

Company Registration No. 02967284

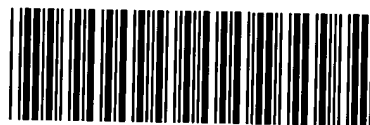
Inspired Thinking Group (ITG) Limited

Annual report and financial statements

For the year ended

31 August 2020

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Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

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Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Officers and professional advisers

Directors

S Ward

M Lovett

Secretary

M Lovett

Registered Office

Unit 315

Fort Dunlop

Fort Parkway

Birmingham

West Midlands

B24 9FD

United Kingdom

Auditor

Grant Thornton UK LLP

Statutory Auditor

Birmingham, United Kingdom

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

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

Business review & key performance indicators

The primary objective of the Company is to help its customers significantly improve the efficiency and effectiveness of their marketing operations. The Company provides a range of best in class marketing execution capabilities organised in four distinct, but integrated delivery channels; Strategy & Creative, Creative Production, Online execution (digital and CRM) and Offline.

In addition to the Company's services expertise, the Company has a separate Technology division which develops and maintains proprietary technology solutions which help customers control, streamline and automate their marketing operations across all channels. The Company continued to invest heavily in its technology solutions during the year.

Financial performance for the year has been strong, with the Group continuing to add to its prestigious customer base across all lines of business. Revenue has increased by 12% as a result of hiving across the Technology and CRM activities from other group companies on 31 August 2019.

Operating profit for the year before write off of intercompany balances (refer note 5) of £7,388,059 (2019: £6,208,539) increased by 18%.

The Directors have implemented a range of key performance indicators (KPIs) across the business which are aligned to the strategic objectives of the Company. As well as traditional financial KPIs, the Company also measures and reports monthly KPIs in relation to employee development and satisfaction, customer metrics (including service level performance and customer satisfaction) and operational utilisation.

On 31 August 2020 the trade and assets from ITG Connect Limited were transferred to Inspired Thinking Group (ITG) Limited.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Strategic report (continued)

Management of principal risks & uncertainties

The Directors consider that the principal risks and uncertainties facing the Company are as follows:

Risk	Potential Impact	Mitigation
<i>Currency Risk</i>	Significant movements in foreign exchange (FX) rates can cause volatility in the Company's profitability and cashflow.	The Board of Directors have implemented a foreign exchange hedging policy and facility in order to mitigate, as far as is possible, the impact of any volatility to the group's statement of comprehensive income from significant movements in FX rates.
<i>Competitive Risk</i>	Could adversely impact future growth plans and ability to service debt.	The Company operates in a competitive marketplace across its range of services. The Company's proposition is differentiated by its approach to customer service and the continued development of its proprietary technology platforms. During the year the group has invested heavily in developing its technology and services capabilities to ensure it can deliver against all customers evolving needs. The Directors continually monitor performance of each customer account to ensure high standards are maintained and to identify opportunities to drive more value to customers, which supports the Company's growth and retention plans. Staff feedback is periodically reviewed, and action taken to ensure that key personnel are retained. There are a number of experienced key personnel in the business lending robustness to the Company's operating model.
<i>Credit Risk</i>	The Company has a number of large contracts where an adverse credit event / large bad debt expense could materially impact the performance of the Company.	The Company generally deals with large, established and financially robust retailers and brands. Credit risk is assessed at the start of each contract and monitored regularly to mitigate any potential exposure. Payment terms are enforced. During the year the Company took out credit insurance to mitigate the impact of any future debt impairment.
<i>Liquidity Risk</i>	Risk to future growth if the Group (of which the Company is part) is unable to service the Senior Debt, or remain with the covenants set on the Senior Debt.	The Fort Topco Limited Group (of which the Company is a subsidiary) holds a relatively modest level of debt, and so has headroom on both the covenants and the forecast cashflow required to service this debt, without the need to deliver aggressive growth targets.
<i>Brexit</i>	The immediate impact of Brexit on the Group (of which the Company is part) has been contained to foreign exchange and interest rate volatility and potential delays in sourcing raw materials for the Group's Offline channel	Mitigating actions in respect of Interest Rate and Foreign Exchange risk are set out above and the Group (of which the Company is part) has plans in place with its major suppliers to ensure continuity of supply into the UK and smooth despatch of campaigns out of the UK into Europe. In addition, the Group (of which the Company is part) has undertaken the necessary reviews and changes to its employment practices and Information Security processes as required following the end of the Brexit transition period

