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**FORRESTBROWN LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**FORRESTBROWN LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S Brown S Frank D Jadav M Yirilli
<b>Registered number</b>	08004376
<b>Registered office</b> +1	Floor 2 10 Templeback Bristol BS1 6FL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3 Callaghan Square Cardiff CF10 5BT

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**FORRESTBROWN LIMITED**

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**FORRESTBROWN LIMITED**

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

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**Introduction**

The directors present the strategic report for the year ended 31 December 2020.

**Business review**

The Directors are pleased to present a positive set of results for the company, during what was a particularly challenging year for the entire UK economy.

Turnover was £17,633,106 and EBITDA was £2,212,889 as the company consolidated its position as the UK's largest specialist consultancy offering exclusively R&D tax credits. Staff numbers continued to grow in Q1 2020 following the upward trend throughout 2019, however from Q2 2020 onwards the company took the decision to slow down recruitment in response to the uncertainty around Covid-19, across the full year the company averaged 136 employees (2019: 110).

Investment, whilst down on 2019 following the significant office move, has continued most notably in the company's internal claim management system to ensure the business remained in a strong position to continue delivering R&D tax credits claims for clients in the world of fully remote working. This investment has provided the business with the infrastructure required to support the growth for the foreseeable future with further investment planned across our IT systems, property and people to enhance our offering and ensure we maintain our position in an ever more competitive marketplace.

During 2020 ForrestBrown has also continued to benefit from the expertise and guidance of their parent company, Alliantgroup, the largest provider of R&D tax credits in the US. Under the tutelage of AlliantGroup, ForrestBrown remains primarily focused on growing market share whilst maintaining high standards of technical excellence and client service.

**Principal risks and uncertainties**

The company is constantly evaluating the principle risks and uncertainties that could have a potential impact upon its operating and financial performance. The key risks for the business centre around regulation, competition and economic uncertainty.

The R&D tax credit regime is ever-evolving and the company remains at the forefront of any policy changes proposed by HMRC. The company has strong representation on HMRC's R&D Consultative Committee (RDCC) and benefits from policy-level insights to help inform our continually-developing processes. The company continues to work closely with the CIOT professional standards and technical teams to drive quality and standards in our market, as well as engaging with HMRC on key technical topics. During 2020, ForrestBrown responded to a number of government consultations including changing of the scope of R&D qualifying expenditure around data and hosting costs, responding to the UK's R&D roadmap, raising standards in the tax advice market and preventing abuse of the SME R&D tax credit leading to the PAYE/NIC cap introduced in April 2021.

Following on from initiating the working group to develop new guidance on professional standards in the R&D advice market in 2019, the company was instrumental in ensuring the guidance was published in 2020 by all of the member bodies of the Professional Conduct in Relation to Taxation (PCRT). The working group also presented to the RDCC in July 2020 to publicise the guidance to members. Furthermore, in 2020 both CIOT and ATT published further guidance for businesses on how to choose an R&D tax adviser, which the company helped to create.

Competition is evolving as awareness of the R&D tax credit regime grows. The company is committed to raising awareness of the R&D tax incentives available to companies investing in research and development, ensuring those businesses that are eligible to claim can benefit from the tax incentive.

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**FORRESTBROWN LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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Whilst Covid-19 and Brexit have both created an environment of economic uncertainty, the company believes the R&D tax credit incentive will remain an essential part of the Government's strategy to increase productivity in the UK. It has put innovation at the heart of its Industrial Strategy, and we believe will continue to provide support to UK firms investing in innovation.

**Financial key performance indicators**

The key performance indicators used by the Board to monitor progress include turnover, EBITDA and headcount. Turnover was down 10% at 2020 £17,633,106 (2019: £19,583,992). As a result, EBITDA was down at £2,212,889 (2019: £4,516,745) as the business absorbed the impact of the pandemic, giving the business a firm foundation upon which to build post Covid-19. Employee numbers remained steady, particularly from Q2 2020 onwards in response to Covid-19, averaging 136 throughout the year to ensure the company was able to continue meeting the demands of the existing and varied client base.

