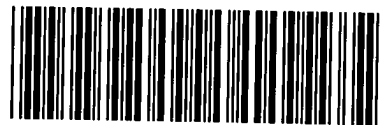


Twogether Creative Limited

Annual Report and Financial Statements
For the year ended 31 January 2021

Registered Number: 07824276

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Twogether Creative Limited

Annual report and financial statements
for the year ended 31 January 2021

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Twogether Creative Limited

Officers and professional advisers
Annual report and financial statements
for the year ended 31 January 2021

Directors

K Gilchrist
P J Harris
J A Peachey

Company Secretary

E L Wood

Registered office

75 Bermondsey Street, London, United Kingdom, SE1 3XF

Registered number

07824276 (England and Wales)

Auditor

Deloitte LLP, Statutory Auditor, 1 New Street Square, London, United Kingdom, EC4A 3HQ

Twogether Creative Limited

Strategic Report for the year ended 31 January 2021

The Directors present their strategic report together with the audited financial statements of Twogether Creative Limited (the "Company" or "Twogether") for the year ended 31 January 2021.

The purpose of the Strategic Report is to inform shareholders of the Company and help them to assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the Company).

Principal activity and review of the business

The principal activity of the Company in the year under review was the provision of B2B technology marketing services.

During the year to 31 January 2021 the business has continued to grow despite the global pandemic with net revenue increasing by 2% from £13,347,778 to £13,586,351 (2020: 33%) over the previous year and the operating profit margin before growth share charges was 20.7% (2020: 28.6%) this year. The slight decrease in profit margin was due to an increase in staff costs and a foreign exchange loss due to the change in rates during the year. This revenue increase is attributed to several new client wins and the Company also continued to engage with other companies within the group owned by Next Fifteen Communications Group plc ("Next 15").

Future developments

The Directors do not anticipate any changes to the principal activity of the Company in the foreseeable future.

Key performance indicators

The key financial indicators that the Company uses to monitor performance are net revenue, operating profit margin before exceptional items and net assets. The performance in the periods were as follows:

	Year ended 31 January 2021	Year ended 31 January 2020
Net revenue	£13,586,351	£13,347,778
Operating profit margin before growth share charge (see note 4) (%) ¹	20.7%	28.6%
Net (liabilities)/assets	£(50,389)	£70,680

¹ Operating profit margin is calculated as the margin on net revenue

The exceptional items include the growth share charge, which is added back to aid comparability of performance year on year and further details are included in note 4.

The Company also monitors non-financial indicators, and the two most significant are the rate of new business wins and the level of staff turnover.

Twogether Creative Limited

Strategic Report (continued)
for the year ended 31 January 2021

Registered number 07824276

Principal risks and uncertainties

The ongoing principal risks that the Company faces are the possible loss of staff who are key to existing client business and the possible loss of clients in excess of new business. The Company has exposure to a wide range of industry sectors and so any adverse changes affecting one particular sector are unlikely to have a significant impact on the Company's trading.

The Company places considerable importance on the motivation and retention of its people and regularly reviews its HR policies to this end.

The Company monitors its cash position daily and its cash flow projections on a monthly basis as part of its control procedures, taking action as appropriate.

The impact of the Covid-19 pandemic has led to significant uncertainty both in terms of the severity and duration of the macroeconomic impact. In uncertain economic times, there is an increased risk that customers cut marketing spend leading to reduced revenue and profit for the Company. The Board continues to monitor the latest macroeconomic developments to inform the Company strategy.

As a result of the United Kingdom leaving the European Union, the Directors have assessed the impact on the Company's long-term performance, and they do not consider this to be a material risk. The Directors are managing the risks by closely monitoring developments and are confident that the Company will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations, and to maintain its standing and reputation in the marketplace.

Financial risk management objectives and policies

Liquidity risk

There is no reliance on external debt. The Company is in a net liability position but there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next Fifteen Communications Group plc, are able to provide support in relation to liquidity should it be required.