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Strategic report (continued)

Risk	Potential Impact	Mitigation
<i>Covid-19</i>	The impact of Covid-19 on the group is split into two components, the impact on the Group's operations and the impact on the Group's clients.	<p>The nationwide lockdown implemented in March 2020 resulted in the Group's (of which the Company is part) offices in the UK being closed. However, the quality of the Group's infrastructure and remote working capabilities enabled us to continue operations unaffected. Since this time, the Group's offices have reopened gradually and in a Covid-safe manner to allow staff to return where it is necessary for a particular job role or task. The group continued to follow government guidelines and has also adopted new working from home policies to reflect the new reality of working patterns and to afford the flexibility to employees to manage the situation safely and efficiently.</p> <p>The Group's client base is broad and covers many sectors of the economy across the UK, Europe and the rest of the world. Accordingly the impact of Covid-19 has varied, with some clients benefiting from increased demand and others undergoing significant financial stress. The Group's Technology and services are ideally positioned to help clients transition to omnichannel-marketing. The pandemic has prompted many of the Group's clients to accelerate adoption across Technology and Online channels and the Group has worked to deliver this to future proof both client's operations and the Group's relationships. Whilst particular sectors remain very exposed to the economic impact of the virus (for example hospitality), the Group is confident that the majority of its clients will survive the next few months of volatile trading.</p>

Inspired Thinking Group (ITG) Limited

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Annual report and financial statements for the year ended 31 August 2020

Strategic report (continued)

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The directors consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole whilst having due regard to the interests of stakeholders and matters set out in s172(1)(a-f), in particular by reference to the Three Year Plan looking out to FY 2022/23.

The plan is designed to deliver a long-term beneficial impact to shareholders and stakeholders alike through controlled and manageable growth with strict budgetary control and regular performance review whilst ensuring reputational and environmental issues are always fully considered.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the Group intranet and face-to-face business briefing sessions. Independent employee surveys are undertaken each year. These are used to further improve employee engagement which has led to monthly briefings at all of the Group's locations for all employees, as well as periodic open forums with the CEO. The Directors undertake a series of quarterly roadshows to all Group sites to present to employees progress of the business and plans for the future.

Key to the success of the business is our relationship with our business partners including clients, suppliers and subcontractors. The board fully understand the need to give this due consideration in the company's decision making process and often, these parties are invited to collaborate in making decisions at operational level. Regular meetings are held at board level with our key clients and our well developed and integrated procurement systems and processes ensure that our suppliers and subcontractors are always kept up to date and well informed of our business requirements.

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The group also undergoes assessment as part of our ongoing ESOS compliance with the Environment Agency.

As the board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible and ethical manner, maintain exemplary standards of business conduct and governance expected of a business such as ours. It is our continuing intention to nurture our reputation, through the construction and delivery of our plan, which reflects our responsible behaviour and approach.

Further, it is our intention to behave responsibly towards our shareholders and treat them fairly and equally so that they will all benefit from the successful delivery of our plan.

Approved by the Board of Directors and signed on behalf of the Board:

Mark Lovett

M Lovett

Director

5 February 2021

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Directors' report

The Directors present their annual report with the audited financial statements of the Company for the year ended 31 August 2020.

Certain information in relation to financial performance, financial risk management and post balance sheet events has been included in the Strategic Report on pages 2 to 5 and forms part of this Directors' report by cross reference.

Dividends

The Directors do not recommend the payment of a dividend (2019: £nil).

Directors

The Directors who have held office from 1 September 2019 to the date of this report unless otherwise stated are as follows:

S Ward
M Lovett

The Company provides qualifying third party indemnity provisions to certain directors.

