
TWENTYSIX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

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TWENTYSIX LIMITED

COMPANY INFORMATION

Directors	Peter Reid Daniel Yardley Ryan Scott Robert Jobbins
Registered number	03178478
Registered office	34 Bow Street London WC2E 7AU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th Floor 103 Colmore Row Birmingham West Midlands B3 3AG
Bankers	HSBC UK Bank plc 1 Centenary Square Birmingham B1 1HQ
Solicitors	Browne Jacobson LLP Mobray House Castle Meadow Road Nottingham NG2 1BJ

TWENTYSIX LIMITED

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TWENTYSIX LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2023**

Introduction

The directors present their strategic report for the year ended 28 February 2023.

Business review

The results for the year and financial position of the company are as shown in the following statutory accounts. The company measures performance by year on year gross profit growth and EBITDAM, being earnings before interest, tax, depreciation, amortisation and management charges as a measure of performance. Management charges have been disclosed in note 6.

During the year, gross profit on continuing operations increased by 20% / £1,920k (2022: increased by 22.5% / £1,763k). This continued high growth reflects the strength of the business and market tailwinds in a post pandemic world where companies and consumers increasingly communicate in a digital first environment.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are:

Failure to respond to changes in the market or failure to establish marketing and service initiatives which maintain the competitiveness of our services.

The company continues to review its offer and focus on the quality of our products and services to enable us to respond to changes in the market and needs of our clients.

The company remains exposed to uncertain economic conditions

The company is currently uncertain about the impact of UK inflation and tax changes, which is causing rises in salary and other costs, especially energy. We do not know how this will affect the UK economy and the spending patterns of our clients. This could adversely impact the business in the short term but could also benefit the company via increased client digital transformation projects.

The company has reviewed its strategy and put in place the foundations for future growth. We consider the company well positioned for future growth and to exploit more favourable trading conditions if and when they arise.

The company is reliant on its people and critical to its success is the recruitment and retention of skilled sales personnel

Management review the teams in the company regularly to ensure those high performers are rewarded and retained within the business. The company strive for an actively engaged team which will consequently leave us well placed to deliver the company's strategic objectives.

The company operates globally and enters into contracts and transactions denominated in currencies other than sterling exposing the company to foreign currency movements.

The company monitors the impact of foreign currency movements and looks to mitigate this where possible.

TWENTYSIX LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2023**

Financial risk management

The company was part of a group financing arrangement during the financial year, which was operated by Ensco 1314 Limited, for the benefit of the group. The group liabilities comprise external term debt, as well as bank revolving credit and overdraft facilities. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company's exposure to market risk for changes in interest rates relates primarily to the group's external term debt and bank revolving credit and overdraft facilities. The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities and intercompany guarantees.

Liquidity risk

The company operates within the Marvel Bidco Limited group's financing arrangements. The group achieves a balance between continuity of funding and flexibility through use of overdrafts and long term loans.

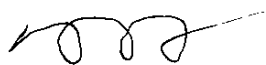
Credit risk

The company trades with only recognised, creditworthy third parties. It is company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Foreign currency risk

As a result of sales to customers outside the United Kingdom, the company's results can be affected by movements in exchange rates. The company does not seek to hedge the exposure.

This report was approved by the board and signed on its behalf.



Daniel Yardley
Director

Date: 28 September 2023

TWENTYSIX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2023**

The directors present their report and the financial statements for the year ended 28 February 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Principal activity

The company's principal activity during the year was that of digital marketing.

Results and dividends

The profit for the year, after taxation, amounted to £1,597k (2022 - £1,109k).

The directors declared dividends in the year totalling £Nil (2022: £Nil).

Matters included in the Strategic report

The business review, future developments and principal risks and uncertainties have been included in the Strategic report.

TWENTYSIX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2023**

Directors

The directors who served during the year and up to the date of this report were:

Peter Reid
Daniel Yardley
Ryan Scott
Robert Jobbins

Post balance sheet events

The company is a subsidiary of MSQ Partners Limited and its ultimate parent company at year end was Ensco 1314 Limited ('Ensco'). On 6 June 2023, Ensco was purchased by Marvel Bidco Limited ('Marvel Bidco'), a company incorporated for the purpose of acquiring the MSQ Group. The ultimate parent of Marvel Bidco is Marvel Topco Limited ('Marvel Topco'). The majority investors in the group are funds controlled by One Equity Partners ('OEP'), a leading US-based mid-market Private Equity Fund. Our previous majority shareholders LDC Private Equity ('LDC') retain a significant minority stake, as do MSQ's management.

