

Velocity Partners Limited

Annual Report and Unaudited Financial Statements
For the year ended 31 January 2020

Registered Number: 04128107

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Velocity Partners Limited

Annual report and financial statements
For the year ended 31 January 2020

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Velocity Partners Limited

Officers
Annual report and financial statements
for the year ended 31 January 2020

Directors

D W Kessler
S C Woods
P J Harris
J A Peachey

Company Secretary

E L Wood

Registered office

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

Registered number

04128107

Velocity Partners Limited

Strategic Report for the year ended 31 January 2020

The Directors present their strategic report together with the unaudited financial statements of Velocity Partners Limited (the 'Company') for the year ended 31 January 2020.

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, review of business and future developments

The principal activity of the Company in the period under review was principally the provision of marketing consultancy, with a focus on technology.

The results of the Company are set out in the profit and loss account on page 7. The company has continued to perform strongly with net revenue increasing by 13% when comparing a like for like year. Significant new client additions included Synamedia, Facebook and Mambu. Operating profit margin increased to 22.5% for the year (2019: 6.0%). The margin improvement resulted from an increased contribution to costs from our sister agency Velocity Partners US Inc together with improved efficiencies in the delivery of work.

The Company's balance sheet at year end had a net asset position of £789,309 (2019: £1,607,610).

Future developments

The Company will continue to re-invest its profits to achieve growth and synergies and 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 and net current assets.

The key financial performance indicators in the year were as follows:

	31 January 2020	31 January 2019
Net revenue (£'000)	5,683	3,738
Operating profit margin ¹	22%	6%
Net current assets (£'000)	662	1,712

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

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.

Velocity Partners Limited

Strategic Report (continued)
for the year ended 31 January 2020

Company number 04128107

Principal risks and uncertainties

The principal risks of the Company are considered to be people, clients and products.

Our people are key to ensuring consistency and quality of delivery and, in turn, ensure higher retention rates of our clients. Incentive and retention packages are reviewed annually and targeted at the key executives.

Over-reliance on key clients can represent a significant risk to the business. This is monitored on a regular basis by the Directors.

As a result of the United Kingdom leaving the European Union, and the detailed terms of the future relationship between the UK and the EU still being unclear at the date of this report, it is impossible to assess in detail the opportunities and threats that this departure could present. The Directors are managing these 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.

Following the Covid-19 pandemic and changes in the political environment, the Company faces uncertainty in the UK. In uncertain political and 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.

Financial risk management objectives and policies

Liquidity risk

There is no reliance on external debt and the Company has significant net assets of £662,387 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next Fifteen Communications Group plc ('Next 15'), is 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 3 to 4 was approved by the Board on 12 January 2021 and signed on its behalf by:



J Peachey
Director
13 January 2021

Velocity Partners Limited

Directors' Report for the year ended 31 January 2020

Company number 04128107

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report. These items form part of this report by cross reference.

Results and dividends

The profit and loss account is set out on page 7 and shows a profit of £1,181,699 for the year (2019: £223,542).

The Directors paid dividends amounting to £2,000,000 in the period (2019: £3,600,000). Subsequent to the balance sheet date, the Directors paid a dividend of £1,200,000.

Directors

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

D W Kessler
S C Woods
P J Harris
J A Peachey (appointed 9 September 2019)
L D Lowry (resigned 30 April 2019)

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)

Going concern

At the balance sheet date the Company had net current assets of £662,387. The business is forecast to be profitable going forward. After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Next Fifteen Communications Group plc is able to provide support should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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, other than dividends detailed above.

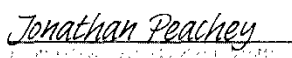
Directors' indemnities

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

Audit exemption

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act. The ultimate holding company and controlling party is Next Fifteen Communications Group plc. 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.

Approved by the Board on 12 January 2021 and signed on their behalf by:



J Peachey
Director
13 January 2021

Velocity Partners Limited

Directors' responsibilities statement for the year ended 31 January 2020

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.

