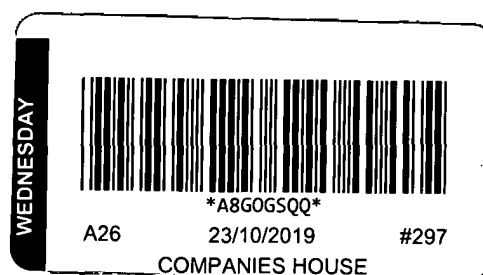


# Velocity Partners Limited

Annual Report and Financial Statements  
For the period ended 31 January 2019

Registered Number: 04128107



# Velocity Partners Limited

Annual report and financial statements  
for period ended 31 January 2019

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# Velocity Partners Limited

Officers and professional advisers  
Annual report and financial statements  
for the period ended 31 January 2019

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## Directors

D Kessler  
S Woods  
P Harris  
J Peachey

## Registered office

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

## Registered number

04128107

## Auditor

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

# Velocity Partners Limited

## Strategic Report for the period ended 31 January 2019

The Directors present their strategic report together with the audited financial statements of Velocity Partners Limited (the 'Company') for the period ended 31 January 2019.

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

### Change in accounting reference date

The Company has changed its accounting reference date to 31 January to keep it aligned with the ultimate parent undertaking, Next Fifteen Communications Group plc ('Next 15'). The current period covered by the financial statements is therefore 1 May 2018 to 31 January 2019. The prior period is the 12 months to 30 April 2018 and is therefore not entirely comparable.

### Principal activity, review of business and future developments

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

The results of the Company are set out in the profit and loss account on page 10. The company has continued to have a strong year with net revenue remaining relatively stable when comparing like for like year. The company also reported a profit of £223,542 (2018: £2,788,811) during the period. The reason for the significant decrease in profit was due to a £2,000,000 gain on sale of IP in the prior year, relating to the right to use the trade name and other IP sold to a subsidiary, Velocity Partners US Inc.

The Company's Balance sheet continues to be in a net asset position of £1,607,610 (2018: £4,984,053).

### Future developments

The Company will continue to re-invest its profits to achieve growth and synergies and the Directors do not anticipate any changes to the principal activity of the Company in the foreseeable future.

### Key performance indicators

The key financial indicators that the Company uses to monitor performance are Net revenue, Operating profit margin and Net current assets.

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

	Period to 31 January 2019	Year to 30 April 2018
Net revenue (£'000)	3,738	5,553
Operating profit margin net of gain on sale of IP (%) <sup>1</sup>	6%	17%
Net current assets (£'000)	1,712	4,861

<sup>1</sup> Operating profit margin is calculated as the percentage on net revenue.

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

# Velocity Partners Limited

Strategic Report (continued)  
for the period ended 31 January 2019

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## Principal risks and uncertainties

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

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

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

Due to the invocation of Article 50 of the Treaty on European Union by the United Kingdom, it is expected that the country may resign its position within the European Union during 2019. The terms of the future relationship between the UK and the EU are still unknown, and at the date of this report it is impossible to assess in detail the opportunities and threats that such a resignation could present. The directors are managing these risks by closely monitoring developments and are confident that the Company will be able to amend and modify its procedures to remain fully compliant with any new rules and regulations, and to maintain its standing and reputation in the marketplace.

Following recent changes in the political environment, the Company faces uncertainty in the UK. In uncertain political and economic times, there is an increased risk that customers cut marketing spend leading to reduced revenue and profit for the Company. The Board continues to monitor the latest macroeconomic developments to inform the Company strategy.

## Financial risk management objectives and policies

### Liquidity risk

There is no reliance on external debt and the Company has significant net assets of £1,607,610 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next Fifteen Communications Group plc, are able to provide support in relation to liquidity should it be required.

### Credit risk

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

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

The strategic report as set out on pages 3 to 4 was approved by the Board on 11 October 2019 and signed on its behalf by:



P J Harris

Director

11 October 2019

# Velocity Partners Limited

## Directors' Report for the period ended 31 January 2019

The Company has chosen, in accordance with section 411C(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 Directors' Report.