**Going concern**

As at 31 December 2020, the Company's financial arrangements consisted of a cash balance of £7,156,594. There are no other sources of funding in place, with the trading activities of the business providing the day-to-day financing requirements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company will be able to operate within the level of its cash reserves for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its consolidated financial statements.

The uncertainty as to the future impact on the Company of the recent Covid-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis. The Company has continued to sign up new clients who are keen to access the valuable R&D Tax Credit incentive and all employees remain able to work securely from remote locations due to the cloud-based nature of the ForrestBrown IT systems. Whilst the company has not been immune from the impact of Covid-19 and has seen a drop in revenue and profit, the Board has stuck by the decision to absorb the impact of the pandemic by not furloughing employees, maintaining headcount where possible and ensuring that the company is able to help as many clients as possible to obtain the much-needed R&D tax relief at a difficult time for the whole UK economy. The Board believes this will stand the company in good stead to come out of the pandemic stronger as the economy continues to open up and we move towards 2022.

In light of the current COVID 19 pandemic, the Board has revisited its forecast for the 12 month period ending 30 September 2022 and has concluded that the Company has sufficient cash reserves to remain a going concern. The resilience of the business is underpinned by a large proportion of the Company's revenue being generated by existing clients. We have seen some businesses thrive in the current environment, reacting quickly to the changing market conditions and identifying opportunities through increased R&D activities. However, the pandemic and the broader macro-economic impact on the global economy is likely to have an adverse impact on the appetite, and indeed ability, of some of our clients to invest in new R&D which would have an adverse effect on our revenue. In addition, the 3-month filing deadline extension for businesses has seen a greater number of our claims sat with clients and accountants awaiting final approval. Whilst it is impossible to quantify the full impact of this, the 3-month extension has undoubtedly slowed the actual submission of claims during 2020 and 2021.

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**FORRESTBROWN LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Board have performed a number of downside scenarios to consider the potential impact of Covid-19 on the Company's results, including performing reverse stress testing on our model and the adverse impact on revenue and cash balances. Known reductions in expenditure within our business have also been modelled reflecting, for example, employees not being located in our offices for a period of time and less travel to visit prospects and client sites for face to face meetings, amongst others. Our business planning and mitigating activities are driven by our key priorities during the Covid-19 situation – protecting our cashflow whilst having the flexibility to respond to the needs of our clients and our people. Even under the worst-case downside scenario comprising our reverse stress testing, we are confident that we can take sufficient mitigating action to ensure that our cash balance remains sufficient over the forecast period.

This report was approved by the board on 29/9/2021 and signed on its behalf.

*Simon FF Brown*

**S Brown**  
Director

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**FORRESTBROWN LIMITED**

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

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

**Results and dividends**

The profit for the year, after taxation, amounted to £1,153,988 (2019 - £3,175,287).

**Directors**

The directors who served during the year were:

S Brown  
S Frank  
D Jadav  
M Yirilli

**Directors' responsibilities statement**

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

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

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

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

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

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 and other information included in Directors' reports may differ from legislation in other jurisdictions.

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**FORRESTBROWN LIMITED**

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

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**Disclosure of information to auditor**

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

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

**Auditor**

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

This report was approved by the board on 29/9/2021 and signed on its behalf.

*Simon FF Brown*

**S Brown**  
Director



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTBROWN LIMITED**

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**Opinion**

We have audited the financial statements of ForrestBrown Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTBROWN LIMITED (CONTINUED)

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### 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 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 Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 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.

### 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTBROWN LIMITED (CONTINUED)

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### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Responsibilities of directors 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTBROWN LIMITED (CONTINUED)

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### 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](http://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 how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety and data protection, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the Company's control environment;
  - the Company's relevant controls over areas of significant risks; and
  - the Company's business processes in respect of classes of transactions that are significant to the financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORRESTBROWN LIMITED (CONTINUED)**

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- Audit procedures performed by the engagement team included:
  - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
  - testing manual journal entries; in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
  - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
  - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
  - appropriate training, knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory requirements specific to the Company
- We did not identify any materials matters relating to non-compliance with laws and regulations, or relating to fraud.

