

Twogether Creative Limited

Annual Report and Unaudited Financial Statements
For the year ended 31 January 2022

Registered Number: 07824276

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Twogether Creative Limited

Annual report and unaudited financial statements
for the year ended 31 January 2022

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Twogether Creative Limited

Officers

Annual report and unaudited financial statements
for the year ended 31 January 2022

Directors

K Gilchrist
P J Harris
J A Peachey

Company Secretary

M J Sanford

Registered office

60 Great Portland Street, London W1W 7RT

Registered number

07824276

Twogether Creative Limited

Strategic Report for the year ended 31 January 2022

The Directors present their Strategic Report together with the unaudited financial statements of Twogether Creative Limited (the "Company") for the year ended 31 January 2022.

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 to promote the success of the Company under section 172 of the Companies Act 2006.

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.

At the start of the year, the Company purchased the majority ownership of Encore Digital Media Limited from Next Fifteen Communications Group Plc.

During the year to 31 January 2022 the business has continued to grow with net revenue increasing by 16% from £13,586,351 to £15,695,326 (2021: 2%) over the previous year and the operating profit margin before growth share charges was 18.6% (2021: 20.7%) this year. The slight decrease in profit margin can be attributed to an increase in staff costs. The Company also returned to a net asset position £2,532,455 compared to the net liability position £50,389 reported in the prior year.

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 2022	Year ended 31 January 2021
Net revenue	£15,695,326	£13,586,351
Operating profit margin before growth share charge (see note 4) (%) ¹	18.6%	20.7%
Net assets/(liabilities)	£2,532,455	£(50,389)

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.

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.

Twogether Creative Limited

Strategic Report (continued)
for the year ended 31 January 2022

Registered number 07824276

Financial risk management objectives and policies

Liquidity risk


The Company is in a net asset position £2,532,455 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next Fifteen Communications Group plc ("Next 15" or the "Group"), 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 25 October 2022 and signed on its behalf by:



Executed on 26 October 2022 at 43, Old Street

P J Harris
Director
26 October 2022

Twogether Creative Limited

Report of the Directors for the year ended 31 January 2022

The Directors present their annual report together with the unaudited financial statements for the year ended 31 January 2022. 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 9 and shows a profit of £2,582,844 for the year (2021: a profit of £2,121,429).

The Directors paid dividends of £nil in the year (2021: £2,242,500). Subsequent to the balance sheet date and up to the date of this report, the Directors paid dividends of £3,400,000, and no further dividends have been declared.

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:

E L Wood (resigned 30 April 2022)
M J Sanford (appointed 30 April 2022)

Registered Office

Subsequent to the year end on the 5th of September 2022, the registered office of the Company was changed from 75 Bermondsey Street, London, United Kingdom, SE1 3XF to 60 Great Portland Street, London W1W 7RT.

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 £nil in the year (2021: £1,609).

Going concern

At the balance sheet date, the Company had net current assets of £2,404,816. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Twogether Creative Limited

Report of the Directors (continued)
for the year ended 31 January 2022

Registered number 07824276

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 15. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London W1W 7RT.

Approved by the Board on 25 October 2022 and signed on their behalf by:



Peter Harris, Director

P J Harris
Director
26 October 2022

Twogether Creative Limited

Directors' responsibilities statement for the year ended 31 January 2022

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

Profit and Loss Account for the year ended 31 January 2022

	Note	31 January 2022 £	31 January 2021 £
Revenue	3	15,695,326	14,979,563
Direct costs		-	(1,393,212)
Net Revenue		15,695,326	13,586,351
Administrative costs		(12,780,090)	(10,774,798)
Growth share charge	4	(178,660)	(603,634)
Operating profit		2,736,576	2,207,919
Interest receivable and similar income	8	10,435	12,665
Interest payable and similar interest	9	(67,064)	(75,888)
Profit before tax	4	2,679,947	2,144,696
Tax charge	10	(97,103)	(23,267)
Profit for the year		2,582,844	2,121,429

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 12 to 26 form an integral part of these financial statements.

Twogether Creative Limited

Balance Sheet As at 31 January 2022

Registered number 07824276	Note	31 January 2022 £	31 January 2021 £
Fixed assets			
Intangible assets	11	2,182	5,786
Tangible assets	12	347,038	329,982
Right-of-use assets	12	1,754,107	2,070,503
		<u>2,103,327</u>	<u>2,406,271</u>
Current assets			
Debtors	13	8,057,846	3,521,996
Cash at bank and in hand		3,752,105	6,455,069
		<u>11,809,951</u>	<u>9,977,065</u>
Creditors: Amounts falling due within one year	14	(9,405,135)	(10,107,734)
		<u>2,404,816</u>	<u>(130,669)</u>
Net current assets/(liabilities)			
		<u>2,404,816</u>	<u>(130,669)</u>
Total assets less current liabilities		4,508,143	2,275,602
Lease liabilities	18	(1,745,180)	(2,095,483)
Provision for liabilities	17	(230,508)	(230,508)
		<u>2,532,455</u>	<u>(50,389)</u>
Net assets/(liabilities)			
		<u>2,532,455</u>	<u>(50,389)</u>
Capital and reserves			
Called up share capital	19	9	9
Profit and loss account		2,532,446	(50,398)
		<u>2,532,455</u>	<u>(50,389)</u>
Shareholders' funds/(deficit)		2,532,455	(50,389)

