

## **Publitek Limited**

Annual Report and  
Unaudited Financial Statements

For the year ended 31 January 2022

Registered Number 05287915

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# **Publitek Limited**

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

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# **Publitek Limited**

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

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### **Directors**

P J Harris  
K L P Smith  
J A Peachey  
S J Krelle

### **Company Secretary**

M J Sanford

### **Registered office**

60 Great Portland Street, London W1W 7RT

### **Registered number**

05287915

# **Publitek Limited**

## **Strategic Report**

### **for the year ended 31 January 2022**

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

The purpose of the Strategic Report is to inform shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company under section 172 of the Companies Act 2006.

#### **Principal activities and future developments**

The principal activity of the Company during the year was that of press relations and marketing communications.

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

#### **Review of the business**

The results of the Company are set out in the profit and loss account on page 8. The Company has continued to trade well and reported an operating profit before exceptional items of £2,547,000 (2021: £3,389,000), with an operating profit margin before adjustment items 42% (2021: 49%). The Company has maintained a strong profit margin in the current year and is looking to make further cost synergies in the next financial year.

The Company is in a net current asset position £3,886,000 (2021: net current liability £143,000) due to a significant increase in cash in the year.

#### **Key performance indicators**

The principal financial indicators which the Company uses to monitor performance throughout the period are net revenue, operating profit margin and net current assets.

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

	<b>Year to 31 January 2022</b>	<b>Year to 31 January 2021</b>
Net revenue (£'000)	6,099	6,932
Operating profit margin before adjusting items <sup>1</sup> (note 4)	42%	49%
Net current assets/(liabilities) (£'000)	3,886	(143)

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

The adjusting items relate to the cash received in respect of the top-up payment for the disposal of the Publitek brand intellectual property. This cost relates to a specific transformational event and does not relate to the underlying trading of the Company and therefore has been added back to aid comparability of performance year on year.

The adjusting items also include a growth share charge relating to an incentive agreement with Next Fifteen Communications Group plc ("Next 15" or "the Group"), whereby the senior management of the Company will be remunerated in Next 15 shares; the amount is dependent on specific financial performance of the Company. As the agreements do not include any service requirements, the accounting is not aligned with the timing of the anticipated benefit of the incentive, and therefore is excluded from the underlying performance.

The principal non-financial indicators are the level of new business won from both existing and new clients, and the level of staff turnover.

# Publitek Limited

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

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**Company number 05287915**

### **Principal risks and uncertainties**

The ongoing principal risks that the Company faces are the possible loss of staff who are key to existing client business and the possible loss of clients in excess of new business. The Company has exposure to a wide range of industry sectors and so any adverse changes affecting one particular sector are unlikely to have a significant impact on the Company's trading.

The Company places considerable importance on the motivation and retention of its people and regularly reviews its HR policies to this end.

The Company monitors its cash position daily and its cash flow projections on a monthly basis as part of its control procedures, taking action as appropriate.

### **Financial risk management objectives and policies**

#### **Liquidity risk**

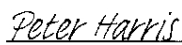
The Company has significant net current assets of £3,886,000 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next 15, is able to provide support in relation to liquidity should it be required.

#### **Credit risk**

The Balance Sheet of the Company includes intercompany debtors and external balances. The Company is therefore exposed to credit risk on these balances. There is no concentration of credit with any one counterparty.

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

The Strategic Report as set out on pages 3 to 4 was approved by the Board on 25 October 2022 and signed on its behalf by:

  
Peter Harris    26 October 2022 14:26:01 GMT

P J Harris  
**Director**  
26 October 2022

# **Publitek Limited**

## **Report of the Directors for the year ended 31 January 2022**

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The Directors present their annual report together with the unaudited financial statements for the year ended 31 January 2022. The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include financial risk management objectives and future developments of the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report. These form part of this report by cross reference.

### **Results and dividends**

The profit and loss account is set out on page 8 and shows a profit for the year of £5,269,000 (2021: £1,953,000).

The Directors paid dividends amounting to £1,300,000 in the year (2021: £2,900,000). Subsequent to the balance sheet date and up to the date of signing, the Directors paid a dividend of £5,700,000 and have not proposed any further dividend.

### **Donations**

During the year the Company made charitable contributions of £nil (2021: £1,165).

