

Company registration number 06467245 (England and Wales)

THE MARKETING LOUNGE PARTNERSHIP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE MARKETING LOUNGE PARTNERSHIP LIMITED

COMPANY INFORMATION

Directors	C Paterson S Jamieson A Diver S Constantine S Sutcliffe J Bowyer L Brett	(Appointed 26 January 2023) (Appointed 15 August 2022)
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Company number	06467245
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Registered office	The Cow Shed Walnut Tree Farm Lower Stretton Warrington Cheshire WA4 4PG
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Auditor	Mitchell Charlesworth (Audit) Limited Glebe Business Park Lunts Heath Road Widnes Cheshire WA8 5SQ
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THE MARKETING LOUNGE PARTNERSHIP LIMITED

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THE MARKETING LOUNGE PARTNERSHIP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Principal Activity and Review of the Business

The principal activity of the company is a marketing technology agency. We specialise in creating rewards and loyalty campaigns across a number of highly competitive, including regulated, industry sectors. We help some of the world's biggest brands to "create positive emotions" for their customers and colleagues on a multilingual and international scale. In addition to providing the technology infrastructure, we also provide the ideas, planning and delivery capabilities to ensure we delight our client's customers whilst delivering results for our clients.

The year has seen a gradual recovery from the post-pandemic uncertainty faced with our client base, as the effects of covid and economic supply issues have lessened. Our work during and post pandemic to invest in our technology platforms and long-term strategy, as opposed to short-term profitability has successfully changed the direction of the business. The added value in our technology platforms is increasing recurring revenues, contract tenure, and average first year spend. This move to larger strategic projects has inevitably increased the conversion period from initial discussions to campaign delivery; whilst this tempers growth the business has a strong pipeline of opportunities.

The company traded steadily during the period with revenues up 3% at £20.2m, improved gross profit at 17%, and operating profit of £0.3m.

Future Outlook

The future outlook for the company is positive. The ongoing investments made in both the technology and team has strengthened client relationships; enabling greater saturation and cross-sell across different departments, brands and territories. The business is growth focused; we are now operating in 23 countries, all serviced from the UK, and have a number of international expansion opportunities with existing clients. Financial forecasts demonstrate ongoing growth, and the Directors remain confident that the company is a going concern.

Key Performance Indicators

The main objective of the business has been to protect the staff, clients and company during the uncertain period of the pandemic. Throughout this period strict financial monitoring has been in place, along with other performance indicators particularly in relation to ISO27001. These are regularly reviewed by the Board.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal Risk and Uncertainties

The company's operations expose it to a variety of market, strategic, financial and operational risks. The Board of directors have overall responsibility for ensuring risk is effectively managed across the business, and, on behalf of the Board the Information Governance Group, made up of a senior team across all departments, meets fortnightly to monitor business risks. The policies set by the I.G.G. are implemented business wide.

- Breach of IT security or cyber-attack

The incidence and sophistication of cyber security threats and breaches continues to increase, affecting businesses globally. As a large scale data processor and technological services provider, any IT security breaches, computer malware or other cyber attacks could result in loss or compromise of data, significant disruption to operations, reputational, and financial damage.

The company has made significant investment in systems, architecture (software and hardware) to mitigate these risks. We have worked with external consultants to gain ISO 27001, and now have internal expertise to maintain this accreditation, along with enhanced payment and fraud security measures. All employees are provided with IT security training at least annually, with those in roles more likely to be targeted by cybercriminals (e.g. Finance) receiving more frequent training and updates. The company employs personnel dedicated to IT security, and monitors cybersecurity trends, continuously identifying and implementing new processes, systems and technologies to mitigate the likelihood of a successful breach of its IT security. Disaster recovery plans are in place to enable any IT security incidents to be handled efficiently and appropriately. The company will remain vigilant and continue to invest to drive further enhancements to remain ahead of cybercriminals.