Along with the direct investment from these funds, Marvel Bidco entered into a funding arrangement with a consortium of banks (HSBC UK Bank plc, Siemens Bank GmbH (London branch), Barclays Bank plc and Investec Bank plc) which saw it draw down new term loan facilities and secure a new working capital facility. The existing Group debt facilities were paid down as part of the overall transaction.

The resulting position sees OEP's funds owning 59.6% and LDC's funds owning 15.6% of the equity of Marvel Topco, with the remaining 24.8% sitting with management and non-executive Directors. OEP's funds also control 66.4% of the voting rights of Marvel Topco. LDC's funds control 17.4% of the voting rights, and the remaining 16.2% is controlled by management and non-executive Directors.

Going concern

The directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors of Ensco and the MSQ Partners Group of companies continue to prepare a detailed set of financial to assess the ability of the Group to meet its obligations going forwards. The directors have stress-tested the financial forecasts for reasonably possible alternative scenarios, including the uncertainty of the impact current macroeconomic challenges.

These show that the Group has sufficient cash reserves, along with headroom in financial facilities and covenants to support its activities based on both forecasted trading levels (against which the business is currently trading favourably) and in the event of a further significant and extended economic downturn in all markets. The funding is also held for a period of at least 12 months from the date of signing of the financial statements, implicit within this is that the Group has sufficient resources to pay all debts as they fall due for the next 12 months. As such, these financial statements have been prepared on a going concern basis.

Future developments

The company expects to continue trading under the principal activity of the business.

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the directors who were in force during the period and at the date of the report.

TWENTYSIX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2023**

Disclosure of information to auditor

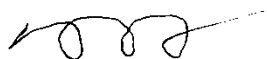
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Daniel Yardley
Director

Date: 28 September 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTYSIX LIMITED

Opinion

We have audited the financial statements of Twentysix Limited (the 'company') for the year ended 28 February 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework (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 28 February 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTYSIX LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTYSIX LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 101 and Companies Act of 2006).
- We communicated relevant 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.
- We understood how the Company is complying with legal and regulatory frameworks by enquiring of management and corroborating such enquiries through our review of board minutes and certain other audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement including how fraud might occur by enquiring of employees from different areas of the business to understand where it is considered a susceptibility of fraud. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and control. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risks, including:
 - Procedures performed on journal entries, with particular focus on entries affecting revenue, profit affecting journals and entries affecting cash as this is where we have determined the risk of fraud to be heightened;
 - Procedures performed on revenues, with a focus on the revenues which have been released from deferred income during the year, and revenues from customer contracts which have related deferred and accrued income balances at year end; and
 - Procedures to conclude on the compliance of disclosure in the annual report and accounts with applicable financial reporting requirements.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The entity's operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
 - The entity's control environment, including the policies and procedure implemented to comply with the entity's relevant regulatory requirements, including the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTYSIX LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner has assessed the appropriateness of the collective competences and capabilities of the engagement team including consideration of the engagement teams:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the client operates; and
 - Understanding of the legal and regulatory requirements specific to the entity including:
 - The provision of the applicable legislation;
 - The regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
 - The applicable statutory provisions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Matthew Buckingham BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date: 29/9/2023

TWENTYSIX LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2023**

	Note	2023 £000	2022 £000
Turnover	4	28,422	21,472
Cost of sales		(16,907)	(11,877)
Gross profit		11,515	9,595
Administrative expenses		(9,884)	(8,501)
Operating profit before exceptional items and other operating income		1,631	1,094
Exceptional administrative expenses		(34)	-
Other operating income	5	100	81
Operating profit		1,697	1,175
Operating profit	6	1,697	1,175
Interest payable and similar expenses	10	(35)	(44)
Profit before tax		1,662	1,131
Tax on profit	11	(65)	(22)
Profit and total comprehensive income for the financial year		<u>1,597</u>	<u>1,109</u>

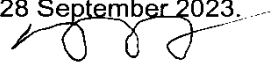
The notes on pages 13 to 32 form part of these financial statements.