### **Directors**

The Directors of the Company during the year and up until the date of signing were:

P J Harris  
J A Peachey  
K L P Smith  
S J Krelle  
I L Clay (resigned 4 May 2022)  
N R Huntley (resigned 17 August 2021)  
S F Flatt (resigned 28 February 2021)

### **Company Secretary**

The company secretaries who held office during the year and up to the date of this report were:

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

### **Registered Office**

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

### **Going concern**

At the Balance Sheet date, the Company had net current assets of £3,886,000. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Events after the balance sheet date**

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

### **Directors' indemnities**

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

# Publitek Limited

## Report of the Directors for the year ended 31 January 2022

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**Company number 05287915**

### **Audit exemption**

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act. The ultimate holding company and controlling party is Next 15. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London W1W 7RT.

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

*Peter Harris*

For the year ended 2022 1136301710

**P J Harris**

**Director**

26 October 2022

# **Publitek Limited**

## **Directors' responsibilities statement for the year ended 31 January 2022**

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### **Directors' responsibilities statement**

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

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

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

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



# Publitek Limited

## Profit and loss account for the year ended 31 January 2022

	Note	31 January 2022 £'000	31 January 2021 £'000
<b>Revenue</b>	3	<b>6,895</b>	7,950
Direct costs		(796)	(1,018)
<b>Net revenue</b>		<b>6,099</b>	6,932
Administrative expenses		(3,552)	(3,543)
Exceptional items	4	1,659	(1,396)
<b>Operating profit</b>		<b>4,206</b>	1,993
Interest payable and similar expenses	8	(4)	(55)
<b>Profit before tax</b>	4	<b>4,202</b>	1,938
Tax credit on profit	9	1,067	15
<b>Profit for the financial year</b>		<b>5,269</b>	1,953

All amounts relate to continuing activities.

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

The notes on pages 11 to 24 form an integral part of these financial statements.

# Publitek Limited

## Balance Sheet as at 31 January 2022

<b>Registered number 05287915</b>	<b>Note</b>	<b>2022 £'000</b>	<b>2022 £'000</b>	<b>2021 £'000</b>	<b>2021 £'000</b>
<b>Fixed assets</b>					
Intangible assets	10		7,898		7,898
Tangible assets	11		20		15
Right-of-use assets	11		8		186
			<b>7,926</b>		<b>8,099</b>
<b>Current assets</b>					
Debtors	12	1,845		1,837	
Cash at bank		5,000		1,389	
		<b>6,845</b>		<b>3,226</b>	
<b>Creditors: Amounts falling due within one year</b>	13	<b>(2,959)</b>		<b>(3,369)</b>	
<b>Net current assets/(liabilities)</b>			<b>3,886</b>		<b>(143)</b>
<b>Total assets less current liabilities</b>			<b>11,812</b>		<b>7,956</b>
<b>Provisions</b>	14		<b>(42)</b>		<b>(42)</b>
<b>Lease liabilities</b>	15		-		<b>(113)</b>
<b>Net assets</b>			<b>11,770</b>		<b>7,801</b>
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Share premium			67		67
Profit and loss account			11,702		7,733
<b>Shareholders' funds</b>			<b>11,770</b>		<b>7,801</b>

For the year ending 31 January 2022, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 25 October 2022. They were signed on its behalf by:

Peter Harris  
Print name (in full) on 26 October 2022 14:00 GMT

P J Harris  
**Director**  
 26 October 2022

The notes on pages 11 to 24 form an integral part of these financial statements.

# Publitek Limited

## Statement of changes in equity for the year ended 31 January 2022

	Called up share capital (note 17) £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>Balance as at 1 February 2020</b>	<b>1</b>	<b>67</b>	<b>7,153</b>	<b>7,221</b>
Profit for the year	-	-	1,953	1,953
Total comprehensive income for the year	-	-	1,953	1,953
Dividends paid (note 18)	-	-	(2,900)	(2,900)
Dividend in specie received (note 18)	-	-	1,527	1,527
<b>Balance as at 1 February 2021</b>	<b>1</b>	<b>67</b>	<b>7,733</b>	<b>7,801</b>
Profit for the year	-	-	5,269	5,269
Total comprehensive income for the year	-	-	5,269	5,269
Dividends paid (note 18)	-	-	(1,300)	(1,300)
<b>Balance as at 31 January 2022</b>	<b>1</b>	<b>67</b>	<b>11,702</b>	<b>11,770</b>

The accompanying notes on pages 11 to 24 form an integral part of these financial statements.

