan Lane
London EC4R 3TT

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Nomad and Broker

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Bankers

Barclays
1 Churchill Place
Canary Wharf
London E14 5HP

Legal Advisors

Fieldfisher LLP
17th Floor, No.1 Spinningfields
1 Hardman Square
Manchester M3 3EB

Company Registrar

You can contact Link's Customer Support Centre which is available to answer any queries you have in relation to shareholding:

By phone – +44 (0)371 664 0300

Calls are charged at the standard geographic rate and will vary by provider.

We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

By email – enquiries@linkgroup.co.uk

By post – Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Signal Shares is a secure online site where you can manage your shareholding quickly and easily. All you need is your investor code, which can be found on your share certificate. www.signalshares.com.

Company information

(continued)

Merit Group plc is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker MRIT.L).

Merit Group plc is the Parent Company of the Merit Group of companies. Unless otherwise stated, the text in this Annual Report does not distinguish between the activities and operations of the Parent Company and those of its subsidiary undertakings.

This is the Annual Report of Merit Group plc for the year ended 31 March 2021 and complies with UK legislation and regulations. It is also available on the Company's website: www.meritgroupplc.com.

Cautionary Statement

The purpose of this Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

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