TWENTYSIX LIMITED
REGISTERED NUMBER:03178478

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	-	52
Property, plant and equipment	13	445	352
Right of use assets	13	535	751
		<u>980</u>	<u>1,155</u>
Current assets			
Work in progress	14	711	122
Debtors	15	13,642	9,577
Cash at bank and in hand	16	512	1,053
		<u>14,865</u>	<u>10,752</u>
Creditors: amounts falling due within one year	17	(9,542)	(6,976)
Net current assets		<u>5,323</u>	<u>3,776</u>
Total assets less current liabilities		<u>6,303</u>	<u>4,931</u>
Creditors: amounts falling due after more than one year	18	(480)	(705)
		<u>5,823</u>	<u>4,226</u>
Net assets		<u><u>5,823</u></u>	<u><u>4,226</u></u>
Capital and reserves			
Share premium account	23	15	15
Profit and loss account	23	5,808	4,211
		<u><u>5,823</u></u>	<u><u>4,226</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.



Daniel Yardley
 Director

The notes on pages 13 to 32 form part of these financial statements.

TWENTYSIX LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2023**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2022	-	15	4,211	4,226
Comprehensive income for the year				
Profit for the year	-	-	1,597	1,597
Total comprehensive income for the year	-	-	1,597	1,597
Total transactions with owners	-	-	-	-
At 28 February 2023	-	15	5,808	5,823

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2020	-	15	3,102	3,117
Comprehensive income for the year				
Profit for the year	-	-	1,109	1,109
Total comprehensive income for the year	-	-	1,109	1,109
Total transactions with owners	-	-	-	-
At 28 February 2022	-	15	4,211	4,226

The notes on pages 13 to 32 form part of these financial statements.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

1. Company information

Twentysix Limited is a private limited company and is incorporated in the UK. Its registered office is at 34 Bow Street, London WC2E 7AU. The company's principal activity during the year was that of digital marketing. The financial statements cover the year ended 28 February 2023.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The information is included in the consolidated financial statements of Ensco 1314 Limited as at 28 February 2023 and these financial statements may be obtained from Companies House.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2. Accounting policies (continued)**2.3 Going concern**

The directors believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The directors of Ensco and the MSQ Partners Group of companies continue to prepare a detailed set of financial forecasts to assess the ability of the Group to meet its obligations going forwards. The directors have stress-tested the financial forecasts for reasonably possible alternative scenarios, including the uncertainty of the impact current macroeconomic challenges.

These show that the Group has sufficient cash reserves, along with headroom in financial facilities and covenants to support its activities based on both forecasted trading levels (against which the business is currently trading favourably) and in the event of a further significant and extended economic downturn in all markets. The funding is also held for a period of at least 12 months from the date of signing of the financial statements, implicit within this is that the Group has sufficient resources to pay all debts as they fall due for the next 12 months. As such, these financial statements have been prepared on a going concern basis.

2.4 Revenue

The Company provides advertising, design and marketing related services to clients. Contracts across the Company vary to meet client needs and local regulatory requirements, however are typically short-term in nature and entitle the Company to payment for work performed to date. Revenue includes fees and commissions earned and is stated exclusive of VAT.

The amount of revenue recognised depends on whether the Company is acting as an agent or a principal. Certain arrangements with clients are such that it is the Company's responsibility to arrange for a third party to provide a good or service to the client. In these cases, the Company is acting as an agent as it does not control the relevant good or service before it is transferred to the client. When the Company acts as an agent, revenue recorded is the net amount retained. Costs incurred with external suppliers are excluded from revenue and recorded as work in progress until billed.

The Company acts as principal when it controls the specific good or service prior to transfer. When the Company acts as a principal, the revenue recorded is the gross amount billed. Any fees paid to suppliers engaged to perform part or all of a specific project are included in cost of sales. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

Management assess each contract separately in order to identify the distinct performance obligations. In most instances, the promised services in the contract are not considered distinct and, as such, the contract is accounted for as a single performance obligation. However, where distinct performance obligations are identified, revenue is allocated to each of the performance obligations based on relative stand-alone selling prices.

Where the Company's performance does not create an asset with an alternative use to the entity and the Company holds an enforceable right to payment for work completed to date, revenue is recognised as the performance obligation is satisfied 'over time'. The progress of a performance obligation is measured using either an input method or an output method.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2. Accounting policies (continued)**2.4 Revenue (continued)**

For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance. If the Company does not meet the requirements of IFRS 15 to recognise revenue 'over time', revenue is recognised when the performance obligation has been fully satisfied.

For retainer arrangements, the Company has a stand ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

Projects are typically short-term in nature with the related performance obligations satisfied within a given twelve-month period. Customers are invoiced in accordance with the underlying contractual agreement. Differences in timing between revenue recognition and billing result in either accrued or deferred income. These contract assets and liabilities are short term in nature and any balances at year end usually reverse in the following financial year.