# Publitek Limited

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

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### 1 General information

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statement, because it is included in the Group accounts of Next 15. The Group accounts of Next 15 are available to the public and can be obtained as set out in note 19.

### 2 Significant accounting policies

#### *Basis of accounting*

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

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

The financial statements are prepared under the historical cost convention.

The following principal accounting policies have been applied:

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

The Company has adopted all new accounting standards which were required to be adopted in the current period, none of which had a significant impact on the Company's results or financial position.

The Company has not yet adopted certain new standards which have been published but are only effective for accounting periods beginning on or after 1 February 2022 or later periods. The Directors do not expect that the adoption of these standards to have a material impact on the financial statements of the Company in the future.

#### *Going concern*

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report details the financial position of the Company, as well as the Company's objectives and financial risk management policies.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. The ultimate parent undertaking, Next 15 are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Publitek Limited

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

### 2 Significant Accounting policies (continued)

#### *Revenue recognition*

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

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

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

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

#### *Accrued and deferred income*

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

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

#### *Operating profit*

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

#### *Growth Share Accounting*

Next 15 grants brand equity appreciation rights to key individuals in the form of restricted ordinary shares in the relevant subsidiary. The restricted ordinary shares give the individuals a right to a percentage of the future appreciation in their particular brand's equity. Appreciation is measured based on a multiple of the brand's operating earnings in subsequent year(s), over the base line value determined at the date of grant. Since any brand appreciation payments are to be settled in equity in the ultimate parent, to be paid for by the subsidiary, they are accounted for as cash-settled share-based payments in the subsidiary. The Group fair values the restricted ordinary shares at the date of grant and expenses them fully at that point. The subsidiary reassesses the fair value of the liability each year and revalues the liability; any movement in the fair value is recognised in the Profit and Loss account.

# Publitek Limited

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

### 2 Significant Accounting policies (continued)

#### *Investments in subsidiaries*

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

#### *Tangible assets*

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

Leasehold improvements	-	Over the term of the lease
Fixtures and fittings	-	20% per annum

#### *Intangible assets*

Acquisitions of businesses are accounted for using the acquisition method under IFRS 3. Goodwill represents the excess of the fair value of consideration payable, the amount of any non-controlling interest in the acquiree and acquisition date fair value of any previous equity interest in the acquiree, over the fair value of the Company's share of the identifiable net assets acquired. The fair value of consideration payable includes assets transferred, liabilities assumed and equity instruments issued. The amount relating to the non-controlling interest is measured on a transaction-by-transaction basis, at either fair value or the non-controlling interest's proportionate share of net assets acquired. Goodwill is capitalised as an intangible asset, not amortised but reviewed annually for impairment or in any period in which events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment in carrying value is charged to Profit and Loss account.

For those acquisitions which are under common control, are outside the scope of IFRS 3. In such instances and where allowed under the standard, merger accounting is used in accordance with FRS 101. In the separate financial statements, any net assets transferred are recognised at book value and the difference between the consideration paid and book value of net assets transferred is recognised in equity.

#### *Taxation*

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

#### **Current tax**

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

#### **Deferred tax**

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

# Publitek Limited

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

### 2 Significant Accounting policies (continued)

#### *Taxation (continued)*

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

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

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

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

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

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

#### *Leased assets*

The Company recognises a right-of-use asset and a corresponding lease liability at the commencement date with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, where the Company has elected to use the exemption. The total rentals payable under these leases are charged to the profit and loss account on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. When this rate cannot be determined, the Company uses the incremental borrowing rate for the same term as the underlying lease. The lease liability is subsequently remeasured when there is a change in future lease payments due to a renegotiation or market rent review, or a reassessment of the lease term. Lease modifications result in remeasurement of the lease liability with a corresponding adjustment to the related right-of-use asset. Interest expense is included within finance expense in the Profit and Loss Account.

The right-of-use asset is initially measured based on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, plus the estimated cost for any restoration costs the Company is obligated to at lease inception. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

#### *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

# Publitek Limited

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

### 2 Significant Accounting policies (continued)

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### *Foreign currencies*

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

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

Exchange differences are recognised in profit or loss in the period in which they arise.