**Use of our report**

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

*Grant Thornton UK LLP*

Rhian Owen BSc FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Cardiff  
Date: 29/9/2021

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**FORRESTBROWN LIMITED**


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


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	Note	2020 £	2019 £
Turnover	4	17,633,106	19,583,992
Cost of sales		(11,172,050)	(9,866,965)
<b>Gross profit</b>		<b>6,461,056</b>	<b>9,717,027</b>
Administrative expenses		(4,953,097)	(5,724,814)
Other operating income	5	282,165	210,017
<b>Operating profit</b>	6	<b>1,790,124</b>	<b>4,202,230</b>
Interest receivable and similar income	10	8,912	611
<b>Profit before tax</b>		<b>1,799,036</b>	<b>4,202,841</b>
Tax on profit	11	(645,048)	(1,027,554)
<b>Profit for the financial year</b>		<b>1,153,988</b>	<b>3,175,287</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 15 to 28 form part of these financial statements.

**FORRESTBROWN LIMITED**  
**REGISTERED NUMBER:08004376**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	13		705,096		1,027,923
			<u>705,096</u>		<u>1,027,923</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	14	9,370,926		12,480,692	
Cash at bank and in hand	15	7,156,594		5,603,559	
			<u>16,527,520</u>	<u>18,084,251</u>	
Creditors: amounts falling due within one year	16	(3,737,831)		(4,283,469)	
<b>Net current assets</b>			<u>12,789,689</u>		<u>13,800,782</u>
<b>Total assets less current liabilities</b>			<u>13,494,785</u>		<u>14,828,705</u>
Creditors: amounts falling due after more than one year	17		(109,297)		(109,297)
<b>Provisions for liabilities</b>					
Deferred tax	19	(32,031)		(112,841)	
Other provisions	20	(285,348)		(285,348)	
			<u>(317,379)</u>	<u>(398,189)</u>	
<b>Net assets</b>			<u>13,068,109</u>		<u>14,321,219</u>
<b>Capital and reserves</b>					
Called up share capital	21		124		124
Share premium account	23		2,327		2,327
Profit and loss account	23		13,065,658		14,318,768
			<u>13,068,109</u>		<u>14,321,219</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/9/2021

*Simon P P Brown*

**S Brown**  
Director

The notes on pages 15 to 28 form part of these financial statements.

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**FORRESTBROWN LIMITED**


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


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	124	2,327	14,318,768	14,321,219
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,153,988	1,153,988
<b>Total comprehensive income for the year</b>	-	-	1,153,988	1,153,988
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(3,746,598)	(3,746,598)
Capital contribution	-	-	1,339,500	1,339,500
<b>At 31 December 2020</b>	<b>124</b>	<b>2,327</b>	<b>13,065,658</b>	<b>13,068,109</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	124	2,327	9,930,032	9,932,483
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,175,287	3,175,287
<b>Total comprehensive income for the year</b>	-	-	3,175,287	3,175,287
<b>Contributions by and distributions to owners</b>				
Capital contribution	-	-	1,213,449	1,213,449
<b>At 31 December 2019</b>	<b>124</b>	<b>2,327</b>	<b>14,318,768</b>	<b>14,321,219</b>

The notes on pages 15 to 28 form part of these financial statements.