Velocity Partners Limited

Profit and loss account for the year ended 31 January 2020

	Note	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Revenue	3	6,142,738	4,187,906
Direct costs		(460,214)	(449,949)
Net revenue		5,682,524	3,737,957
Administrative costs	4	(4,406,308)	(3,514,255)
Operating profit		1,276,216	223,702
Interest payable and similar expenses	7	(17,760)	(160)
Profit before tax	4	1,258,456	223,542
Tax charge	8	(76,757)	-
Profit for the year		1,181,699	223,542

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 statement of comprehensive income is presented.

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Velocity Partners Limited

Balance sheet as at 31 January 2020

Registered number 04128107	Note	2020	2019
		£	£
Fixed assets			
Intangible assets	10	4,219	-
Tangible assets	9	151,786	107,564
Right-of-use assets	9	244,017	-
		400,022	107,564
Current assets			
Debtors: Amounts falling due within one year	11	1,675,492	1,296,753
Cash at bank and in hand		1,153,071	1,687,240
		2,828,563	2,983,993
Creditors: Amounts falling due within one year	12	(2,166,176)	(1,271,947)
Net current assets		662,387	1,712,046
Total assets less current liabilities		1,062,409	1,819,610
Provisions for liabilities	14	(240,000)	(212,000)
Lease liabilities	12,15	(33,100)	
Net assets		789,309	1,607,610
Capital and reserves			
Called up share capital	17	118	118
Share based payment reserve	18	600,000	600,000
Profit and loss account		189,191	1,007,492
Shareholders' funds		789,309	1,607,610

For the year ending 31 January 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of directors and authorised for issue on 12 January 2021. They were signed on its behalf by:

Jonathan Peachey
Director

J Peachey
Director
13 January 2021

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Velocity Partners Limited

Statement of changes in equity for the year ended 31 January 2020

	Called up share capital (note 17) £	Share-based payment reserve (note 18) £	Profit and loss account £	Total £
Balance at 1 May 2018	103	600,000	4,383,950	4,984,053
Profit for the year	-	-	223,542	223,542
Issue of shares (note 17)	15	-	-	15
Dividends (note 16)	-	-	(3,600,000)	(3,600,000)
Balance at 31 January 2019	118	600,000	1,007,492	1,607,610
Profit for the year	-	-	1,181,699	1,181,699
Dividends (note 16)	-	-	(2,000,000)	(2,000,000)
Balance at 31 January 2020	118	600,000	189,191	789,309

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Velocity Partners Limited

Notes forming part of the financial statements for the year ended 31 January 2020

1 General information

Velocity Partners 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 2. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 4. 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 and delivery of consolidated financial statement, because it is included in the Group accounts Next Fifteen Communications Group plc. The Group accounts of Next Fifteen Communications Group plc are available to the public and can be obtained as set out in note 20.

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.

The following principal accounting policies have been applied:

Adoption of new and revised standards

The Company has adopted all new accounting standards which were required to be adopted in the current period. The only new accounting standard which had a significant impact on the Company's results or financial position was IFRS 16 'Leases' which is effective for annual periods beginning on or after 1 January 2019. The Company has adopted IFRS 16 using the modified retrospective approach therefore comparative information has not been restated. The comparative information continues to be reported under IAS 17.

As a lessee the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of the ownership of the asset to the Company. Under IFRS 16 the Company recognised a right-of-use asset and lease liability i.e. all leases are recognised on-balance sheet. The Company used the following practical expedients when applying IFRS 16:

- Applied the exemption not to recognise a right-of-use asset or lease liability for leases of low value or with lease terms with less than 12 months remaining from 1 February 2019; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

On transition to IFRS 16, all leases were deemed to be either low value or short term, and no adjustments were required.

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 2020 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.

Velocity Partners Limited

Notes forming part of the financial statements (continued) for the year ended 31 January 2020

2 Significant accounting policies (continued)

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 completion of project milestones 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.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Velocity Partners Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (continued)

2 Significant accounting policies (continued)

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:

Fixtures and fittings - 20-40% per annum

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.

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; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

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.

Velocity Partners Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (*continued*)

2 Significant accounting policies (*continued*)

Taxation (continued)

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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

Velocity Partners Limited

Notes forming part of the financial statements for the year ended 31 January 2020 *(continued)*

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.