#### *Financial instruments*

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes party to the contractual provisions of the asset or liability. The Company's accounting policies for different types of financial asset and liability are described below.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Trade debtors are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment. An allowance for impairment of trade debtors is established when there is objective evidence (such as significant financial difficulties on the part of the counterparty, or default or significant delay in payment) that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows associated with the impaired receivable.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the administrative expenses line in the profit and loss account. On confirmation that the trade debtors will not be collectable, the gross carrying value is written off against the associated allowance.

Trade payables are initially recognised at fair value and thereafter at amortised cost.

#### *Contingent consideration*

On initial recognition, the liability for contingent consideration relating to acquisitions is measured at fair value. The liability is calculated based on the present value of the ultimate expected payment with the corresponding debit included within goodwill. Subsequent movements in the present value of the ultimate expected payment are recognised in the Profit and Loss account.



# Publitek Limited

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

### 2 Significant Accounting policies (continued)

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

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

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

The only material critical accounting judgement and key source of estimation uncertainty relates to the accounting for growth shares. The growth shares are valued using a model to determine a probability weighted average forecast value of the brand appreciation rights on settlement with shares. This involves making judgements of the future revenue growth and profit margins of the brands over a number of years, as well as making assumptions on timing of the exercise of the put option by employees.

Management believes there are no material critical accounting judgements or sources of estimation uncertainty present.

### 3 Revenue

	Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000
An analysis of the Company's revenue is as follows:		
Rendering of services	5,944	6,759
Mechanical income	951	1,191
	<u>6,895</u>	<u>7,950</u>

All revenue relates to continuing operations.

All of the Company's revenue arises from the provision of digital consultancy services within the UK: 16% (2021: 19%), Europe, Middle East and Africa: 62% (2021: 59%), North America: 19% (2021: 20%), and APAC: 3% (2021: 2%).

# Publitek Limited

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

### 4 Profit before tax

	Year ended 31 January 2022 £'000	Year ended 31 January 2021 £'000
Profit before tax has been arrived at after charging/(crediting):		
Depreciation of owned tangible assets	12	22
Depreciation of right of use assets	71	71
Management charges from parent company	207	95
Foreign exchange gain	(2)	(88)
Staff costs (note 6)	3,022	3,017
Adjusting items:		
Write off investment	-	1,396
Growth share charge	95	-
Top-up payment on disposal of Intellectual Property	(1,754)	-

The growth share charge relates to an incentive agreement with Next 15, whereby the senior management of the Company will be remunerated in Next 15 shares; the amount is dependent on specific financial performance of the Company. The fair value of the liability is reassessed each year and any movement in the fair value is recognised in the profit and loss account. As the agreements do not include any service requirements, the accounting is not aligned with the timing of the anticipated benefit of the incentive, and therefore is excluded from the underlying performance.

The top-up payment on disposal of intellectual property relates to the additional cash received in respect of the transfer of the Publitek brand intellectual property from the Company to Next Fifteen Communications Corporation.

In the prior year, the write off of investment relates to the Company's investment in Technical Publicity Limited which is due to be dissolved. These costs relate to specific transformational events and don't relate to the underlying trading of the Company and therefore have been added back to aid comparability of performance year on year.

### 5 Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £nil (2021: £20,000).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

# Publitek Limited

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

### 6 Employees

	2022 £'000	2021 £'000
Staff costs, including Directors, consist of:		
Wages and salaries	2,634	2,595
Social security costs	280	281
Other pension costs	105	56
Other staff costs	3	85
	<u>3,022</u>	<u>3,017</u>

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

	Number	Number
Directors	3	6
Other staff	49	50
	<u>52</u>	<u>56</u>

### 7 Directors' remuneration

	2022 £'000	2021 £'000
Total remuneration of all Directors:		
Aggregate emoluments	452	497
	<u>452</u>	<u>497</u>

I L Clay was, and P J Harris, J A Peachey, and K L P Smith are directors of more than one Group company. K L P Smith is an employee of the ultimate parent, Next 15. J A Peachey and P J Harris are employees and directors of the ultimate parent, Next 15. They received emoluments from other entities within the Next 15 Group during the year, but it is not practicable to allocate this between their services as Directors of the Company and as directors of other Group companies. The costs of their services is paid by Next 15. Included within this amount are amounts accruing under individual pension schemes for their services to the Group.