### Results and dividends

The profit and loss account is set out on page 10 and shows a profit of £223,542 for the period (2018: £2,788,811).

The Directors paid dividends amounting to £3,600,000 in the period (2018: £61,000). Subsequent to the balance sheet date, the Directors paid a dividend of £900,000.

### Directors

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

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

### Going concern

At the balance sheet date the Company had net current assets of £1,712,046. The business is forecast to be profitable going forward. After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Events after the balance sheet date

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

### Directors' indemnities

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

### Auditor

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

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

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

**Approved by the Board and signed on their behalf by**



P Harris  
Director  
11 October 2019

# Velocity Partners Limited

## Directors' responsibilities statement for the period ended 31 January 2019

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### Directors' responsibilities statement

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

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

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

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

# Velocity Partners Limited

## Independent auditor's report

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### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Velocity Partners Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity and;
- the related notes 1 to 22.

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

#### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### 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.

# Velocity Partners Limited

## Independent auditor's report (continued)

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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 respect of these matters.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Report on other legal and regulatory requirements**

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

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

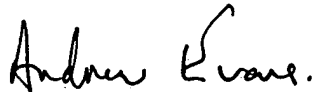
# Velocity Partners Limited

## Independent auditor's report (*continued*)

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### 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.



Andrew Evans  
(Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

11 October 2019

# Velocity Partners Limited

## Profit and loss account for the period ended 31 January 2019

	Note	Period ended 31 January 2019 £	Year ended 30 April 2018 £
<b>Revenue</b>	3	<b>4,187,906</b>	6,425,635
Direct costs		<b>(449,949)</b>	(872,857)
<b>Net revenue</b>		<b>3,737,957</b>	5,552,778
Administrative costs		<b>(3,514,255)</b>	(2,624,743)
<b>Operating profit</b>		<b>223,702</b>	2,928,035
Interest receivable and similar income	8	-	20,659
Interest payable and similar expenses	9	<b>(160)</b>	-
<b>Profit before tax</b>	4	<b>223,542</b>	2,948,694
Tax charge on profit	10	-	(159,883)
<b>Profit for the financial period/year</b>		<b>223,542</b>	2,788,811

All amounts relate to continuing activities.

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

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

# Velocity Partners Limited

## Balance sheet as at 31 January 2019

Registered number 04128107	Note	2019	2018
		£	£
<b>Fixed assets</b>			
Tangible assets	11	107,564	123,099
Investments	12	-	78
		<u>107,564</u>	<u>123,177</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	13	1,296,753	5,261,638
Cash at bank and in hand		1,687,240	701,173
		<u>2,983,993</u>	<u>5,962,811</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,271,947)</u>	<u>(1,101,935)</u>
<b>Net current assets</b>		<u>1,712,046</u>	<u>4,860,876</u>
<b>Total assets less current liabilities</b>		<u>1,819,610</u>	<u>4,984,053</u>
<b>Provisions for liabilities</b>	16	<u>(212,000)</u>	-
<b>Net assets</b>		<u>1,607,610</u>	<u>4,984,053</u>
<b>Capital and reserves</b>			
Called up share capital	18	118	103
Share based payment reserve	19	600,000	600,000
Profit and loss account		1,007,492	4,383,950
<b>Shareholders' funds</b>		<u>1,607,610</u>	<u>4,984,053</u>

The financial statements were approved by the Board of directors and authorised for issue on 11 October 2019.  
They were signed on its behalf by:



P Harris  
Director

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

# Velocity Partners Limited

## Statement of changes in equity for the period ended 31 January 2019

	Called up share capital (note 18) £	Share-based payment reserve (note 19) £	Profit and loss account £	Total £
<b>Balance at 1 May 2017 (unaudited)</b>	103	600,000	1,656,139	2,256,242
Profit for the year	-	-	2,788,811	2,788,811
Dividends (note 17)	-	-	(61,000)	(61,000)
<b>Balance at 30 April 2018</b>	<b>103</b>	<b>600,000</b>	<b>4,383,950</b>	<b>4,984,053</b>
Profit for the period	-	-	223,542	223,542
Issue of shares (note 18)	15	-	-	15
Dividends (note 17)	-	-	(3,600,000)	(3,600,000)
<b>Balance at 31 January 2019</b>	<b>118</b>	<b>600,000</b>	<b>1,007,492</b>	<b>1,607,610</b>