Credit risk

The Balance Sheet of the Company includes intercompany and client balances. The Company is therefore exposed to credit risk on these balances. There is no concentration of credit with any one counterparty.

We have considered the impact of other risks such as interest rates and foreign exchange volatility but, whilst there is some exposure, we do not consider the risks to be material to the Company.

The strategic report as set out on pages 4 to 5 was approved by the Board on 26 October 2021 and signed on its behalf by:



Peter Harris (Oct 26, 2021 12:30 GMT+1)

P J Harris
Director
26 October 2021

Twogether Creative Limited

Report of the Directors for the year ended 31 January 2021

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Report of the Directors.

Results and dividends

The Profit and Loss Account is set out on page 13 and shows a profit of £2,121,429 for the year (2020: a profit of £1,123,815).

Dividends of £2,242,500 (2020: £1,414,700) were paid during the year. Subsequent to the balance sheet date and up to the date of signing, the Directors have not paid or proposed any further dividend payments.

Directors

The Directors of the Company during the year and up to the date of signing were:

K Gilchrist
P J Harris
J A Peachey

Company Secretary

The company secretaries who held office during the year and up to the date of this report were:

N Lee Morrison (resigned 11 December 2020)
E L Wood (appointed 11 December 2020)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Events after the balance sheet date

There are no significant or material post balance sheet events between the financial year end date and the date of this report.

Charitable contributions

The Company has made charitable donations of £1,609 in the year (2020: £nil).

Going concern

In light of the global health crisis as a result of the Covid-19 pandemic, the future performance of the Company is anticipated to be affected, but since the balance sheet date the Company has continued to trade well. Although it is hard to assess the long-term impact of the continued outbreak of Covid-19 on the trading for the year ahead, the Directors have analysed the forecast covering the next twelve months from date of and are satisfied that the Company will continue to generate sufficient cash to continue in operational existence. The Company also has net current liabilities at the balance sheet date. As such, the ultimate parent company Next Fifteen Communications Group plc has agreed to provide financial support, as required to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Twogether Creative Limited

Report of the Directors for the year ended 31 January 2021

Registered number 07824276

Auditor

Each of the persons who is a Director at the date of approval of this report confirms 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 he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on their behalf by:

Peter Harris

Peter Harris (Oct 26, 2021 12:30 GMT+1)

P J Harris
Director
26 October 2021

Twogether Creative Limited

Directors' responsibilities statement for the year ended 31 January 2021

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Twogether Creative Limited

Independent auditor's report

Independent auditor's report to the members of Twogether Creative Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Twogether Creative Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Twogether Creative Limited

Independent auditor's report (*continued*)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These include the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Twogether Creative Limited

Independent auditor's report (*continued*)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Completeness of rebate arrangements with customers. Our procedures included reviewing of management's policy regarding rebates, both identification of them and accounting for them, selecting a sample of clients and obtaining contracts during the year to check for any rebate terms and testing a sample of credit notes raised in the year to assess whether these were raised due to rebate agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Twogether Creative Limited

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.



Peter McDermott (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 October 2021

Twogether Creative Limited

Profit and Loss Account for the year ended 31 January 2021

	Note	31 January 2021	31 January 2020
		£	£
Revenue	3	14,979,563	14,094,862
Direct costs		<u>(1,393,212)</u>	<u>(747,084)</u>
Net Revenue		13,586,351	13,347,778
Administrative costs		(10,774,798)	(9,534,280)
Growth share charge	4	(603,634)	(2,690,411)
Operating profit		2,207,919	1,123,087
Interest receivable and similar income	8	12,665	34,349
Interest payable and similar interest	9	(75,888)	(77,367)
Profit before tax	4	2,144,696	1,080,069
Tax (charge)/credit	10	(23,267)	43,746
Profit for the year		<u>2,121,429</u>	<u>1,123,815</u>

All amounts relate to continuing activities.

There were no items of comprehensive income or expense in the current or prior year other than the profit for the year and, accordingly, no separate statement of comprehensive income is presented.