For the year ending 31 January 2022, 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 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 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 25 October 2022. They were signed on its behalf by:

Peter Harris

P J Harris
Director
26 October 2022

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

Twogether Creative Limited

Statement of Changes in Equity For the year ended 31 January 2022

	Called up share capital (note 19) £	Profit and loss account £	Total £
Balance at 1 February 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 15)	-	(2,242,500)	(2,242,500)
Shares issued (note 19)	2	-	2
Balance at 31 January 2021	9	(50,398)	(50,389)
Profit for the year	-	2,582,844	2,582,844
Total comprehensive income for the year	-	2,582,844	2,582,844
Balance at 31 January 2022	9	2,532,446	2,532,455

The accompanying notes on pages 12 to 26 form an integral part of these financial statements.

Twogether Creative Limited

Notes to the financial statements for the year ended 31 January 2022

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 15. The Group financial statements of Next 15 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.

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 2022 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.

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. The ultimate parent undertaking, Next 15 are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2022

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 2022

2 Significant accounting policies (continued)

Growth Share Accounting

Next 15 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 2022

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 2022

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 2022

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 £71,000.

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 2022

3 Revenue	Year ended 31 January 2022 £	Year ended 31 January 2021 £
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An analysis of the Company's revenue is as follows:

Rendering of services	27,338,549	11,500,749
Mechanical (expenses)/income	(11,643,223)	3,478,814
	15,695,326	14,979,563

All revenue relates to continuing operations and arises from the provision of services within the UK 65% (2021: 52%), North America 26% (2021: 34%), Europe, Middle East and Africa 8% (2021: 9%), and Asia Pacific 1% (2021: 5%).

4 Profit before tax	Year ended 31 January 2022 £	Year ended 31 January 2021 £
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Profit for the year has been arrived at after charging:

Depreciation of tangible fixed assets	123,661	136,315
Depreciation of right-of-use assets	316,396	316,395
Staff costs (see note 6)	9,943,930	8,019,103
Foreign exchange (gain)/loss	(29,817)	213,441
Amortisation	3,604	6,241
Furlough grant income (paid)/received	(48,950)	48,950
Management charges from a parent company	741,033	348,212
Exceptional items		
Growth share remuneration charge	178,660	603,634

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 £nil (2021: £20,000).

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 2022

6 Employees

	Year ended 31 January 2022 £	Year ended 31 January 2021 £
Staff costs, including Directors, consist of:		
Wages and salaries	8,822,253	7,139,692
Social security costs	855,918	670,090
Other pension costs	265,759	209,321
	9,943,930	8,019,103
	9,943,930	8,019,103

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

	Number	Number
Directors	1	1
Other staff	134	128
	135	129
	135	129

7 Directors' remuneration

	Year ended 31 January 2022 £	Year ended 31 January 2021 £
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

J A Peachey and P J Harris are directors of more than one Group company. P J Harris and J A Peachey are employees and directors of the ultimate parent Next 15. P J Harris and J A Peachey 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 15. 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 2022

	Year ended 31 January 2022	Year ended 31 January 2021
	£	£
8 Interest receivable and similar income		
Intercompany interest receivable	10,435	12,665
	<u>10,435</u>	<u>12,665</u>
9 Interest payable and similar expenses		
Interest on lease liabilities	66,866	75,571
External interest paid	198	317
	<u>67,064</u>	<u>75,888</u>
10 Tax charge on profit		
	Year ended 31 January 2022	Year ended 31 January 2021
	£	£
a) Analysis of charge in the year		
Current taxation	-	27,902
Adjustments to current taxation in respect of prior period	80,000	-
Deferred taxation	24,014	(4,231)
Adjustments to deferred taxation in respect of prior period	(6,911)	(404)
	<u>97,103</u>	<u>23,267</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 2022	Year ended 31 January 2021
	£	£
Profit before tax	2,679,947	2,144,696
Profit at the standard rate of corporation tax in the UK of 19% (2021: 19%)	509,190	407,492
Effects of:		
Disallowed expenses	6,560	220,982
Group relief claimed for no consideration	(491,736)	(604,803)
Adjustment in respect of prior period	73,089	(404)
Total tax charge for the year (note 10a)	<u>97,103</u>	<u>23,267</u>

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2022

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 2022 of 19% (2021: 19%). 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 2021	390,314	341,483	450,010	1,181,807
	_____	_____	_____	_____
At 31 January 2022	390,314	341,483	450,010	1,181,807
	_____	_____	_____	_____
<i>Accumulated depreciation and impairment</i>				
At 1 February 2021	390,314	335,697	450,010	1,176,021
Charge for the year	-	3,604	-	3,604
	_____	_____	_____	_____
At 31 January 2022	390,314	339,301	450,010	1,179,625
	_____	_____	_____	_____
<i>Net book value</i>				
At 31 January 2022	-	2,182	-	2,182
	_____	_____	_____	_____
At 1 February 2021	-	5,786	-	5,786
	_____	_____	_____	_____