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**FORRESTBROWN LIMITED**


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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,153,988	3,175,287
<b>Adjustments for:</b>		
Depreciation of tangible assets	422,765	314,515
Loss on disposal of tangible assets	2,743	26,954
Interest received	(8,912)	(611)
Taxation charge	645,048	1,027,554
Decrease/(increase) in debtors	2,860,595	(2,676,092)
Decrease/(increase) in amounts owed by groups	249,171	(3,331,375)
(Decrease)/increase in creditors	(453,647)	1,514,751
Increase in provisions	-	210,348
Share of operating profit in associates	1,339,500	1,213,449
Corporation tax (paid)	(817,849)	(832,002)
<b>Net cash generated from operating activities</b>	<b>5,393,402</b>	<b>642,778</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(1,174,303)
Purchase of tangible fixed assets	(102,681)	-
Interest received	8,912	611
<b>Net cash from investing activities</b>	<b>(93,769)</b>	<b>(1,173,692)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,746,598)	-
<b>Net cash used in financing activities</b>	<b>(3,746,598)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,553,035</b>	<b>(530,914)</b>
Cash and cash equivalents at beginning of year	5,603,559	6,134,473
<b>Cash and cash equivalents at the end of year</b>	<b>7,156,594</b>	<b>5,603,559</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	7,156,594	5,603,559
	<b>7,156,594</b>	<b>5,603,559</b>

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**FORRESTBROWN LIMITED**

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

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**1. General information**

ForrestBrown Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Floor 2, 10 Templeback, Bristol, England, BS1 6FL.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The financial statements are presented in Sterling (£), which is the functional currency of the company. Amounts are rounded to the nearest £1.

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

There is currently a high level of macro-economic uncertainty due to Covid 19. The preparation of the financial statements requires the directors to make a number of estimates, including an assessment of the appropriateness of the going concern basis of preparation of the financial statements. This assessment includes a review of the future economic environment and the Company's future prospects and performance.

The following principal accounting policies have been applied:

**2.2 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services represents the majority of the income. This revenue is recognised when claims have been submitted to the tax authorities as the outcome of an assignment is probable once a claim is submitted. A provision is made to cover claims that may be subject to enquiry and subsequently adjusted. This provision is based on an analysis of retrospective data.

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**FORRESTBROWN LIMITED**

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

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared under the going concern basis of accounting.

The uncertainty as to the future impact on the Company due to the recent Covid-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis. Directors have prepared a 'Risk adjusted' forecast which is considered to be a prudent view, taking into account their view of the possible impact of Covid-19 on the business.

The Company has noted a reduction in trade due to Covid-19, however due to its cash balance and lack of debt within the Balance Sheet, the Company is viewed as a going concern.

The Company's client base is diversified and robust with a large proportion of revenue coming from strong existing client relationships. The Company has no debt or financing arrangements in place and is funded solely through its trading activity and has healthy cash balances. All of this puts the company in a strong position to support the going concern basis of accounting.

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.5 Operating leases: the Company as lessee**

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

**2.6 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

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**FORRESTBROWN LIMITED**

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

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**2. Accounting policies (continued)**

**2.7 Finance costs**

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

**2.8 Pensions**

**Defined contribution pension plan**

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

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

**2.9 Share based payments**

When share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. When the company participates in a share based payment arrangement in which the share options are in its parent company, the company accounts for the expense with the corresponding credit being taken to retained earnings and treated as a capital contribution.

**2.10 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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**FORRESTBROWN LIMITED**

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

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**2. Accounting policies (continued)**

**2.11 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold improvements	- Over the remaining life of the lease
Fixtures and fittings	- Over 3 years
Computer equipment	- Over 2 years

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

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

**2.12 Debtors**

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

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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FORRESTBROWN LIMITED

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

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**2. Accounting policies (continued)**

**2.14 Creditors**

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

**2.15 Provisions for liabilities**

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

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

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

**2.16 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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.

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**FORRESTBROWN LIMITED**

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

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**2. Accounting policies (continued)**

**2.16 Financial instruments (continued)**

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.

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

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

Preparation of the financial statements requires management to make significant judgements and estimates.

**Enquiry provision**

The company recognises revenue at the point at which it can be reliably estimated and is considered probable. This is deemed to be upon claim submission. The tax authorities can however open an enquiry into any claim for a period after submission and this enquiry may lead to the claim being restated downwards leading to a reduction in the company's share of revenue.

Management exercise judgement in estimating the provision required for claims that do go to enquiry and that are subsequently restated downwards as a result. Management base their assessment on an analysis of historical enquiry data which shows that the impact on revenue recognised has not been significant in the past and is not expected to be for claims submitted to the year end date.