The accompanying notes on pages 16 to 30 form an integral part of these financial statements.

Twogether Creative Limited

Balance Sheet As at 31 January 2021

Registered number 07824276	Note	31 January 2021 £	31 January 2020 £
Fixed assets			
Intangible assets	11	5,786	8,663
Tangible assets	12	329,982	417,151
Right-of-use assets	12	2,070,503	2,386,898
Investments in subsidiaries	13	-	1
		2,406,271	2,812,713
Current assets			
Debtors	14	3,521,996	6,875,248
Cash at bank and in hand		6,455,069	880,671
		9,977,065	7,755,919
Creditors: Amounts falling due within one year	15	(10,107,734)	(7,775,667)
		(130,669)	(19,748)
Total assets less current liabilities		2,275,602	2,792,965
Lease liabilities	19	(2,095,483)	(2,476,777)
Provision for liabilities	18	(230,508)	(245,508)
		(50,389)	70,680
Capital and reserves			
Called up share capital	20	9	7
Profit and loss account		(50,398)	70,673
		(50,389)	70,680

The financial statements were approved by the Board of Directors and authorised for issue on 26 October 2021. They were signed on its behalf by:

Peter Harris

Peter Harris (Oct 26, 2021 12:30 GMT+1)

P J Harris
Director

The accompanying notes on pages 16 to 30 form an integral part of these financial statements.

Twogether Creative Limited

Statement of Changes in Equity For the year ended 31 January 2021

	Called up share capital (note 20) £	Profit and loss account £	Total £
Balance at 1 February 2019	7	361,558	361,565
Profit for the year	-	1,123,815	1,123,815
Total comprehensive income for the year	-	1,123,815	1,123,815
Dividends (note 16)	-	(1,414,700)	(1,414,700)
Balance at 31 January 2020	7	70,673	70,680
Profit for the year	-	2,121,429	2,121,429
Total comprehensive income for the year	-	2,121,429	2,121,429
Dividends (note 16)	-	(2,242,500)	(2,242,500)
Shares issued (note 20)	2	-	2
Balance at 31 January 2021	9	(50,398)	(50,389)

The accompanying notes on pages 16 to 30 form an integral part of these financial statements.

Twogether Creative Limited

Notes to the financial statements for the year ended 31 January 2021

1 General information

Twogether Creative Limited is a private company limited by shares, incorporated and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 5. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of Next Fifteen Communications Group plc. The Group financial statements of Next 15 are available to the public and can be obtained as set out in note 22.

2 Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements are prepared under the historical cost convention.

Adoption of new and revised standards

The Company has adopted all new accounting standards which were required to be adopted in the current period, none of which had a significant impact on the Company's results or financial position.

The Company has not yet adopted certain new standards which have been published but are only effective for accounting periods beginning on or after 1 February or later periods. The Directors do not expect that the adoption of these standards to have a material impact on the financial statements of the Company in the future.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report details the financial position of the Company, as well as the Company's objectives and financial risk management policies. In light of the global health crisis as a result of the Covid-19 pandemic, the future performance of the Company is still likely to be affected, but since the balance sheet date the Company has continued to trade well. Although it is hard to assess the long-term impact of the continued outbreak of Covid-19 on the trading for the year ahead, the Directors have analysed the forecast for the year ahead and are satisfied that the Company will continue to generate sufficient cash to continue in operational existence.

The Company has net current liabilities at the balance sheet date. As such, the ultimate parent company, Next Fifteen Communications Group plc, has agreed to provide financial support, as required to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

2 Significant accounting policies *(continued)*

Revenue recognition

Revenue comprises commission and fees earned and is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. In the majority of cases, relevant output measures such as the progress against the performance obligations set out in the contract are used to assess proportional performance. Where this is not the case then an input method based on costs incurred to date is used to measure performance. The primary input of substantially all work performed is represented by labour. As a result of the relationship between labour and cost there is normally a direct correlation between costs incurred and the proportion of the contract performed to date.