The Company has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied (or partially satisfied) at year end as contracts typically have an original expected duration of one year or less.

2.5 Leases**The company as a lessee**

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company did not make any such adjustments during the periods presented.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2. Accounting policies (continued)**2.5 Leases (continued)**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' in the Statement of financial position.

2.6 Intangible assets

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the Statement of comprehensive income. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2.7 Property, plant and equipment

Property, plant and equipment is held under the cost model and is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2.7 Property, plant and equipment (continued)

The estimated useful lives range as follows:

Right of use asset	- Period of the lease
Leasehold improvements	- Period of the lease
Fixtures and fittings	- 10% to 33% per annum
Computer equipment	- Over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Work in progress

Work in progress comprises costs incurred on behalf of clients not invoiced at the year end, and is stated at the lower of cost and net realisable value.

2.9 Debtors

Short term debtors are classified as financial assets at amortised cost. Short term debtors are measured at transaction price, less any impairment. These are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Discounting is omitted where the effect of discounting is immaterial.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as financial assets at amortised cost.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2.11 Financial instruments (continued)**Financial assets at amortised cost**

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Government grants

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

The scheme is designed to compensate for staff costs and therefore amounts received are recognised in the consolidated statement of comprehensive income over the same period as the costs to which they relate.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2.14 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign currency exchange gains and losses are recognised in administrative expenses.

2.15 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.17 Exceptional items

Costs outside of ordinary trading are recognised as exceptional costs and relate to restructuring costs. These are presented separately due to their size or incidence.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

2.18 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include;

Revenue recognition

At each reporting period, the company has a number of advertising, marketing and design projects in progress. Management review each project to determine the project's stage of completion and estimate the revenue that should be recognised. Management base this estimate on the best project information available.

Trade debtors

Trade debtors consist of amounts due from customers. An allowance for expected credit losses is maintained for estimated losses resulting from the viability of the company's customers to make required payment. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of customers.

Intercompany balances

As a member of a large group the company undertakes a large volume of transactions with associated companies. Management perceive all intercompany balances to be recoverable.

Deferred tax asset

In determining the deferred tax asset to be recognised, management carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information. Management assess whether there are likely to be sufficient available taxable profits for which deferred tax assets can be utilised.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2023	<i>2022</i>
	£000	<i>£000</i>
United Kingdom	27,314	<i>19,840</i>
Rest of Europe	760	<i>1,229</i>
Rest of the world	348	<i>403</i>
	<u>28,422</u>	<u><i>21,472</i></u>

The whole of turnover is attributable to the Company's principal activity. Turnover is earned through rendering of services recognised over time through contracts with customers.

5. Other operating income

	2023	<i>2022</i>
	£000	<i>£000</i>
Other operating income	100	<i>62</i>
Furlough income	-	<i>19</i>
	<u>100</u>	<u><i>81</i></u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2023	<i>2022</i>
	£000	<i>£000</i>
Depreciation of property, plant and equipment	156	<i>129</i>
Depreciation of right of use assets	216	<i>221</i>
Exchange differences	(44)	<i>3</i>
Management charges	<u>357</u>	<u><i>133</i></u>

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

7. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2023 £000	<i>2022</i> <i>£000</i>
Fees for the audit of the company	<u>25</u>	<u><i>29</i></u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £000	<i>2022</i> <i>£000</i>
Wages and salaries	6,190	<i>5,473</i>
Social security costs	699	<i>600</i>
Cost of defined contribution scheme	217	<i>133</i>
	<u>7,106</u>	<u><i>6,206</i></u>

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

	2023 No.	<i>2022</i> <i>No.</i>
Multimedia professionals	100	<i>103</i>
Administration	20	<i>15</i>
	<u>120</u>	<u><i>118</i></u>

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

9. Directors' remuneration

	2023	<i>2022</i>
	£000	<i>£000</i>
Directors' emoluments	421	<i>280</i>
Company contributions to defined contribution pension schemes	16	<i>15</i>
	<u>437</u>	<u><i>295</i></u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £304k (2022 - £190k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13k (2022 - £12k).