- Concentrated client base

The company has focused on widening our scope of services and sector focus to ensure that the company is not reliant on specific sectors and/ or specific clients. Continuing our core strategy of growth will ensure the financial impact of any future client loss is diluted.

- Pandemic related disruption

Longer term the company must be prepared for the potential impact of new pandemic outbreaks. Such outbreaks pose a risk to demand for the company's products and services, which could affect the company's financial targets. The impact of the Covid-19 pandemic on the business demonstrated a proven ability to react swiftly, managing its flexible cost base to reduce the impact of a reduction in turnover. The experience gained in dealing with this period of disruption has put the business in a stronger position to handle any future pandemics.

- Macroeconomic environment

There remains a degree of macroeconomic uncertainty due to a number of factors; the ongoing conflict in Ukraine, recent rises in interest rates, shortage in raw materials for manufacturers, and the cost of living crisis. Whilst the risk of global economic downturn remains relatively high, the company believes this is an opportunity to support our clients in offering added value to their customers, with increased demand as we saw during the global financial crisis in 2008. Opportunities and risks can be sector specific so we remain committed to diversifying revenues across geographies and sectors to protect against the impact of reduction in demand from any one revenue stream.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Financial Risk Management

Given the size of the company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the Company's finance department.

The company's operations expose it to a variety of financial risks, particularly in the current financial climate, whereby even large blue chips worldwide and within the UK are struggling with uncertainty.

The company's client base is generally stable and on the whole pay within 45 days on average. Bad debt is very low; however the Directors remain vigilant and cashflow and bad debt is monitored regularly (weekly).

The company does not heavily rely on Third parties, however we do not purchase volumes of Gift cards from high street retailers (a sector that had recently been susceptible to profit warnings and/or administrators). The company ensures that it does not over commit funds or purchase from companies that look susceptible through ongoing due diligence.

On behalf of the board

C Paterson
Director

9 November 2023

THE MARKETING LOUNGE PARTNERSHIP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of a marketing technology agency.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Paterson	
S Jamieson	
A Howard	(Resigned 1 May 2022)
A Diver	
S Constantine	
S Sutcliffe	
J Bowyer	(Appointed 26 January 2023)
L Brett	(Appointed 15 August 2022)

Auditor

Mitchell Charlesworth (Audit) Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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). 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;
- 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.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is noted in the Strategic Report.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

C Paterson

Director

9 November 2023

THE MARKETING LOUNGE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MARKETING LOUNGE PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of The Marketing Lounge Partnership Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 March 2023 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 by exception

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

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE MARKETING LOUNGE PARTNERSHIP LIMITED

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the company's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of management of their own identification of and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the Profit and Loss Account, (ii) the accounting policy for revenue recognition, (iii) the carrying value of intangible assets, and (iv) the existence and completeness of accruals and creditors. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included Computer Misuse Act 1990, Copyright, Designs and Patent Act 1988 (CDPA), UK GDPR (Data Protection Act 2018), Copyright Act 1956, Human Rights Act 1998, The Privacy and Electronic Communications (EC Directive) Regulations 2003 and Immigration, Asylum and Nationality Act 2006.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE MARKETING LOUNGE PARTNERSHIP LIMITED

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of management and directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of board meetings and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Robert Davies (Senior Statutory Auditor)

For and on behalf of Mitchell Charlesworth (Audit) Limited

9 November 2023

Accountants
Statutory Auditor

Glebe Business Park
Lunts Heath Road
Widnes
Cheshire
WA8 5SQ

THE MARKETING LOUNGE PARTNERSHIP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£	as restated £
Turnover	3	20,172,811	19,667,576
Cost of sales		(16,680,032)	(17,606,890)
Gross profit		3,492,779	2,060,686
Administrative expenses		(4,130,141)	(3,726,372)
Other operating income		908,637	760,027
Operating profit/(loss)	4	271,275	(905,659)
Interest receivable and similar income	7	98	2,881
Interest payable and similar expenses	8	(66,837)	(36,734)
Profit/(loss) before taxation		204,536	(939,512)
Tax on profit/(loss)	9	78,932	215,452
Profit/(loss) for the financial year		283,468	(724,060)