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

# Velocity Partners Limited

## Notes forming part of the financial statements for the period ended 31 January 2019

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### 1 General information

Velocity Partners Limited ('the Company') is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 4. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statement, because it is included in the group accounts Next Fifteen Communications Group plc. The group accounts of Next Fifteen Communications Group plc are available to the public and can be obtained as set out in note 21.

### 2 Significant accounting policies

#### *Basis of accounting*

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions.

The financial statements are prepared under the historical cost convention.

The following principal accounting policies have been applied:

#### *Adoption of new and revised standards*

The Company has adopted all new accounting standards which were required to be adopted in the current period. IFRS 9 'Financial Instruments' was adopted in the year and the impact was immaterial. The only one with which had a significant impact on the Company's results or financial position was IFRS 15 'Revenue from Contracts with Customer' which is effective for annual periods beginning on or after 1 January 2018. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules retrospectively and has restated comparatives for each prior period presented in the consolidated financial statements.

The Company assessed whether the adoption of IFRS 15 had any impact on the timing of revenue recognition. Under IAS 18 the Company recognised revenue based on stage of completion whereas IFRS 15 established a five-step model where the recognition should be when contractual performance obligations are satisfied by transferring control of the goods or services to the customer. Following assessment of the contracts held by the Company, it was determined that the impact of aligning the Company's revenue recognition with performance obligations to the customer did not have a material impact on the revenue in the prior periods. Therefore, no restatement has been made.

For certain of our contracts, the adoption of IFRS 15 resulted in a change in our accounting for certain third-party costs which are billed onto clients. Third-party costs are included in revenue when the Company acts as principal with respect to the services provided to the client and are excluded when the Company acts as agent. Under IFRS 15 the Company is considered principal for certain third-party costs which are billed onto clients and have been recognised as direct costs, where the Company previously recognised these as other external charges. As a result, there has been no impact to net revenue or profit for the prior periods.

# Velocity Partners Limited

## Notes forming part of the financial statements (*continued*) for the period ended 31 January 2019

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### 2 Significant accounting policies (*continued*)

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 2019 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 periods except for IFRS 16 'Leases'. IFRS 16 requires the recognition of all lease assets and liabilities by lessees on the balance sheet and is effective for the Company's year ending 31 January 2020. The Company will be required to recognise a right-of-use asset and related liability for the majority of the operating leases and show depreciation of leased assets and interest in lease liabilities separately in profit and loss account. The Company anticipates that the impact to profit will be immaterial.

#### *Going concern*

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

#### *Revenue recognition*

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

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

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

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

#### *Accrued and deferred income*

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

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

#### *Investments in subsidiaries*

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

# Velocity Partners Limited

## Notes forming part of the financial statements for the period ended 31 January 2019 (*continued*)

### 2 Significant accounting policies (*continued*)

#### *Tangible assets*

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

Fixtures and fittings - 20-40% per annum

#### *Foreign currencies*

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

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

#### *Taxation*

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

#### **Current tax**

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

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# Velocity Partners Limited

## Notes forming part of the financial statements for the period ended 31 January 2019 (*continued*)

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### 2 Significant accounting policies (*continued*)

#### *Taxation (continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

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

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

#### **Current tax and deferred tax for the period**

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

#### *Leases*

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

#### **The Company as lessee**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *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.

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 *(continued)*

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## 2 Significant accounting policies *(continued)*

### *Critical accounting judgements and key sources of estimation uncertainty*

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

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

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

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

3 Revenue	Period ended 31 January 2019 £	Year ended 30 April 2018 £
An analysis of the Company's revenue is as follows:	4,187,906	6,425,635
Rendering of services	3,756,591	5,636,877
Mechanical income	431,315	788,758
	<u>4,187,906</u>	<u>6,425,635</u>

All revenue relates to continuing operations and arises from the provision of services within the UK 22% (2018: 17%), US 65% (2018: 68%) and Europe, Middle East and Africa 13% (2018: 15%).