The amount of revenue recognised depends on whether we act as an agent or as a principal. The Company acts as principal when we control the specified good or service prior to transfer. When the Company acts as a principal the revenue recorded is the gross amount billed. Out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as a direct cost. Certain other arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, we are acting as an agent and we do not control the relevant good or service before it is transferred to the client. When the Company is acting as an agent, the revenue is recorded at the net amount retained. There is deemed to be no significant judgements in applying IFRS 15 and in evaluating when customers obtain control of the promised goods or services.

Direct costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients but where the Company retains quality control oversight, such as production or research costs.

Accrued and deferred income

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income on the Company's balance sheet. These balances are considered contract liabilities and are typically related to prepayments for third party expenses that are incurred shortly after billing.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

2 Significant accounting policies (continued)

Growth Share Accounting

Next Fifteen grants brand equity appreciation rights to key individuals in the form of restricted ordinary shares in the relevant subsidiary. The restricted ordinary shares give the individuals a right to a percentage of the future appreciation in their particular brand's equity. Appreciation is measured based on a multiple of the brand's operating earnings in subsequent year(s), over the base line value determined at the date of grant. Since any brand appreciation payments are to be settled in equity in the ultimate parent, to be paid for by the subsidiary, they are accounted for as cash-settled share-based payments in the subsidiary. The Group fair values the restricted ordinary shares at the date of grant and expenses them fully at that point. The subsidiary reassess the fair value of the liability each year and revalues the liability; any movement in the fair value is recognised in the Profit and Loss account.

Tangible assets

Tangible assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Office equipment	-	5 years
Computer equipment	-	3 years

Goodwill and intangible assets

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives.

The following useful lives are applied:

Software	-	5 years
Customer relationships	-	3 years

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised 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 at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

2 Significant accounting policies (continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Taxation

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

Current tax

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

Deferred tax

Deferred tax is the 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 profits will be available against which deductible 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets 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 that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

2 Significant accounting policies (continued)

Leased assets

The Company recognises a right-of-use asset and a corresponding lease liability at the commencement date with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, where the Company has elected to use the exemption. The total rentals payable under these leases are charged to the profit and loss account on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. When this rate cannot be determined, the Company uses the incremental borrowing rate for the same term as the underlying lease. The lease liability is subsequently remeasured when there is a change in future lease payments due to a renegotiation or market rent review, or a reassessment of the lease term. Lease modifications result in remeasurement of the lease liability with a corresponding adjustment to the related right-of-use asset. Interest expense is included within finance expense in the Profit and Loss Account.

The right-of-use asset is initially measured based on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, plus the estimated cost for any restoration costs the group is obligated to at lease inception. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

2 Significant accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes party to the contractual provisions of the asset or liability. The Company's accounting policies for different types of financial asset and liability are described below.

Trade debtors are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment. An allowance for impairment of trade debtors is established when there is objective evidence (such as significant financial difficulties on the part of the counterparty, or default or significant delay in payment) that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows associated with the impaired receivable.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the administrative expenses line in the profit and loss account. On confirmation that the trade debtors will not be collectable, the gross carrying value is written off against the associated allowance.

Trade payables are initially recognised at fair value and thereafter at amortised cost.

Critical accounting judgements and key sources of estimation uncertainty

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

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

The only material key source of estimation uncertainty relates to the accounting for growth shares. The growth shares are valued using a model to determine a probability weighted average forecast value of the brand appreciation rights on settlement with shares. This involves making judgements of the future revenue growth and profit margins of the brands over a number of years, as well as making assumptions on timing of the exercise of the put option by employees. If these judgements are incorrect, it could result in a material adjustment to the value of the liabilities within the next financial year. A one percent point increase in the estimated future revenue growth rate and estimated future profit margin would increase the liability by approximately £112,000.

The identification of exceptional items is a judgement in terms of which costs or credits are not associated with the underlying trading of the business or otherwise impact the comparability of the Company's results year on year.