THE MARKETING LOUNGE PARTNERSHIP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	as restated £
Profit/(loss) for the year	283,468	(724,060)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>283,468</u>	<u>(724,060)</u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023		2022 as restated	
		£	£	£	£
Fixed assets					
Goodwill	11		904,244		1,085,093
Other intangible assets	11		1,734,802		1,625,992
Total intangible assets			2,639,046		2,711,085
Tangible assets	12		1,388,940		1,644,655
			4,027,986		4,355,740
Current assets					
Stocks	13	31,757		31,757	
Debtors	14	6,570,193		4,010,698	
Cash at bank and in hand		159,841		650,371	
		6,761,791		4,692,826	
Creditors: amounts falling due within one year	15	(8,617,233)		(6,705,928)	
Net current liabilities			(1,855,442)		(2,013,102)
Total assets less current liabilities			2,172,544		2,342,638
Creditors: amounts falling due after more than one year					
	16		(422,667)		(964,035)
Provisions for liabilities					
Deferred tax liability	19	396,489		308,683	
			(396,489)		(308,683)
Net assets			1,353,388		1,069,920
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves			1,353,288		1,069,820
Total equity			1,353,388		1,069,920

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 9 November 2023 and are signed on its behalf by:

C Paterson
Director

Company registration number 06467245 (England and Wales)

THE MARKETING LOUNGE PARTNERSHIP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
As restated for the period ended 31 March 2022:				
Balance at 1 April 2021		100	1,943,880	1,943,980
Year ended 31 March 2022:				
Loss and total comprehensive income		-	(724,060)	(724,060)
Dividends	10	-	(150,000)	(150,000)
Balance at 31 March 2022		100	1,069,820	1,069,920
Year ended 31 March 2023:				
Profit and total comprehensive income		-	283,468	283,468
Balance at 31 March 2023		100	1,353,288	1,353,388

THE MARKETING LOUNGE PARTNERSHIP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(295,061)		744,385
Interest paid			(66,837)		(36,734)
Income taxes refunded			256,532		176,297
Net cash (outflow)/inflow from operating activities			(105,366)		883,948
Investing activities					
Purchase of intangible assets		(544,000)		(597,427)	
Purchase of tangible fixed assets		(165,300)		(454,305)	
Proceeds on disposal of tangible fixed assets		189,585		136,790	
Receipts arising from loans made		(482,732)		(326,869)	
Interest received		98		2,881	
Net cash used in investing activities			(1,002,349)		(1,238,930)
Financing activities					
Repayment of bank loans		283,333		(69,444)	
Payment of finance leases obligations		(153,699)		116,136	
Dividends paid		-		(150,000)	
Net cash generated from/(used in) financing activities			129,634		(103,308)
Net decrease in cash and cash equivalents			(978,081)		(458,290)
Cash and cash equivalents at beginning of year			650,371		1,108,661
Cash and cash equivalents at end of year			(327,709)		650,371
Relating to:					
Cash at bank and in hand			159,841		650,371
Bank overdrafts included in creditors payable within one year			(487,550)		-

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

The Marketing Lounge Partnership Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Cow Shed, Walnut Tree Farm, Lower Stretton, Warrington, Cheshire, WA4 4PG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements indicate the company's current liabilities exceed its current assets by £1,855,442. Through continued growth of the company's top line, in addition to continued support of bankers with an extension of the funding headroom, The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Development costs acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	20% straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5% Straight Line
Fixtures and fittings	20% Straight Line
Equipment	20% Straight Line
Motor vehicles	15% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key judgements and estimates in these financial statements are recoverability of debtors and development costs.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of debtors

Bad debts are recognised where there are indicators of non-recoverability, and appropriate action has been taken to recover the debt unsuccessfully. When assessing recoverability, the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual groups of customers.