10. Interest payable and similar expenses

	2023	<i>2022</i>
	£000	<i>£000</i>
Interest on lease liabilities	<u>35</u>	<u><i>44</i></u>

11. Taxation

	2023	<i>2022</i>
	£000	<i>£000</i>
Current tax on profit for the year	63	-
Total current tax	<u>63</u>	<u><i>-</i></u>
Deferred tax		
Origination and reversal of temporary differences	1	29
Effect of tax rate change on opening balance	1	(7)
Total deferred tax	<u>2</u>	<u><i>22</i></u>
Total tax charge	<u>65</u>	<u><i>22</i></u>

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (*2022 - lower than*) the standard rate of corporation tax in the UK of 19% (*2022 - 19%*). The differences are explained below:

	2023	<i>2022</i>
	£000	<i>£000</i>
Profit on ordinary activities before tax	<u>1,662</u>	<u><i>1,131</i></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2022: 19%</i>)	316	<i>215</i>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17	<i>5</i>
Fixed asset differences	(6)	<i>(2)</i>
Deferred tax not recognised	-	<i>7</i>
Group relief claimed	(262)	<i>(203)</i>
Remeasurement of deferred tax for change in tax rates	-	<i>-</i>
Total tax charge/(credit) for the year	<u>65</u>	<u><i>22</i></u>

Factors that may affect future tax charges

In the UK Budget on 3 March 2022, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. The deferred tax balances have been remeasured to reflect this change at year end.

TWENTYSIX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023

12. Intangible assets

	Goodwill £000
Cost	
At 1 March 2022	52
Impaired during the year	(52)
At 28 February 2023	<u>-</u>
Net book value	
At 28 February 2023	<u>-</u>
At 28 February 2022	<u>52</u>

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Right of use assets £000	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 March 2022	1,414	325	153	412	2,304
Additions	-	124	48	77	249
Disposals	-	-	-	-	-
At 28 February 2023	<u>1,414</u>	<u>449</u>	<u>201</u>	<u>489</u>	<u>2,553</u>
Depreciation					
At 1 March 2022	663	159	95	284	1,201
Charge for the year	216	46	30	80	372
Disposals	-	-	-	-	-
At 28 February 2023	<u>879</u>	<u>205</u>	<u>125</u>	<u>364</u>	<u>1,573</u>
Net book value					
At 28 February 2023	<u>535</u>	<u>244</u>	<u>76</u>	<u>125</u>	<u>980</u>
At 28 February 2022	<u>751</u>	<u>166</u>	<u>58</u>	<u>128</u>	<u>1,103</u>

14. Work in progress

	2023 £000	2022 £000
Work in progress	<u>711</u>	<u>122</u>

The full work in progress balance comprises third-party costs incurred on behalf of clients not yet invoiced at period end. Management assessed that the full amount was recoverable.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	2023 £000	2022 £000
Trade debtors	5,111	5,370
Amounts owed by group undertakings	8,448	4,101
Other debtors	3	5
Prepayments and accrued income	80	100
Deferred taxation	-	1
	<u>13,642</u>	<u>9,577</u>

Amounts owed by group companies are repayable on demand and non interest bearing.

A review of the trade and other receivables balances was done to evaluate whether there is an indication of expected future credit exposures. The historical rates of credit losses were looked at in the context of the current and future factors affecting customers' credit worthiness. The current assessment is that the expected credit losses on trade and other debtors is immaterial, but the Company continue to monitor its exposure and further disclosures will be provided in future periods if the assessed expected credit losses are considered significant.

16. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	<u>512</u>	<u>1,053</u>

17. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	2,723	2,240
Amounts owed to group undertakings	197	100
Other taxation and social security	1,144	867
Lease liabilities	225	215
Other creditors	14	8
Accruals and deferred income	5,176	3,546
Corporation tax payable	63	-
	<u>9,542</u>	<u>6,976</u>

Amounts owed to group undertakings are repayable on demand and are non-interest bearing.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

18. Creditors: Amounts falling due after more than one year

	2023	<i>2022</i>
	£000	<i>£000</i>
Lease liabilities	<u>480</u>	<u><i>705</i></u>

19. Lease obligations

	Land and buildings £000	Total £000
Right of use assets		
Balance at 1 March 2022	751	751
Depreciation of right-of-use assets	(217)	(217)
Balance at 28 February 2023	<u>534</u>	<u>534</u>

	Land and buildings £000	Total £000
Lease liabilities		
Balance at 1 March 2022	920	920
Additions	-	-
Interest expenses relating to lease liabilities	35	35
Disposals	-	-
Repayment of lease liabilities (including interest)	(250)	(250)
Balance at 28 February 2023	<u>705</u>	<u>705</u>

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

19. Lease obligations (continued)

	Future minimum lease payments £000	Interest £000	Present value of minimum lease payments £000
Less than one year	250	(25)	225
Between one and five years	500	(20)	480
After five years	-	-	-
	<u>750</u>	<u>(45)</u>	<u>705</u>
Lease liability at 28 February 2023			
Short-term lease liability			225
Long-term lease liability			480