Management continually review trends in respect of claims that go to enquiry and revise the provision accordingly.

**Work-in-progress**

No provision is made for the additional work required for dealing with the enquiries. In addition, no work-in-progress is provided for unsubmitted claims at varying stages of completion at the year end date as the impact of these is not considered to be material.

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**FORRESTBROWN LIMITED**


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


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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Provision of professional services	<u>17,633,106</u>	<u>19,583,992</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	<u>17,633,106</u>	<u>19,583,992</u>

**5. Other operating income**

	2020 £	2019 £
Other operating income	<u>282,165</u>	<u>210,017</u>

**6. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	<u>422,765</u>	<u>314,515</u>

**7. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>23,175</u>	<u>22,254</u>

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

Taxation compliance services	5,948	3,553
Other services relating to taxation	-	6,133
All other services	<u>9,093</u>	<u>45,380</u>

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**FORRESTBROWN LIMITED**


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


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**8. Employees**

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

	2020 £	2019 £
Wages and salaries	8,954,886	7,505,716
Social security costs	875,639	781,945
Cost of defined contribution scheme	246,314	163,104
	<u>10,076,839</u>	<u>8,450,765</u>

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

	2020 No.	2019 No.
Average number	<u>136</u>	<u>110</u>

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	230,867	230,651
Company contributions to defined contribution pension schemes	9,200	7,200
	<u>230,867</u>	<u>230,651</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £230,867 (2019 - £230,651).

The highest paid director was also issued with share options in 2018. The expense recognised in relation to these options amounted to £764,364 (2019: £764,384). This charge includes options issued to a connected individual but which the vesting is dependent on the continued employment of the director.

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £9,200 (2019 - £7,200).

**10. Interest receivable**

	2020 £	2019 £
Other interest receivable	<u>8,912</u>	<u>611</u>

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**FORRESTBROWN LIMITED**


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


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**11. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	725,858	912,164
Adjustments in respect of previous periods	-	(4,227)
<b>Total current tax</b>	<u>725,858</u>	<u>907,937</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(80,810)	119,617
<b>Total deferred tax</b>	<u>(80,810)</u>	<u>119,617</u>
<b>Taxation on profit on ordinary activities</b>	<u>645,048</u>	<u>1,027,554</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,799,036</u>	<u>4,202,841</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	388,867	798,540
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,139	5,300
Fixed asset differences	2,688	25,360
Adjustments to tax charge in respect of prior periods	-	(4,227)
Difference in deferred tax rates	11,441	(13,275)
Adjustment to deferred tax charge in respect of prior periods	(15,592)	(12,438)
Adjust opening deferred tax to average rate of 19.00%	-	(2,261)
Share based payment charge	254,505	230,555
<b>Total tax charge for the year</b>	<u>645,048</u>	<u>1,027,554</u>

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**FORRESTBROWN LIMITED**


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


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**11. Taxation (continued)****Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Analysis of net debt**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	5,603,559	1,553,035	7,156,594

**13. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	1,023,948	131,606	204,279	1,359,833
Additions	46,819	10,939	44,923	102,681
Disposals	(5,511)	-	-	(5,511)
At 31 December 2020	<u>1,065,256</u>	<u>142,545</u>	<u>249,202</u>	<u>1,457,003</u>
<b>Depreciation</b>				
At 1 January 2020	185,463	36,935	109,512	331,910
Charge for the year on owned assets	287,058	46,526	89,181	422,765
Disposals	(2,768)	-	-	(2,768)
At 31 December 2020	<u>469,753</u>	<u>83,461</u>	<u>198,693</u>	<u>751,907</u>
<b>Net book value</b>				
At 31 December 2020	<u>595,503</u>	<u>59,084</u>	<u>50,509</u>	<u>705,096</u>
At 31 December 2019	<u>838,485</u>	<u>94,671</u>	<u>94,767</u>	<u>1,027,923</u>