Covid-19 impact on going concern

As noted in the Strategic Report, the group (of which the company is part of) has been resilient to the impact of Covid-19. However there are inevitable ongoing consequences to the pandemic and the directors have reviewed these with respect to the Going Concern basis of the Group. During the pandemic the Group (of which the company is part of) has maintained frequent dialogue with its bankers and shareholders. The Group (of which the company is part of) secured access to additional funds from its bank syndicate however cash balances and cash flows have proven resilient, and these additional funds have not been utilised. At the balance sheet date the directors do not consider it likely that we will draw on this facility.

The Group (of which the company is part of) reacted well to the pandemic on an operational level. The directors expect that its resilient and flexible operating model will enable the Group to respond to future impacts of Covid-19 as and when they arise without impacting the Going Concern status of the Group.

The directors have assessed the risk of bad debt exposure to the Group (of which the company is part of). Covid-19 is leading to an overall increase in risk in this area. The Group (of which the company is part of) has responded by maintaining close engagement with clients in respect of their debts. The Group (of which the company is part of) has a broad client base the majority of which are well capitalised businesses. The Directors consider that it is highly unlikely that there would so many large impaired debts as to impact the going concern status of the group. The Group (of which the company is part of) maintains credit insurance on many of its debts and so any bad debts that do occur can be mitigated in cash terms, although some credit limits have been reduced or withdrawn during the year as a result of Covid-19.

Going concern

The directors consider that the group (of which the company is part of) and the company has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements. Despite the net liability position presented in the consolidated balance sheet, which is a function of the Group's capital structure and acquisition accounting, the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate comfortably within the level of its current borrowing facility for a period of at least twelve months from the date of approval of the balance sheet. Certain loan notes of the Group are expected to be repaid on 31 August 2021, this has been included in the cashflow forecasts. The terms of the loan notes only require repayment when there is sufficient liquidity in the Group.

Inspired Thinking Group (ITG) Limited

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Annual report and financial statements for the year ended 31 August 2020

Directors' report

Future developments

The Directors expect the Company to continue growing in the coming year and are confident that the Fort Topco Group of companies has sufficient resources to support the Company. At the balance sheet date, the Company had a very strong new sales pipeline which supports further strong growth anticipated for the future. To support the growth in customer base, geographical reach and diversity in skills required, the Company will continue to invest heavily in its technology platform and the development of its employees.

Events after the balance sheet date

As at the date of this report the Directors are not aware of any major changes in the Company's principal activities in the year ahead and there have been no significant events after the balance sheet date.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

Energy and carbon reporting

Energy and greenhouse gas emissions

Calculation of UK GHG emissions from energy use;

Energy Source	31 August 2020 GHG Emissions	
	MWh used	(Tonnes)
Gasoil	807	162
Electricity (assumed produced from coal)	1,549	1,095
Total	2,356	1,257
Intensity Ratio (GHG tonnes/£m revenue)		0.01

Energy efficiency review

The Company undertook an annual energy efficiency review in accordance with ISO50001:2018 requirements. The two main areas of focus to reduce energy consumption across the business were gas oil and road fuel reduction. A review of the group's working from home policy took place during the year which led to a largely reduced road fuel energy consumption.

Energy efficiency actions taken during 2020

The business actively promotes a culture of environmental responsibility including recycling and reducing carbon output where possible by using public transport, car sharing or working from home. Our electricity consumption is managed by auto sensor lighting throughout our offices and virtual collaboration is efficiently utilised.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the Company intranet and face-to-face business briefing sessions. Independent employee surveys are undertaken each year. These are used to further improve employee engagement which has led to monthly briefings at all of the Company's locations for all employees, as well as periodic open forums with the CEO. The Directors undertake a series of quarterly roadshows to all Company sites to present to employees progress of the business and plans for the future.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a director in order to make themselves 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.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

Mark Lovett

M Lovett

Director

5 February 2021

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Independent auditor's report to the members of Inspired Thinking Group (ITG) Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Inspired Thinking Group (ITG) Limited

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Annual report and financial statements for the year ended 31 August 2020

Independent auditor's report to the members of Inspired Thinking Group (ITG) Limited
(continued)

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Annual report and financial statements for the year ended 31 August 2020

Independent auditor's report to the members of Inspired Thinking Group (ITG) Limited
(continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.