Intangible assets - Development costs

The intangible assets (other than goodwill) represent software development costs. These are initially recognised at costs less accumulated amortisation and accumulated impairment losses. The costs represent primarily employees time, in which an element of estimation is used to determine the amount of time individuals have spent on development. The amortisation charge is based on an estimate of the economic useful life of the software.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Marketing campaign income	20,172,811	19,667,576

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover and other revenue		(Continued)	
	2023	2022	
	£	£	
Other revenue			
Interest income	98	2,881	
Grants received	13,225	7,367	
	<u> </u>	<u> </u>	
4 Operating profit/(loss)		2023	2022
		£	£
Operating profit/(loss) for the year is stated after charging/(crediting):			
Exchange gains	(9,494)	-	
Government grants	(13,225)	(7,367)	
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	12,500	
Depreciation of owned tangible fixed assets	229,540	116,267	
Depreciation of tangible fixed assets held under finance leases	-	120,366	
Loss/(profit) on disposal of tangible fixed assets	1,889	(29,477)	
Amortisation of intangible assets	616,039	496,554	
Operating lease charges	51,353	45,108	
	<u> </u>	<u> </u>	
5 Employees		2023	2022
		Number	Number
The average monthly number of persons (including directors) employed by the company during the year was:			
Director	7	6	
IT	19	20	
Office	7	6	
Account Management	23	27	
Partnerships	7	4	
	<u> </u>	<u> </u>	
Total	63	63	
	<u> </u>	<u> </u>	

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Employees	(Continued)	
Their aggregate remuneration comprised:		
	2023	2022
	£	£
Wages and salaries	2,407,947	2,398,426
Social security costs	356,929	379,293
Pension costs	52,745	39,394
	<u>2,817,621</u>	<u>2,817,113</u>
	<u><u>2,817,621</u></u>	<u><u>2,817,113</u></u>
6 Directors' remuneration		
	2023	2022
	£	£
Remuneration for qualifying services	686,872	556,724
Company pension contributions to defined contribution schemes	7,441	5,501
	<u>694,313</u>	<u>562,225</u>
	<u><u>694,313</u></u>	<u><u>562,225</u></u>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
	2023	2022
	£	£
Remuneration for qualifying services	123,507	103,044
	<u>123,507</u>	<u>103,044</u>
	<u><u>123,507</u></u>	<u><u>103,044</u></u>
7 Interest receivable and similar income		
	2023	2022
	£	£
Interest income		
Interest on bank deposits	98	3
Other interest income	-	2,878
	<u>98</u>	<u>2,881</u>
Total income	<u>98</u>	<u>2,881</u>
	<u><u>98</u></u>	<u><u>2,881</u></u>
Investment income includes the following:		
	2023	2022
	£	£
Interest on financial assets not measured at fair value through profit or loss	98	3
	<u>98</u>	<u>3</u>
	<u><u>98</u></u>	<u><u>3</u></u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8	Interest payable and similar expenses	2023	2022
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	46,220	14,413
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	19,415	22,321
	Other interest	1,202	-
		<u>66,837</u>	<u>36,734</u>

9	Taxation	2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	1	-
	Adjustments in respect of prior periods	(166,739)	(176,296)
	Total current tax	<u>(166,738)</u>	<u>(176,296)</u>
	Deferred tax		
	Origination and reversal of timing differences	87,806	(39,156)
	Total tax credit	<u>(78,932)</u>	<u>(215,452)</u>