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**FORRESTBROWN LIMITED**


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


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**14. Debtors**

	2020 £	2019 £
Trade debtors	849,676	1,749,149
Amounts owed by group undertakings	3,497,427	3,746,598
Other debtors	347,042	347,603
Accrued income	4,676,781	6,637,342
	<u>9,370,926</u>	<u>12,480,692</u>

**15. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>7,156,594</u>	<u>5,603,559</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	556,991	239,136
Corporation tax	221,704	313,695
Other taxation and social security	1,293,187	1,285,107
Other creditors	-	66,205
Accruals and deferred income	1,665,949	2,379,326
	<u>3,737,831</u>	<u>4,283,469</u>

**17. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Accruals and deferred income	<u>109,297</u>	<u>109,297</u>

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**FORRESTBROWN LIMITED**


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


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**18. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	7,156,594	5,603,559
Financial assets that are debt instruments measured at amortised cost	9,048,337	12,156,117
	<u>16,204,931</u>	<u>17,759,676</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,222,940)</u>	<u>(2,793,964)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, accrued income and other debtors (excluding prepayments).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

**19. Deferred taxation**

	2020 £	2019 £
At beginning of year	(112,841)	6,776
Charged to profit or loss	80,810	(119,617)
<b>At end of year</b>	<u>(32,031)</u>	<u>(112,841)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(63,982)	(129,800)
Other differences	31,951	16,959
	<u>(32,031)</u>	<u>(112,841)</u>

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**FORRESTBROWN LIMITED**


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


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**20. Provisions**

	Dilapidations provision £
At 1 January 2020	285,348
At 31 December 2020	<u>285,348</u>

**21. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
5,500 (2019 - 5,500) A Ordinary shares of £0.01 each	55	55
4,500 (2019 - 4,500) B Ordinary shares of £0.01 each	45	45
2,350 (2019 - 2,350) C Ordinary shares of £0.01 each	24	24
	<u>124</u>	<u>124</u>

All share classes rank pari passu in all respects.

**22. Share based payments**

In 2018, 44,729 share options were granted to employees (or closely connected individuals) of ForrestBrown Limited. These options are registered in the name of company's ultimate parent company alliantgroup, LP. The options vest based on continued employment and vest in equal installments 25% each year over 4 years. 25% are exercisable as at 31 December 2020. In deriving the fair value the parent company used the Black Scholes model. The full expense has been recognised in ForrestBrown Limited as this is where the service is provided. The total expense recognised in 2020 was £1,213,449 (2019: £1,213,449).

In 2020, 5,500 share options were granted to employees of ForrestBrown Limited. These options are registered in the name of the company's ultimate parent company alliantgroup, LP. The options vest on continued employment and vest in equal installments at 25% each year over 4 years. 25% are exercisable as at 5 April 2021. In deriving the fair value the parent company used the Black Scholes model. The full expense has been recognised in ForrestBrown Limited as this is where the service is provided. The total expense recognised in 2020 was £126,051.

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**FORRESTBROWN LIMITED**


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


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**23. Reserves****Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit and loss account**

Includes all current and prior periods retained profits and losses.

**24. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £246,314 (2019: £163,104).

**25. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	881,398	919,314
Later than 1 year and not later than 5 years	2,983,131	2,240,998
	<u>                    </u>	<u>                    </u>

**26. Related party transactions**

Under FRS 102, the company is not required to disclose transactions entered into between itself and Alliant Global Corporation ("AGC") as it is a wholly owned subsidiary of AGC.

Key management remuneration amounted to £1,955,127 (2019: £1,668,180).

Share options were also issued to Key management personnel in the period. The charge is noted within note 22.

**27. Controlling party**

The immediate parent undertaking of the company by virtue of its entire holding of the entity's share capital is Alliant Global Corporation ("AGC"), a company incorporated in the United States. The ultimate parent undertaking is alliantgroup, LP, a company incorporated in the United States. The company's results are not consolidated into accounts that are publicly available. There is not considered to be an ultimate controlling party.

There was no ultimate controlling party in the prior year.