David White BA FCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
5 February 2021

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Statement of comprehensive income

For the year ended 31 August 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	119,715	107,169
Cost of sales		(71,769)	(70,076)
Gross profit		47,946	37,093
Other operating income	5	2,917	-
Administrative expenses		(48,327)	(30,884)
Operating profit	5	2,536	6,209
Interest receivable and similar income		62	24
Interest payable and similar charges	6	(192)	(209)
Profit before taxation		2,406	6,024
Taxation	7	(988)	(837)
Profit for the financial year		1,418	5,187

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

The notes on pages 16 to 29 form part of these financial statements.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Balance sheet

As at 31 August 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	8	4,756	379
Tangible assets	9	2,972	3,154
Investments	10	-	346
		<u>7,728</u>	<u>3,879</u>
Current assets			
Stocks	11	3,652	3,279
Debtors	12	40,140	46,717
Cast at bank and in hand		8,659	7,484
		<u>52,451</u>	<u>57,480</u>
Creditors: amounts falling due within one year	13	<u>(38,186)</u>	<u>(40,784)</u>
Net current assets		<u>14,265</u>	<u>16,696</u>
Total assets less current liabilities		<u>21,993</u>	<u>20,575</u>
Net assets		<u>21,993</u>	<u>20,575</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		21,993	20,575
		<u>21,993</u>	<u>20,575</u>
Shareholders' funds		<u>21,993</u>	<u>20,575</u>

The notes on pages 16 to 29 form part of these financial statements.

The financial statements of Inspired Thinking Group (ITG) Limited, registered number 02967284 were approved by the Board of Directors and authorised for issue on 5 February 2021.

Signed on behalf of the Board of Directors

Mark Lovett

M Lovett
Director

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Statement of changes in equity

For the year ended 31 August 2020

	Profit & Loss Account £'000	Total £'000
At 1 September 2018	15,388	15,388
Total comprehensive income for the year to 31 August 2019	5,187	5,187
At 31 August 2019	20,575	20,575
Total comprehensive income for the year to 31 August 2020	1,418	1,418
As at 31 August 2020	21,993	21,993

The notes on pages 16 to 29 form part of these financial statements.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements

For the year ended 31 August 2020

1 Accounting policies

General information

Inspired Thinking Group (ITG) Limited is a private Company limited by shares and is incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of its registered office is Unit 315 Fort Dunlop, Fort Parkway, Birmingham, West Midlands B24 9FD. The nature of the Company's operations and principal activities are set out in the strategic report on page 2 and 5.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standards (FRS 102) as issued by the Financial Reporting Council and Companies Act 2006.

FRS102 - reduced disclosure requirements

The Company has taken advantage of the following exemptions in preparing these financial statements as permitted by FRS102:

- Under Section 7 FRS102 and Section 3 FRS102 3.17 the Company is a qualifying entity and therefore exemption has been taken from preparing a cash flow statement on the grounds that the ultimate parent Company includes the subsidiary in its published consolidated financial statements.
- Under Section 33 FRS102 33.1A the Company is a wholly owned subsidiary, and has therefore taken advantage of the exemption available, and has not disclosed, balances or transactions which form part of the group qualifying as related parties.
- Under Sections 11 and 12 FRS102, the Company has taken the exemption to disclose certain financial instruments on the grounds that the relevant disclosures are included in the consolidated financial statements of the Group.
- The Company is a subsidiary and is therefore exempt from the requirement to prepare consolidated group financial statements in accordance with Section 401 of Companies Act 2006. Refer Note 16 for details on where the consolidated financial statements of the ultimate parent Company may be obtained.

Covid-19 impact on going concern

As noted in the Strategic Report, the group (of which the company is part of) has been resilient to the impact of Covid-19. However there are inevitable ongoing consequences to the pandemic and the directors have reviewed these with respect to the Going Concern basis of the Group. During the pandemic the Group (of which the company is part of) has maintained frequent dialogue with its bankers and shareholders. The Group (of which the company is part of) secured access to additional funds from its bank syndicate however cash balances and cash flows have proven resilient, and these additional funds have not been utilised. At the balance sheet date the directors do not consider it likely that we will draw on this facility.