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

Velocity Partners Limited

**Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)**

3 Revenue

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
An analysis of the Company's revenue is as follows:	6,142,738	4,187,906
Rendering of services	6,142,738	3,756,591
Mechanical income	-	431,315
	6,142,738	4,187,906

All revenue relates to continuing operations and arises from the provision of services within the UK 28% (2019: 22%), US 61% (2019: 65%) and Europe, Middle East and Africa 11% (2019: 13%).

4 Profit before tax

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Operating profit for the year has been arrived at after charging/(crediting):		
Depreciation of tangible assets (see note 9)	70,016	54,170
Depreciation of right-of-use assets (see note 9)	122,008	-
Amortisation of intangible assets (see note 10)	2,341	-
Foreign exchange (gain)/loss	(15,437)	(65,303)
Staff costs (see note 5)	3,578,663	2,627,317
Management charges from parent company	(154,116)	202,085

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

5 Employees

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Staff costs, including Directors, consist of:		
Wages and salaries	3,145,815	2,293,935
Social security costs	320,660	233,494
Other pension costs	112,188	99,888
	<u>3,578,663</u>	<u>2,627,317</u>

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

	2020 Number	2019 Number
Directors	2	2
Other staff	50	44
	<u>52</u>	<u>46</u>

6 Directors' remuneration

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Total remuneration of all Directors:		
Aggregate emoluments	300,000	225,000
Company contributions to defined contribution schemes	-	-
	<u>300,000</u>	<u>225,000</u>

P J Harris and J A Peachey are Directors of more than one Group company. P J Harris is a Director of the ultimate parent, Next Fifteen Communications Group plc. J A Peachey is an employee of Next Fifteen Communications Group plc. L D Lowry was a Director of more than one Group company and was 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. Included within this amount are amounts accruing under individual pension schemes for their services to the Group.

Remuneration of highest paid Director:

	2020	2019
Aggregate emoluments	150,000	112,500
Company contributions to defined contribution scheme	-	-
	<u>150,000</u>	<u>112,500</u>

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

7 Interest payable and similar expenses

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Bank interest payable	-	160
Intercompany interest payable	13,398	-
Interest on lease liabilities	4,362	-
	17,760	160

8 Tax charge on profit

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
a) Analysis of charge in the year		
Current taxation	292,352	-
Adjustments to current taxation in respect of prior year	(113,224)	(42,568)
Deferred taxation (note 13):		
Origination and reversal of timing differences	(96,775)	29,636
Adjustments to deferred taxation in respect of prior year	(5,596)	12,932
	76,757	-
b) Factors affecting total tax		

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 January 2020 £	Year ended 31 January 2019 £
Profit before tax	1,258,456	223,542
	1,258,456	223,542
Tax on profit at the standard rate of corporation tax in the UK of 19% (2019: 19%)	239,107	42,473
Effects of:		
Other disallowed expenses	2,526	(268)
Adjustments in respect of prior year	(118,820)	(29,636)
Group tax relief claimed for no consideration	(46,056)	(12,569)
	76,757	-
Total tax for the year (note 8a)	76,757	-

The UK income tax expense is based on the UK statutory rate of corporation tax for the year to 31 January 2020 of 19% (2019: 19%).

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (*continued*)

9 Tangible assets	Fixtures and fittings £	Right-of-use assets £	Total £
<i>Cost</i>			
At 1 February 2019	511,841	-	511,841
Recognised on transition to IFRS 16 (note 2)	-	366,025	366,025
Additions	124,522	-	124,522
Reclassified to intangible assets	(26,828)	-	(26,828)
Disposals	(29,932)	-	(29,932)
	579,603	366,025	945,628
<i>Accumulated depreciation and impairment</i>			
At 1 February 2019	404,277	-	404,277
Charge for the year	70,016	122,008	192,024
Reclassified to intangible assets	(20,268)	-	(20,268)
Disposals	(26,208)	-	(26,208)
	427,817	122,008	549,825
<i>Net book value</i>			
At 31 January 2020	151,786	244,017	395,803
At 31 January 2019	107,564	-	107,564

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (*continued*)