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit/(loss) before taxation	<u>204,536</u>	<u>(939,517)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	38,862	(178,507)
Tax effect of expenses that are not deductible in determining taxable profit	3,070	2,481
Adjustments in respect of prior years	(166,739)	(176,296)
Deferred tax adjustments in respect of prior years	32,939	69,737
Fixed asset difference	(232)	(6,952)
Adjustment to reflect effective tax rate	13,168	74,085
Taxation credit for the year	<u>(78,932)</u>	<u>(215,452)</u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Dividends	2023	2022	
	£	£	
Final paid	-	150,000	
	<u> </u>	<u> </u>	
11 Intangible fixed assets	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2022	3,308,489	2,175,950	5,484,439
Additions - internally developed	-	544,000	544,000
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	3,308,489	2,719,950	6,028,439
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 April 2022	2,223,396	549,958	2,773,354
Amortisation charged for the year	180,849	435,190	616,039
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	2,404,245	985,148	3,389,393
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 March 2023	904,244	1,734,802	2,639,046
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2022	1,085,093	1,625,992	2,711,085
	<u> </u>	<u> </u>	<u> </u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Tangible fixed assets	Leasehold improvements	Fixtures and fittings	Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2022	1,059,350	141,260	473,691	730,106	2,404,407
Additions	-	-	4,060	161,240	165,300
Disposals	-	-	-	(229,725)	(229,725)
At 31 March 2023	1,059,350	141,260	477,751	661,621	2,339,982
Depreciation and impairment					
At 1 April 2022	199,196	111,905	325,694	122,957	759,753
Depreciation charged in the year	53,071	16,401	62,561	97,507	229,540
Eliminated in respect of disposals	-	-	-	(38,251)	(38,251)
At 31 March 2023	252,267	128,306	388,256	182,213	951,042
Carrying amount					
At 31 March 2023	807,083	12,954	89,495	479,408	1,388,940
At 31 March 2022	860,154	29,355	147,997	607,149	1,644,655

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2023	2022
	£	£
Motor vehicles	465,971	590,487
Equipment	30,618	60,176
	<u>496,589</u>	<u>650,663</u>

13 Stocks	2023	2022
	£	£
Finished goods and goods for resale	31,757	31,757
	<u>31,757</u>	<u>31,757</u>

There is no stock provision and amount of stock written off during the year is nil.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	3,314,548	2,323,899
Amounts owed by contract customers	97,238	97,238
Other debtors	2,952,433	1,493,885
Prepayments and accrued income	205,974	95,676
	<u>6,570,193</u>	<u>4,010,698</u>

Amount of bad debts written off during the year was £nil.

15 Creditors: amounts falling due within one year		2023	2022
	Notes	£	£
Bank loans and overdrafts	17	789,807	83,333
Obligations under finance leases	18	113,988	161,910
Trade creditors		1,253,359	903,801
Corporation tax		89,794	-
Other taxation and social security		272,818	411,442
Other creditors		377,786	235,381
Accruals and deferred income		5,719,681	4,910,061
		<u>8,617,233</u>	<u>6,705,928</u>

16 Creditors: amounts falling due after more than one year		2023	2022
	Notes	£	£
Bank loans and overdrafts	17	161,632	97,223
Obligations under finance leases	18	261,035	366,812
Other creditors		-	500,000
		<u>422,667</u>	<u>964,035</u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Loans and overdrafts	2023	2022
	£	£
Bank loans	463,889	180,556
Bank overdrafts	487,550	-
	<u>951,439</u>	<u>180,556</u>
	<u><u>951,439</u></u>	<u><u>180,556</u></u>
Payable within one year	789,807	83,333
Payable after one year	161,632	97,223
	<u>161,632</u>	<u>97,223</u>
	<u><u>161,632</u></u>	<u><u>97,223</u></u>

The loans are secured by fixed charges over the assets of the business.

The business also has access to £750,000 uncommitted overdraft facility. This is secured over property of a related company, and guarantee from the business in addition to related company's.