The Group (of which the company is part of) reacted well to the pandemic on an operational level. The directors expect that its resilient and flexible operating model will enable the Group to respond to future impacts of Covid-19 as and when they arise without impacting the Going Concern status of the Group.

The directors have assessed the risk of bad debt exposure to the Group (of which the company is part of). Covid-19 is leading to an overall increase in risk in this area. The Group (of which the company is part of) has responded by maintaining close engagement with clients in respect of their debts. The Group (of which the company is part of) has a broad client base the majority of which are well capitalised businesses. The Directors consider that it is highly unlikely that there would so many large impaired debts as to impact the going concern status of the group. The Group (of which the company is part of) maintains credit insurance on many of its debts and so any bad debts that do occur can be mitigated in cash terms, although some credit limits have been reduced or withdrawn during the year as a result of Covid-19.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

1 Accounting policies (continued)

Going concern

The directors consider that the group (of which the company is part of) and the company has adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements. Despite the net liability position presented in the consolidated balance sheet, which is a function of the Group's capital structure and acquisition accounting, the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate comfortably within the level of its current borrowing facility for a period of at least twelve months from the date of approval of the balance sheet. Certain loan notes of the Group are expected to be repaid on 31 August 2021, this has been included in the cashflow forecasts. The terms of the loan notes only require repayment when there is sufficient liquidity in the Group.

Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative instruments

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

1 Accounting policies (continued)

Turnover

Revenue is stated net of VAT, trade discounts and volume rebates and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services for projects is recognised using the percentage of completion method based on milestones agreed with the customer at the outset of the project. Where a project has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date, based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services the amounts are recorded as deferred income and included as part of creditors due within one year.

Government grants

Other operating income includes amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to reimburse the company for the wages of certain employees who were furloughed during the period but who remained on the company's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant.

Software development

Software development costs are stated at cost less accumulated amortisation and less accumulated impairment losses. The useful economic life is four years.

Investments

Investments in associates are accounted for using the equity method. Investments in associates are initially recorded at the transaction price and subsequently adjusted to reflect the Company's share of total comprehensive income and equity of the associate, less any impairment.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

For hive ups and hive across of assets and liabilities, amounts are transferred at the fair value.

Goodwill

Goodwill arising on acquisitions is capitalised and amortised evenly over its useful economic life which is five years. Provision is made for any impairment.

Work in progress

Work in progress is calculated only where it is not possible to estimate reliably the cost to complete. Costs are then deferred at the balance sheet date.

Work in progress is valued at the lower of cost and net realisable value. Cost includes direct expenditure and people time costs.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	over the lease term
Fixtures and fittings	4 years straight line method
Computer equipment	3 years straight line method

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purpose. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

1 Accounting policies (continued)

Leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Pension costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period to which they relate.

Foreign exchange

The Financial statements are presented in GBP which is also the functional currency of the parent company.

Transactions in foreign currencies are translated at the average rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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 key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Revenue recognition

In determining the percentage completion for specific projects at the balance sheet date, the Company is required to make estimates of the costs to complete and the total costs for a project in order to calculate the amount of revenue to be recognised. Where costs can be reliably estimated and revenue is recognised, certain factors arising after the balance sheet date may result in significant changes to the cost to complete and total project costs which could impact the revenue recognised at the balance sheet date. As at the balance sheet date, the total value of revenue accrued within prepayments and accrued income was £nil (2019: £387,438) and revenue deferred within accruals and deferred income was £1,262,958 (2019: £953,173).

Amounts owed from group companies

The Company has reviewed the amounts owed from group companies for impairment. During the year ended 31 August 2020, a write off of amounts owed by group undertakings of £4,852,000 has been included in the statement of comprehensive income

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

3 Turnover

Turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
By geographical area:		
United Kingdom	104,104	100,275
European Union	10,622	6,640
Rest of Europe	3,243	99
Rest of World	1,746	155
	<u>119,715</u>	<u>107,169</u>

4 Staff costs

	2020 £'000	2019 £'000
Wages and salaries	35,143	22,269
Social security costs	3,737	2,485
Other pension costs	1,331	718
Other staff costs	-	46
	<u>40,211</u>	<u>25,518</u>

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

	2020 No.	2019 No.
Administrative staff	<u>864</u>	<u>696</u>

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

5 Operating profit

Operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Hire of plant and machinery	182	92
Other operating leases	2,499	707
Depreciation - owned assets	1,489	1,713
Other operating income - government grant	(2,917)	-
Write off of intercompany balances	4,852	-
Fees payable to the auditor for audit of the Company's annual financial statements	40	40
	<u> </u>	<u> </u>

Other operating income includes amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to reimburse the company for the wages of certain employees who were furloughed during the period but who remained on the company's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant.