## 4 Profit before tax

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Operating profit for the year has been arrived at after charging/(crediting):		
Depreciation of tangible assets (see note 11)	54,170	60,000
Foreign exchange (gain)/loss	(65,303)	44,087
Staff costs (see note 6)	2,627,317	3,105,499
Management charges from parent company	202,085	138,846
Gain on sale of IP	-	(2,000,000)
	<u>                    </u>	<u>                    </u>

The gain on sale of IP related to the right to use the trade name and other IP which was sold to another company in the group, Velocity Partners US Inc.

## 5 Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's financial statements were £16,500 (2018: £12,000).

Fees payable to Deloitte and their associates 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.

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

## 6 Employees

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Staff costs, including Directors, consist of:		
Wages and salaries	2,293,935	2,736,249
Social security costs	233,494	255,003
Other pension costs	99,888	114,247
	<u>2,627,317</u>	<u>3,105,499</u>

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

	2019 Number	2018 Number
Directors	2	2
Other staff	44	41
	<u>46</u>	<u>43</u>

## 7 Directors' remuneration

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Total remuneration of all Directors:		
Aggregate emoluments	225,000	232,500
Company contributions to defined contribution schemes	-	2,000
	<u>225,000</u>	<u>234,500</u>

P Harris is a Director of more than one group company. P Harris is a Director of the ultimate parent Next Fifteen Communications Group Plc. L Lowry was a director of more than one group company and was an employee of Next Fifteen Communications Group plc. They received emoluments from other entities within the Next Fifteen Communications Group during the year, but it is not practicable to allocate this between their services as Directors of the group and as Directors of other group companies. Included within this amount are amounts accruing under individual pension schemes for their services to the group.

Remuneration of highest paid Director:

Aggregate emoluments	112,500	116,250
Company contributions to defined contribution scheme	-	1,000
	<u>112,500</u>	<u>117,250</u>

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

## 8 Interest receivable and similar income

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Intercompany interest receivable	-	20,659

At the Balance Sheet date, there were no external loans outstanding to parties outside of the Next 15 Group.

## 9 Interest payable and similar expenses

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Bank interest payable	(160)	-

## 10 Tax charge on profit

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
a) Analysis of charge in the period/year		
Current taxation	-	59,659
Adjustments to current taxation in respect of prior year	(42,568)	(426)
Deferred taxation (note 15)	29,636	100,650
Adjustments to deferred taxation in respect of prior year	12,932	-
Total tax (note 10b)	-	159,883
b) Factors affecting total tax		

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

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Profit before tax	223,542	2,948,694
Tax on profit at the standard rate of corporation tax in the UK of 19% (2018: 19%)	42,473	560,252
Effects of:		
Gain on sale of IP	-	(380,000)
Other disallowed expenses	(268)	(19,943)
Adjustments in respect of prior year	(29,636)	(426)
Group tax relief claimed for no consideration	(12,569)	-
Total tax for the year (note 10a)	-	159,883

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (*continued*)

## 10 Tax charge on profit (*continued*)

The UK income tax expense is based on the UK statutory rate of corporation tax for the year to 31 January 2019 of 19% (2018: 19%). Legislation was passed in September 2016 to reduce the main rate of corporation tax to 19% from April 2017 and 17% from April 2020.