10 Intangible assets	Software £	Total £
<i>Cost</i>		
At 1 February 2019	-	-
Additions	-	-
Reclassified from tangible assets	26,828	26,828
Disposals	-	-
	26,828	26,828
At 31 January 2020	26,828	26,828
<i>Amortisation</i>		
At 1 February 2019	-	-
Charge for the year	2,341	2,341
Reclassified from tangible assets	20,268	20,268
Disposals	-	-
	22,609	22,609
At 31 January 2020	22,609	22,609
<i>Net book value</i>		
At 31 January 2020	4,219	4,219
At 31 January 2019	-	-
11 Debtors	2020 £	2019 £
Amounts falling due within one year		
Trade debtors	1,371,834	1,047,636
Amounts owed by Group undertakings	9,346	13,796
Other debtors	50,273	39,522
Prepayments and accrued income	190,687	192,721
Rent deposit	-	3,078
Deferred tax (note 13)	53,352	-
	1,675,492	1,296,753

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

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

12 Creditors

	2020	2019
	£	£
Amounts falling due within one year		
Trade creditors	216,736	194,939
Amounts owed to Group undertakings	728,890	151,980
Corporation tax	210,194	33,051
Other taxation and social security	131,848	76,193
Other creditors	-	10,252
Accruals and deferred income	710,810	756,513
Deferred tax (note 13)	-	49,019
Lease liabilities (note 15)	167,698	-
	<u>2,166,176</u>	<u>1,271,947</u>

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

13 Deferred taxation

	2020	2019
	£	£
The deferred tax liability included in the balance sheet is as follows:		
Included in debtors (note 11)	53,352	(49,019)
	<u>53,352</u>	<u>(49,019)</u>
The movement in the deferred taxation account during the year was:		
Balance at the beginning of the year	(49,019)	(6,451)
Credit to the profit and loss account for the year/year (note 8)	102,371	(42,568)
	<u>53,352</u>	<u>(49,019)</u>
Balance at the end of year	53,352	(49,019)
	<u>53,352</u>	<u>(49,019)</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	5,451	(2,932)
Equity settled share-based payment reserve	-	(81,957)
Other	47,901	35,870
	<u>53,352</u>	<u>(49,019)</u>

Velocity Partners Limited

**Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)**

14 Provisions for liabilities

	£
Opening balance at 1 February 2019	212,000
Charged in the period	28,000
	240,000
Closing balance at 31 January 2020	240,000

The provision relates to the dilapidations of the current office space occupied by Velocity and historical tax compliance. At the end of the lease a cash outlay is likely, however there is uncertainty over the amount.

15 Lease Liabilities

	Total £
At 1 February 2019 (note 2)	332,116
Additions	-
Interest expense related to lease liabilities	4,362
Repayment of lease liabilities	(135,680)
	200,798
Closing balance at 31 January 2020	200,798

The maturity of the lease liabilities is as follows:

Amounts payable:	
Within one year	169,746
In two to five years	34,065
	203,811
Total gross future liability	203,811
Effect of discounting	(3,013)
	200,798
Lease liability at 31 January 2020	200,798

16 Dividends paid

	2020 £	2019 £
Amounts recognised as distributions to equity holders in the year:		
Dividends paid (equivalent to £1.70 per ordinary share (2019: £3.06))	2,000,000	3,600,000

The final dividends were paid on 28 February 2019 and 5 December 2019

Velocity Partners Limited

Notes forming part of the financial statements
for the year ended 31 January 2020 (continued)

17 Called up share capital

	2020 Number	2019 Number	2020 £	2019 £
Called up, allotted and fully paid				
Ordinary shares of 0.01p each	1,176,466	1,176,466	118	118

18 Share based payment reserve

On 24 January 2017 and 10 July 2017, certain employees of the Company were granted options over shares in the Company. The options were granted with a fixed exercise, were exercisable after the date of grant and expire five years after date of grant. Employees are required to remain in employment. The total number of shares granted were 176,466. During the prior year all shares were exercised.

19 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.

As at 31 January 2020, the Company's total future minimum lease rentals as follows:

	2020 £	2019 £
Within one year	74	61,114
In the second to fifth years inclusive	-	71
In greater than five years	-	-
	<u>74</u>	<u>61,185</u>

20 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.

21 Contingent liabilities

The Company participates in a multilateral guarantee with HSBC Bank Plc (2019: 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 (2019: £60,000,000).