Directors' remuneration

	2020 £'000	2019 £'000
Directors' remuneration	628	550
Directors' pension contributions to money purchase schemes	10	19
	<u> </u>	<u> </u>

Information regarding the highest paid director is as follows:

	2020 £'000	2019 £'000
Emoluments	439	337
Pension contributions to money purchase schemes	-	4
	<u> </u>	<u> </u>

The numbers of directors to whom retirement benefits were accruing was as follows:

	2020 No.	2019 No.
Money purchase schemes	2	2
	<u> </u>	<u> </u>

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

6 Interest payable and similar charges

	2020 £'000	2019 £'000
Bank interest	-	17
Interest due to parent undertakings	192	192
	<u>192</u>	<u>209</u>

7 Taxation**a) Tax on profit on ordinary activities**

The tax charge on the profit on ordinary activities for the year is made up as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	1,064	850
Adjustment in respect of prior years	61	(27)
Total current tax	<u>1,125</u>	<u>823</u>
Deferred tax:		
(Reversal)/origination of timing difference	(140)	5
Adjustment in respect of previous years	11	9
Effect of rate change	(8)	-
Total deferred tax	<u>(137)</u>	<u>14</u>
Tax on profit	<u>988</u>	<u>837</u>

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

7 Taxation (continued)**b) Factors affecting the total tax charge / (credit)**

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

	2020 £'000	2019 £'000
Profit before tax	2,406	6,024
Profit multiplied by the effective standard rate of corporation tax in the UK of 19% (2019: 19%)	457	1,145
<u>Effects of:</u>		
Expenses not deductible for tax purposes	21	32
Fixed asset differences	-	85
Transfer pricing adjustments	192	42
R&D expenditure credits	-	13
Other reliefs and transfers	(10)	(8)
Adjustment in respect of prior years	72	(18)
Group relief (claimed) / surrendered for nil consideration	264	(453)
Tax rate changes	(8)	(1)
Total tax charge for the year	988	837

c) Factors that may affect future charges / (credits)

In the Spring Budget 2020, the Government announced that from 1 April 2020, the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects have been included in these financial statements.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

d) Deferred tax

Deferred tax included within debtors (see note 12) is as follows:

	2020	2019
	£'000	£'000
Deferred tax:		
Asset at start of the year	78	92
Deferred tax credit for the year	137	(5)
Adjustments in respect of prior years	-	(9)
	<u>215</u>	<u>78</u>
Asset at the end of the year	<u>215</u>	<u>78</u>
	2020	2019
	£'000	£'000
Fixed asset timing differences	29	31
Short term timing differences	186	47
	<u>215</u>	<u>78</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Deferred tax asset as at 31 August 2020 and 31 August 2019 is included within debtors (refer to note 12).

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

8. Intangible assets

Group	Goodwill £'000	Software Development £'000	Total £'000
Cost			
At 1 September 2019	-	651	651
Additions	-	721	721
Transfers	3,804	-	3,804
At 31 August 2020	3,804	1,372	5,176
Amortisation			
At 1 September 2019	-	(272)	(272)
Amortisation for the year	-	(148)	(148)
At 31 August 2020	-	(420)	(420)
Net			
At 31 August 2020	3,804	952	4,756
At 31 August 2019	-	379	379