20. Financial instruments

	2023 £000	2022 £000
Financial assets		
Financial assets measured at fair value through profit or loss	512	1,053
Financial assets that are debt instruments measured at amortised cost	13,566	9,499
	<u>14,078</u>	<u>10,552</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(3,940)</u>	<u>(3,177)</u>
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Cash and cash equivalents comprise cash in hand and deposits that are readily convertible to known amounts of cash with insignificant risk of change of value.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group companies, other creditors and accruals.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

21. Deferred taxation

	2023 £000	2022 £000
At beginning of year	1	23
Charged to profit or loss	(2)	(22)
At end of year	<u>(1)</u>	<u>1</u>

The deferred tax (liability)/asset is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	-	-
Fixed asset temporary differences	(11)	17
Short term temporary differences	10	(16)
	<u>(1)</u>	<u>1</u>

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
10,000 (2022 - 10,000) Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

23. Reserves**Share premium account**

Share premium consists of the consideration paid on the issue of shares in excess of the shares nominal value. Any transaction costs associated with the issue of shares are deducted from the share premium.

Profit and loss account

Profit and loss reserve consists of all current and prior period retained earnings.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

24. Contingent liabilities

During the year, there was a fixed and floating charge over the assets of the company in relation to the group banking arrangements entered into by Ensco 1314 Limited. The company, along with certain other group companies, had entered into cross guarantee and indemnity arrangements with HSBC.

On 6 June 2023, the above-mentioned banking arrangements were settled in full as part of a Group Refinance transaction. A new group banking facility was entered into with a consortium of banks (HSBC UK Bank plc, Siemens Bank GmbH (London branch), Barclays Bank plc and Investec Bank plc), and similar cross-guarantee and indemnity arrangements were put in place.

There were no other contingent liabilities at 28 February 2023 or 28 February 2022.

25. Capital commitments

The company had no capital commitments at 28 February 2023 or 28 February 2022.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund amounted to £217k (2022: £133k). Amounts of £26k were payable to the fund at the year end (2022: £26k).

27. Related party transactions

The company has taken advantage of the exemption available under paragraph 8 (k) of FRS 101 from disclosing transactions with wholly owned members of the group on the grounds that it is a wholly owned subsidiary and its results are consolidated within Ensco 1314 Limited and financial statements are publicly available.

28. Controlling party

The immediate parent undertaking is MSQ Partners Limited.

The ultimate parent undertaking at year end was Ensco 1314 Limited, whose registered address is 34 Bow Street, London, WC2E 7AU. Up to 6 June 2023, Ensco 1314 Limited's share capital was primarily held by management within the group and LDC (Managers) Ltd. Management maintained a majority equity stake with LDC (Managers) Ltd acquiring a significant minority equity stake. As a result, the directors do not consider there to be an individual controlling party.

The largest and smallest group of undertakings for which consolidated accounts have been drawn up is that headed by Ensco 1314 Limited. Copies of the group accounts can be obtained from Companies House.

TWENTYSIX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. Post balance sheet events

The company is a subsidiary of MSQ Partners Limited and its ultimate parent company at year end was Ensco 1314 Limited ('Ensco'). On 6 June 2023, Ensco was purchased by Marvel Bidco Limited ('Marvel Bidco'), a company incorporated for the purpose of acquiring the MSQ Group. The ultimate parent of Marvel Bidco is Marvel Topco Limited ('Marvel Topco'). The majority investors in the group are funds controlled by One Equity Partners ('OEP'), a leading US-based mid-market Private Equity Fund. Our previous majority shareholders LDC Private Equity ('LDC') retain a significant minority stake, as do MSQ's management.

Along with the direct investment from these funds, Marvel Bidco entered into a funding arrangement with a consortium of banks (HSBC UK Bank plc, Siemens Bank GmbH (London branch), Barclays Bank plc and Investec Bank plc) which saw it draw down new term loan facilities and secure a new working capital facility. The existing Group debt facilities were paid down as part of the overall transaction.

The resulting position sees OEP's funds owning 59.6% and LDC's funds owning 15.6% of the equity of Marvel Topco, with the remaining 24.8% sitting with management and non-executive Directors. OEP's funds also control 66.4% of the voting rights of Marvel Topco. LDC's funds control 17.4% of the voting rights, and the remaining 16.2% is controlled by management and non-executive Directors.