Management believe there are no other material critical accounting judgements or estimates present.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

3 Revenue	Year ended 31 January 2021 £	Year ended 31 January 2020 £
An analysis of the Company's revenue is as follows:		
Rendering of services	11,500,749	6,418,634
Mechanical income	3,478,814	7,676,228
	14,979,563	14,094,862

All revenue relates to continuing operations and arises from the provision of services within the UK 52% (2020: 48%), North America 34% (2020: 9%), Europe, Middle East and Africa 9% (2020: 36%), and Asia Pacific 5% (2020: 7%).

4 Profit before tax	Year ended 31 January 2021 £	Year ended 31 January 2020 £
Profit for the year has been arrived at after charging:		
Depreciation of tangible fixed assets	136,315	143,991
Depreciation of right-of-use assets	316,395	340,098
Staff costs (see note 6)	8,019,103	7,312,892
Foreign exchange losses	213,441	41,435
Lease expense	-	5,951
Amortisation	6,241	6,533
Furlough grant income received	48,950	-
Management charges from a parent company	348,212	452,160
Exceptional items		
Growth share remuneration charge	603,634	2,690,411

The Company's share-based payments (also known as the growth shares), whereby the senior management of the Company will be remunerated in Next 15 shares are revalued each year as they are settled in the parent's equity for which the Company will be recharged. They are therefore accounted for within the Company as a cash-settled share-based payment scheme and the liability is reassessed each year with any movement in the fair value recognised in the profit and loss account. As the agreements do not include any service requirements, the accounting is not aligned with the timing of the anticipated benefit of the incentive, and therefore is excluded from the underlying performance.

5 Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's annual financial statements were £20,000 (2020: £19,500).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

6 Employees

	Year ended 31 January 2021 £	Year ended 31 January 2020 £
Staff costs, including Directors, consist of:		
Wages and salaries	7,139,692	6,560,402
Social security costs	670,090	584,250
Other pension costs	209,321	168,240
	8,019,103	7,312,892
	8,019,103	7,312,892

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

	Number	Number
Directors	1	1
Other staff	128	117
	129	118
	129	118

7 Directors' remuneration

	Year ended 31 January 2021 £	Year ended 31 January 2020 £
Total remuneration of all Directors and highest paid Director:		
Aggregate emoluments	185,000	185,000
Company contributions to defined contribution schemes	3,392	3,392
	188,392	188,392
	188,392	188,392

P J Harris and J A Peachey were Directors of more than one Group company. P J Harris is a Director of the ultimate parent company, Next Fifteen Communications Group plc. J A Peachey is an employee of Next Fifteen Communications Group plc. They received emoluments from other entities within the Next 15 Group during the year, but it is not practicable to allocate this between their services as Directors of the Company and as Directors of other Group companies. The costs of their services is paid by Next Fifteen Communications Group plc. Included within this amount are amounts accruing under individual pension schemes for their services to the Group.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

	Year ended 31 January 2021	Year ended 31 January 2020
	£	£
8 Interest receivable and similar income		
Intercompany interest receivable	12,665	34,349
	<u>12,665</u>	<u>34,349</u>
9 Interest payable and similar expenses		
Interest on lease liabilities	75,571	77,367
External interest paid	317	-
	<u>75,888</u>	<u>77,367</u>
10 Tax (credit) on profit		
	Year ended 31 January 2021	Year ended 31 January 2020
	£	£
a) Analysis of charge/(credit) in the year		
Current taxation	27,902	-
Deferred taxation	(4,231)	6,202
Adjustments to deferred taxation in respect of prior period	(404)	(49,948)
	<u>23,267</u>	<u>(43,746)</u>
b) Factors affecting tax credit		
The tax credit assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	Year ended 31 January 2021	Year ended 31 January 2020
	£	£
Profit before tax	2,144,696	1,080,069
	<u>2,144,696</u>	<u>1,080,069</u>
Profit at the standard rate of corporation tax in the UK of 19% (2019: 19%)	407,492	205,213
Effects of:		
Disallowed expenses	220,982	54,459
Group relief claimed for no consideration	(604,803)	(253,470)
Adjustment in respect of prior period	(404)	(49,948)
	<u>23,267</u>	<u>(43,746)</u>
Total tax charge for the year (note 10a)	23,267	(43,746)