9 Tangible fixed assets

	Leasehold Improvements £'000	Fixtures & Fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 September 2019	2,061	1,422	5,015	8,498
Additions	241	294	771	1,306
Disposals	-	-	(2,006)	(2,006)
At 31 August 2020	2,302	1,716	3,780	7,798
Depreciation				
At 1 September 2019	(1,177)	(957)	(3,210)	(5,344)
Charge for the year	(337)	(224)	(927)	(1,488)
Disposals	-	-	2,006	2,006
At 31 August 2020	(1,514)	(1,181)	(2,131)	(4,826)
Net book value				
At 31 August 2020	788	535	1,649	2,972
At 31 August 2019	884	465	1,805	3,154

None of the fixed assets included in the above are held under hire purchase contracts.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

10 Investments

	2020 £'000
Cost	
Net carrying value	
At 1 September 2019	346
Disposal	(346)
	<hr/>
At 31 August 2020	-
	<hr/> <hr/>

11 Stocks

	2020 £'000	2019 £'000
Work in progress	3,652	3,279
	<hr/>	<hr/>

12 Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade debtors	26,449	24,613
Amounts owed by group undertakings	11,124	19,543
Other debtors	325	354
Deferred tax (note 7)	215	78
Prepayments and accrued income	2,027	2,129
	<hr/>	<hr/>
	40,140	46,717
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	15,201	22,649
Amounts owed to group undertakings	5,618	10,734
Accruals & deferred income	3,040	2,775
Derivative financial instruments	47	86
Social security and other taxes	8,348	2,239
Other creditors	5,130	1,739
Corporation tax	802	562
	<u>38,186</u>	<u>40,784</u>

Included within other creditors is £235,128 (2019: £209,734) of unpaid contributions to the Company's defined contribution Group Personal Pension Scheme.

Derivative financial instruments relate to Euro and US Dollar foreign exchange rate swaps. These instruments are taken out from time to time to mitigate foreign exchange risk on non-sterling cash flows. The length and terms of the instruments vary.

Amounts owed by group undertaking includes a loan from the parent company with interest accruing at 9% per annum on the principal. The loan is for an unspecified term and is repayable on demand. The remaining amounts are interest free.

14 Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 Land & buildings £'000	2019 Land & buildings £'000	2020 Other £'000	2019 Other £'000
Within one year	1,228	1,444	79	73
Between one and five years	3,855	4,877	73	73
More than five years	1,116	2,018	-	-
Total	<u>6,199</u>	<u>8,339</u>	<u>152</u>	<u>146</u>

15 Called up share capital

	2020 £	2019 £
Allotted, issued and fully paid 3 ordinary shares of £1	<u>3</u>	<u>3</u>

Inspired Thinking Group (ITG) Limited

Company Number: 02967284

Notes to the financial statements (continued)

For the year ended 31 August 2020

16 Ultimate parent company

The immediate parent company is Inspired Thinking Group Holdings Limited, a company incorporated in the UK and registered in England and Wales. The ultimate parent company is Fort Topco Limited, a company incorporated in Jersey.

The largest group in which the results of the Company are consolidated is that headed by Fort Topco Limited, 28 Esplanade, St Helier, Jersey, JE2 3QA. The smallest group in which they are consolidated is that headed by Inspired Thinking Group Holdings Limited, Unit 315 Fort Dunlop Fort Parkway, Birmingham, B24 9FD. The consolidated financial statements of these group's are available to the public and may be obtained from Unit 315 Fort Dunlop, Fort Parkway, Birmingham, B24 9FD.

17 Related party disclosures

During the year, there were sales from Intrepia Limited to Inspired Thinking Group (ITG) Limited of £Nil (2019: £289,720) and sales from Inspired Thinking Group (ITG) Limited to Intrepia Limited of £53,000 (2019: £170,124). As at 31 August 2020, £580,500 (2019: £169,426) was due from Inspired Thinking Group (ITG) Limited to Intrepia Limited.

Included with other debtors are amounts due from directors for unpaid share capital and share premium totalling £165,000 (2019: £175,000).

Note 5 contains disclosure of the Directors' remuneration for the year.

As permitted by FRS 102 (Section 33.1a) the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

18 Ultimate controlling party

There is no ultimate controlling party.

19 Events after the balance sheet date

As at the date of this report the Directors are not aware of any major changes in the Company's principal activities in the year ahead and there have been no significant events after the balance sheet date.