Twogether Creative Limited

Notes to the financial statements (continued)
for the year ended 31 January 2022

12 Tangible assets	Office equipment £	Computer equipment £	Leasehold improvements £	Right-of- use £	Total £
<i>Cost</i>					
At 31 January 2021	161,581	439,007	264,945	2,726,996	3,592,529
Additions	5,858	134,859	-	-	140,717
At 31 January 2022	167,439	573,866	264,945	2,726,996	3,733,246
<i>Accumulated depreciation and impairment</i>					
At 31 January 2021	109,967	343,319	82,265	656,493	1,192,044
Charge for the year	16,193	78,612	28,856	316,396	440,057
At 31 January 2022	126,160	421,931	111,121	972,889	1,632,101
<i>Net book value</i>					
At 31 January 2022	41,279	151,935	153,824	1,754,107	2,101,145
At 31 January 2021	51,614	95,688	182,680	2,070,503	2,400,485

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2022

13 Debtors

	2022	2021
Amounts falling due within one year	£	£
Trade debtors	4,682,380	3,037,055
Amounts owed by related party undertakings	2,716,520	34,172
Other debtors	-	11,045
Prepayments	288,415	100,549
Accrued income	242,580	177,820
Deferred tax (note 16)	64,252	81,355
Corporation tax	63,699	80,000
	<u>8,057,846</u>	<u>3,521,996</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.

14 Creditors

	2022	2021
Amounts falling due within one year	£	£
Trade creditors	238,615	491,467
Lease liabilities (note 18)	365,388	369,958
Amounts owed to Group undertakings	792,486	749,627
Other taxation and social security	878,492	877,488
Accruals	2,063,844	3,231,754
Deferred income	5,032,684	4,387,440
Other creditors	33,626	-
	<u>9,405,135</u>	<u>10,107,734</u>

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

15 Dividends paid

	31 January 2022	31 January 2021
	£	£
Amounts recognised as distributions to equity holders in the year:		
Dividends paid (equivalent to £nil per ordinary share (2021: £45))	<u>-</u>	<u>2,242,500</u>

Subsequent to the balance sheet date and up to the date of this report, the Directors paid dividends of £3,400,000, and no further dividends have been declared.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2022

16 Deferred taxation

	2022 £	2021 £
The deferred tax included in the Balance Sheet is as follows:		
Included in debtors	64,252	81,355
	<hr/>	<hr/>
The movement in the deferred taxation account during the year was:		
Balance at 1 February 2020		76,720
Credit to the profit and loss account for the year (note 10)		4,635
		<hr/>
Balance at 31 January 2021		81,355
		<hr/>
Debit to the profit and loss account for the year (note 10)		(17,103)
		<hr/>
Balance at 31 January 2022		64,252
		<hr/>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	(22,195)	(4,701)
Other	86,447	86,056
	<hr/>	<hr/>
	64,252	81,355
	<hr/>	<hr/>

17 Provisions for liabilities

	£
Opening balance at 1 February 2021	230,508
Utilised in the year	-
	<hr/>
Closing balance at 31 January 2022	230,508
	<hr/>

The provision relates to the dilapidations of the current office space occupied by the Company. 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 2022

18 Lease liabilities	Total £
At 1 February 2021	2,465,441
Interest expense related to lease liabilities	66,866
Repayment of lease liabilities	(421,739)
	<hr/>
Closing balance at 31 January 2022	2,110,568
	<hr/>
The maturity of the lease liabilities is as follows:	
Amounts payable:	
Within one year	421,740
In two to five years	1,875,731
	<hr/>
Total gross future liability	2,297,471
Effect of discounting	(186,903)
	<hr/>
Lease liability at 31 January 2022	2,110,568
	<hr/>

19 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Called up, allotted and fully paid				
Ordinary shares of £0.0001 each	65,000	65,000	7	7
Ordinary 'A2020' shares of £0.01 each	200	200	2	2
	<hr/>	<hr/>	<hr/>	<hr/>

Ordinary shares have voting rights, dividend rights and the distribution rights on winding up as set out in the Articles. The A 2020 Ordinary shares were issued in relation to the Company's growth share scheme and were allotted in January 2021.

20 Controlling party

The ultimate parent undertaking, controlling party and parent of the smallest and largest group in which the Company is consolidated is Next Fifteen Communications Group plc, which is incorporated and registered in England and Wales. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London W1W 7RT.

Twogether Creative Limited

Notes to the financial statements (continued) for the year ended 31 January 2022

21 Contingent liabilities

The Company participates in a multilateral guarantee ("RCF") with HSBC and Bank of Ireland 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 at 31 January 2022 was limited to £60,000,000 (2021: £60,000,000). Soon after the year end, £20m of the Next 15 accordion was committed and available within the RCF. Subsequent to this, the Group entered into an amendment and restatement agreement, amending and restating the existing facility agreement on 20 May 2022 and increasing the RCF to £100m. Therefore, the maximum amount of the contingent liability which would arise from this guarantee is now £100,000,000.