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

10 Tax (credit) on profit (*continued*)

The UK income tax expense is based on the UK statutory rate of corporation tax for the period to 31 January 2021 of 19.00% (2020: 19.00%). In the 2021 Budget held on 3 March 2021, it was announced that the UK corporation tax rate would increase to 25% on 1 April 2023.

11 Intangible assets

	Customer Relationship £	Software £	Goodwill £	Total £
<i>Cost</i>				
At 1 February 2020	390,314	336,119	450,010	1,176,524
Additions	-	3,364	-	13,364
	<u>390,314</u>	<u>341,483</u>	<u>450,010</u>	<u>1,181,807</u>
<i>At 31 January 2021</i>	390,314	341,483	450,010	1,181,807
<i>Accumulated depreciation and impairment</i>				
At 1 February 2020	390,314	329,456	450,010	1,169,780
Charge for the year	-	6,241	-	6,241
	<u>390,314</u>	<u>335,697</u>	<u>450,010</u>	<u>1,176,021</u>
<i>At 31 January 2021</i>	390,314	335,697	450,010	1,176,021
<i>Net book value</i>				
At 31 January 2021	-	5,786	-	5,786
	<u>-</u>	<u>5,786</u>	<u>-</u>	<u>5,786</u>
At 1 February 2020	-	8,663	-	8,663
	<u>-</u>	<u>8,663</u>	<u>-</u>	<u>8,663</u>

Twogether Creative Limited

Notes to the financial statements (continued)
for the year ended 31 January 2021

12 Tangible assets	Office equipment £	Computer equipment £	Leasehold improvements £	Right-of- use £	Total £
<i>Cost</i>					
At 31 January 2020	156,238	395,204	264,945	2,726,996	3,543,383
Additions	5,343	43,803	-	-	49,146
At 31 January 2021	161,581	439,007	264,945	2,726,996	3,592,529
<i>Accumulated depreciation and impairment</i>					
At 31 January 2020	93,708	252,120	53,408	340,098	739,334
Charge for the year	16,259	91,199	28,857	316,395	452,710
At 31 January 2021	109,967	343,319	82,265	656,493	1,192,044
<i>Net book value</i>					
At 31 January 2021	51,614	95,688	182,680	2,070,503	2,400,485
At 31 January 2020	62,530	143,084	211,537	2,386,898	2,804,049
13 Investments in subsidiaries					£
<i>Cost</i>					
At 31 January 2020					1
Impairment					(1)
At 31 January 2021					-

The Company owned 100% of the Ordinary shares in Partnermarketing.com Limited, a dormant company registered in England and Wales which has now been dissolved.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

14 Debtors	2021	2020
Amounts falling due within one year	£	£
Trade debtors	3,037,055	1,964,959
Amounts owed by related party undertakings	34,172	4,276,331
Other debtors	11,045	6,154
Prepayments	100,549	217,020
Accrued income	177,820	288,064
Deferred tax (note 17)	81,355	76,720
Corporation tax	80,000	46,000
	<u>3,521,996</u>	<u>6,875,248</u>

All amounts in debtors fall due for payment within one year.

All amounts owed by Group undertakings are unsecured, repayable on demand and do not attract interest.

15 Creditors	2021	2020
Amounts falling due within one year	£	£
Trade creditors	491,467	867,916
Lease liabilities (note 19)	369,958	172,235
Amounts owed to Group undertakings	749,627	594,593
Other taxation and social security	877,488	403,563
Accruals	3,231,754	3,732,542
Deferred income	4,387,440	2,004,818
	<u>10,107,734</u>	<u>7,775,667</u>

All amounts owed to Group undertakings are unsecured, repayable on demand and do not attract interest.