18 Finance lease obligations	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	113,988	161,910
In two to five years	261,035	366,812
	<u>375,023</u>	<u>528,722</u>
	<u><u>375,023</u></u>	<u><u>528,722</u></u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Finance lease obligations are secured over the assets to which they relate.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	535,908	697,398
Tax losses	(140,489)	(388,715)
Short term timing differences	1,070	-
	<u>396,489</u>	<u>308,683</u>
	<u><u>396,489</u></u>	<u><u>308,683</u></u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

19 Deferred taxation (Continued)

20 Retirement benefit schemes			
		2023	2022
Defined contribution schemes		£	£
Charge to profit or loss in respect of defined contribution schemes		52,745	39,394
		<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital				
	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	49,866	41,915
Between two and five years	9,239	29,376
	<u> </u>	<u> </u>
	59,105	71,291
	<u> </u>	<u> </u>

23 Related party transactions

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Related party transactions **(Continued)**

Stretton Marketing Limited (Previously Mottcombe Lowndes Promotions Limited)

Stretton Marketing Limited is a business in which C Paterson is a director and a shareholder.

Amounts owed to Stretton Marketing Limited at the year end amounted to £16,281 (2022 - £68,342) which is included within other creditors.

MLP Fulfilment Services Limited

MLP Fulfilment Services Limited is a business in which C Paterson and S Jamieson are directors and shareholders.

Amounts due from MLP Fulfilment Services Limited at the year end amounted to £616,789 (2022 - £617,992 amounts due to).

Take Time Partnership Limited

Take Time Partnership Limited is a business in which C Paterson and S Jamieson are directors and shareholders.

Amounts due to Take Time Limited at the year end amounted to £nil (2022 - £4,039) which is included within other creditors.

Mottcombe Lowndes Limited

Mottcombe Lowndes Limited is a business in which C Paterson is a director and shareholder.

Amounts due from Mottcombe Lowndes Limited at the year end amounted to £1,332,549 (2022 - £1,094,515) which is included within other debtors.

24 Directors' transactions

Dividends totalling £0 (2022 - £150,000) were paid in the year in respect of shares held by the company's directors.

Included within other debtors is a directors loan account amounting to £809,601 (2022 - £326,869).

The loan is unsecured, bears no right to interest and has no set repayment terms.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Cash (absorbed by)/generated from operations

	2023	2022
	£	£
Profit/(loss) for the year after tax	283,468	(724,060)
Adjustments for:		
Taxation credited	(78,932)	(215,452)
Finance costs	66,837	36,734
Investment income	(98)	(2,881)
Loss/(gain) on disposal of tangible fixed assets	1,889	(29,477)
Amortisation and impairment of intangible assets	616,039	496,554
Depreciation and impairment of tangible fixed assets	229,540	236,633
Movements in working capital:		
Increase in stocks	-	(31,757)
(Increase)/decrease in debtors	(2,076,763)	520,492
Increase in creditors	662,959	457,599
Cash (absorbed by)/generated from operations	<u>(295,061)</u>	<u>744,385</u>

26 Analysis of changes in net debt

	1 April 2022	Cash flows	31 March 2023
	£	£	£
Cash at bank and in hand	650,371	(490,530)	159,841
Bank overdrafts	-	(487,550)	(487,550)
	<u>650,371</u>	<u>(978,080)</u>	<u>(327,709)</u>
Borrowings excluding overdrafts	(180,556)	(283,333)	(463,889)
Obligations under finance leases	(528,722)	153,699	(375,023)
	<u>(58,907)</u>	<u>(1,107,714)</u>	<u>(1,166,621)</u>

27 Prior period adjustment

Changes to the balance sheet

	As previously reported	Adjustment	As restated at 31 Mar 2022
	£	£	£
Current assets			
Stocks	-	31,757	31,757
Debtors due within one year	4,576,363	(565,665)	4,010,698
Creditors due within one year			
Taxation	(326,712)	(84,730)	(411,442)
Other creditors	(5,689,148)	(360,095)	(6,049,243)