## 11 Tangible assets

	Fixtures and fittings £	Total £
<i>Cost</i>		
At 1 May 2018	473,206	473,206
Additions	38,635	38,635
	<hr/>	<hr/>
At 31 January 2019	<b>511,841</b>	<b>511,841</b>
	<hr/>	<hr/>
<i>Accumulated depreciation and impairment</i>		
At 1 May 2018	350,107	350,107
Charge for the period/year	54,170	54,170
	<hr/>	<hr/>
At 31 January 2019	<b>404,277</b>	<b>404,277</b>
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 January 2019	<b>107,564</b>	<b>107,564</b>
	<hr/>	<hr/>
At 30 April 2018	123,099	123,099
	<hr/>	<hr/>

## 12 Investments in subsidiaries

	Subsidiary undertakings £
<i>Cost</i>	
At 30 April 2018	78
Disposals	(78)
	<hr/>
<b>31 January 2019</b>	<b>-</b>
Provisions for Impairment At 30 April 2018 and 31 January 2019	-
	<hr/>
Carrying Amount <b>At 31 January 2019</b>	<b>-</b>
	<hr/>
At 30 April 2018	78
	<hr/>

The Company held 100% of the Ordinary shares in Velocity Partners US Inc, a company registered in the USA at CT Corporation System, 28 Liberty Street, New York, NY 10005. During the period the shares were sold to another Group Company at cost.

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

## 13 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Trade debtors	1,047,636	1,412,454
Amounts owed by group undertakings	13,796	3,619,486
Other debtors	39,522	56,698
Prepayments	51,428	93,846
Accrued income	141,293	79,154
Rent deposit	3,078	-
	<u>1,296,753</u>	<u>5,261,638</u>

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

## 14 Creditors

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Trade creditors	194,939	190,375
Amounts owed to group undertakings	151,980	-
Corporation tax	33,051	59,661
Other taxation and social security	76,193	56,133
Other creditors	10,252	15,255
Accruals	166,499	382,479
Deferred income	590,014	391,581
Deferred tax (note 15)	49,019	6,451
	<u>1,271,947</u>	<u>1,101,935</u>

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

## 15 Deferred taxation

	2019 £	2018 £
The deferred tax liability included in the balance sheet is as follows:		
Included in creditors (note 14)	<u>(49,019)</u>	<u>(6,451)</u>
The movement in the deferred taxation account during the year was:		
Balance at 1 May	(6,451)	94,199
Debit to the profit and loss account for the period/year (note 10)	<u>(42,568)</u>	<u>(100,650)</u>
Balance at 31 January/31 April	<u>(49,019)</u>	<u>(6,451)</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	(2,932)	(10,915)
Equity settled share-based payment reserve	(81,957)	-
Other	35,870	4,464
	<u>(49,019)</u>	<u>(6,451)</u>

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

## 16 Provisions for liabilities

	£
Opening balance at 1 May 2018	-
Charged in the period	212,000
	<hr/>
Closing balance at 31 January 2019	212,000
	<hr/> <hr/>

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

## 17 Dividends paid

	2019 £	2018 £
Amounts recognised as distributions to equity holders in the year:		
Dividends paid (equivalent to £3.06 per ordinary share (2018: £0.061))	3,600,000	61,000
	<hr/>	<hr/>

The final dividends were paid on 30 April 2018

## 18 Called up share capital

	2019 Number	2018 Number	2019 £	2018 £
<b>Called up, allotted and fully paid</b>				
Ordinary shares of 0.01p each	1,176,466	1,000,000	117.65	100
Growth shares of 0.01p each	-	29,411	-	3
	<hr/>	<hr/>	<hr/>	<hr/>

On 10 July 2017 147,055 growth shares were allotted issued at par and subsequently all growth shares were redesignated as ordinary shares.

## 19 Share based payment reserve

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

# Velocity Partners Limited

Notes forming part of the financial statements  
for the period ended 31 January 2019 (continued)

## 20 Operating lease arrangements

	Period ended 31 January 2019 £	Year ended 30 April 2018 £
Lease payments under operating leases recognised as an expense in the period/year	<u>120,106</u>	<u>150,958</u>

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	61,114	122,843
In the second to fifth years inclusive	71	-
In greater than five years	-	-
	<u>61,185</u>	<u>122,843</u>

## 21 Controlling party

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

## 22 Contingent liabilities

The Company participates in a multilateral guarantee with HSBC Bank Plc (2018: HSBC Bank Plc) relating to the overdraft facilities of the parent and certain group companies. The maximum amount of the contingent liability which could arise from this guarantee is limited to £60,000,000 (2018: £40,000,000).