16 Dividends paid	31 January 2021	31 January 2020
	£	£
Amounts recognised as distributions to equity holders in the year:		
Dividends paid (equivalent to £45 per ordinary share (2020: £28))	<u>2,242,500</u>	<u>1,414,700</u>

Dividends were paid on 28 May 2020 and 10 December 2020

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

17 Deferred taxation

	2021 £	2020 £
The deferred tax included in the Balance sheet is as follows:		
Included in debtors/(creditors)	81,355	76,720
	<u>81,355</u>	<u>76,720</u>
The movement in the deferred taxation account during the year was:		
Balance at 1 February 2019		28,180
Credit to the profit and loss account for the year (note 10)		43,746
Transfer to parent undertaking		4,794
		<u>76,720</u>
Balance at 31 January 2020		<u>76,720</u>
Credit to the profit and loss account for the year (note 10)		4,635
		<u>81,355</u>
Balance at 31 January 2021		<u>81,355</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	(4,701)	(7,355)
Other	86,056	84,075
	<u>81,355</u>	<u>76,720</u>

18 Provisions for liabilities

	£
Opening balance at 1 February 2020	245,508
Utilised in the year	(15,000)
	<u>230,508</u>
Closing balance at 31 January 2021	<u>230,508</u>

The brought forward provision related to the dilapidations of the previous office space occupied by Twogether. The closing balance relates to the dilapidations of the current office space occupied by Twogether. At the end of the lease, a cash outlay is likely, however there is uncertainty on the amount.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

19 Lease liabilities	Total £
At 1 February 2020	2,649,012
Interest expense related to lease liabilities	75,571
Repayment of lease liabilities	(259,142)
	2,465,441
Closing balance at 31 January 2021	2,465,441
The maturity of the lease liabilities is as follows:	
Amounts payable:	
Within one year	421,740
In two to five years	2,018,192
After five years	279,279
	2,719,211
Total gross future liability	2,719,211
Effect of discounting	(253,770)
	2,465,441
Lease liability at 31 January 2021	2,465,441

20 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Called up, allotted and fully paid				
Ordinary shares of £0.0001 each	65,000	50,000	7	5
Ordinary 'A' shares of £0.01 each	-	100	-	1
Ordinary 'B' shares of £0.01 each	-	50	-	1
Ordinary 'A2020' shares of £0.01 each	200	-	2	-
	65,200	50,150	9	7

Ordinary shares and Ordinary 'B' shares have voting rights as detailed in the Articles. Ordinary 'A' shares do not have voting rights. The dividend rights and the distribution rights on winding up for the Ordinary, Ordinary 'A' and Ordinary 'B' shares are as set out in the Articles. The Ordinary 'A2020' shares were issued in relation to the Company's growth share scheme and were allotted in January 2021.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2021

21 Operating lease arrangements

As a result of the transition to IFRS 16, leases previously classified as operating leases have now been recognised on balance sheet, except for the short-term leases and leases of low value assets which are included below.

At the Balance sheet date, the Company had outstanding commitments for future minimum lease rentals as follows:

	2021 £	2020 £
Within one year	-	5,348
In the second to fifth years inclusive	-	8,155
	<u> </u>	<u> </u>

22 Controlling party

The ultimate parent undertaking, controlling party and parent of the smallest and largest group in which this company is consolidated is Next Fifteen Communications Group plc, which is incorporated and registered in England and Wales. The consolidated financial statements of Next Fifteen Communications Group plc are available to the public and can be obtained from the Company Secretary at the registered office at 75 Bermondsey Street, London SE1 3XF.

23 Contingent liabilities

The Company participates in a multilateral guarantee with HSBC Bank Plc (2020: HSBC Bank Plc) relating to the overdraft facilities of the parent and certain Group companies. The maximum amount of the contingent liability which could arise from this guarantee is limited to £60,000,000.