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

27 Prior period adjustment	(Continued)		
	As previously reported	Adjustment	As restated at 31 Mar 2022
	£	£	£
Provisions for liabilities			
Deferred tax	(553,365)	244,682	(308,683)
Net assets	1,803,971	(734,051)	1,069,920
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss reserves	1,803,871	(734,051)	1,069,820
	<u> </u>	<u> </u>	<u> </u>
Changes to the profit and loss account			
	As previously reported	Adjustment	As restated
	£	£	£
Period ended 31 March 2022			
Turnover	20,247,255	(579,679)	19,667,576
Cost of sales	(17,417,905)	(188,985)	(17,606,890)
Administrative expenses	(3,516,303)	(210,069)	(3,726,372)
Taxation	(29,230)	244,682	215,452
Profit/(loss) for the financial period	9,991	(734,051)	(724,060)
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of changes in equity			
		1 April	31 March
		2021	2022
		£	£
Adjustments to prior year			
Write off of unrecoverable WIP		-	(675,262)
Correction of various debtors		-	159,138
Understatement of creditors		-	(151,582)
Write off of old Directors loan accounts		-	(49,541)
Recognition of voucher stock		-	31,757
Client accruals correction		-	(293,243)
Deferred tax adjustment		-	244,682
		<u> </u>	<u> </u>
Total adjustments		-	(734,051)
Equity as previously reported		1,943,980	1,803,971
		<u> </u>	<u> </u>
Equity as adjusted		1,943,980	1,069,920
		<u> </u>	<u> </u>
Analysis of the effect upon equity			
Profit and loss reserves		-	(734,051)
		<u> </u>	<u> </u>

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

27	Prior period adjustment	(Continued)
	Reconciliation of changes in profit/(loss) for the previous financial period	2022
		£
	Adjustments to prior year	
	Write off of unrecoverable WIP	(675,262)
	Correction of various debtors	159,138
	Understatement of creditors	(151,582)
	Write off of old Directors loan accounts	(49,541)
	Recognition of voucher stock	31,757
	Client accruals correction	(293,243)
	Deferred tax adjustment	244,682
		<hr/>
	Total adjustments	(734,051)
	Profit as previously reported	9,991
		<hr/>
	Loss as adjusted	(724,060)
		<hr/> <hr/>

Notes to reconciliation

Write off of unrecoverable WIP

Campaign income was accrued based on time spent on projects. Not all of these projects came to fruition as expected, and the balances that cannot be tangibly tied to current billings have therefore been written off.

Correction of various debtors

A review of debtors determined there were debtor balances which had not been recognised on the balance sheet e.g. funds lodged on supplier voucher portals. These have now been accurately measured and recognised.

Understatement of creditors

Obligations due at the prior year-end were not recognised in full as they had been missed in the accruals process. This process has now been updated to ensure all liabilities are captured at the end of each accounting period

Write off of old Directors loan accounts

Obligations from Directors who left the business a number of years ago were not chased in good time, and have now been written off as a gesture of goodwill. All other Director's Loan Accounts are now agreed with the individual on a regular (minimum quarterly) basis, and repayment plans would be agreed in the event of any current Director exiting the business.

THE MARKETING LOUNGE PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

27 Prior period adjustment

(Continued)

Recognition of voucher stock

The company buys and holds voucher stock on behalf of our clients, which is customer owned, and therefore not valued as stock in our accounts. However, the company also purchases a small float of voucher stock itself to ensure we can quickly respond to any arising challenges. Previously this had been incorrectly taken to Cost of Sales in line with the treatment of other vouchers purchased but will now be valued at each period end.

Correction of client accruals

Accounting data had not previously been aligned to our client MI where we measure all financials on a campaign by campaign basis. This has now been corrected and is now being agreed on a monthly basis

Deferred tax adjustment

Adjustment to tax required following previous prior period adjustments, increasing the losses carried forward, and hence resulting in a deferred tax credit to the P&L, and reduction in the deferred tax liability.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.