	2022 £'000	2021 £'000
Remuneration of highest paid Director:		
Aggregate emoluments	136	166
	<u>136</u>	<u>166</u>

# Publitek Limited

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

### 8 Interest payable and similar expenses

	2022 £'000	2021 £'000
Unwinding of discount on future contingent consideration payable	-	40
Change in estimate of future contingent consideration payable	-	9
Interest on lease liabilities	4	6
	<u>4</u>	<u>55</u>
Total interest payable and similar expenses	<u>4</u>	<u>55</u>

### 9 Taxation

#### (a) Analysis of tax credit in the year

	2022 £'000	2021 £'000
Current tax for the year		
Adjustments to current taxation in respect of prior periods	(1,068)	-
	<u>(1,068)</u>	<u>-</u>
Analysis of deferred tax balances:		
Origination and reversal of timing differences	2	(15)
Adjustments to deferred taxation in respect of prior periods	(1)	-
	<u>1</u>	<u>(15)</u>
Deferred tax for the year	<u>1</u>	<u>(15)</u>
Taxation credit on profit	<u>(1,067)</u>	<u>(15)</u>

#### (b) Factors affecting total tax credit

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

	2022 £'000	2021 £'000
Profit before tax	4,202	1,938
	<u>4,202</u>	<u>1,938</u>
Profit at the standard rate of corporation tax in the UK of 19% (2021: 19%)	798	368
Effects of:		
Non-tax deductible expenditure	19	276
Group relief for no consideration	(815)	(659)
Adjustments in respect of prior periods	(1,069)	-
	<u>(1,067)</u>	<u>(15)</u>
Total tax credit for the year	<u>(1,067)</u>	<u>(15)</u>

# Publitek Limited

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

### 9 Taxation (continued)

The UK income tax expense is based on the UK statutory rate of corporation tax for the period to 31 January 2022 of 19% (2021: 19%). In the 2021 Budget held on 3 March 2021, it was announced that the UK corporation tax rate would increase to 25% on 1 April 2023.

### 10 Intangible assets

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 February 2021 and 31 January 2022	<b>7,938</b>
<b>Provisions for impairment</b>	
At 1 February 2021 and 31 January 2022	40
<b>Net book value</b>	
At 31 January 2022	<b>7,898</b>
At 31 January 2021	7,898

### 11 Tangible assets

	<b>Fixtures and fittings £'000</b>	<b>Right-of-use assets £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 31 January 2021	19	315	334
Additions	21	-	21
Disposals	(12)	-	(12)
Modification	-	(107)	(107)
<b>At 31 January 2022</b>	<b>28</b>	<b>208</b>	<b>236</b>
<b>Depreciation</b>			
At 31 January 2021	4	129	133
Charge for the year	12	71	83
Disposals	(8)	-	(8)
<b>At 31 January 2022</b>	<b>8</b>	<b>200</b>	<b>208</b>
<b>Net book value</b>			
<b>At 31 January 2022</b>	<b>20</b>	<b>8</b>	<b>28</b>
At 31 January 2021	15	186	201

The modification of the right of use asset relates to the Company serving notice and exercising the break clause on a property lease during the year.

# Publitek Limited

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

<b>12 Debtors</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade debtors	1,710	1,709
Amounts owed by Group undertakings	1	-
Other taxation and social security	19	-
Prepayments and accrued income	102	87
Corporation tax	-	27
Deferred tax (note 16)	13	14
	<u>1,845</u>	<u>1,837</u>

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

<b>13 Creditors: amounts falling due within one year</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade Creditors	568	502
Lease liabilities	5	75
Other taxation and social security	92	117
Corporation tax	21	1,093
Amounts owed to Group undertakings	787	529
Other creditors	19	18
Accruals	740	515
Deferred income	727	520
	<u>2,959</u>	<u>3,369</u>

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

<b>14 Provisions for liabilities</b>	<b>Total £'000s</b>
Opening balance at 1 February 2021	42
Provided in the period	-
	<u>42</u>
Closing balance at 31 January 2022	<u>42</u>

Amounts provided in the current year relate to dilapidations for the current office.

# Publitek Limited

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

<b>15 Lease liabilities</b>	<b>Total £</b>
At 1 February 2021	188
Interest expense related to lease liabilities	4
Repayment of lease liabilities	(78)
Modification of lease liabilities	(109)
	<hr/>
Closing balance at 31 January 2022	5
	<hr/>
The maturity of the lease liabilities is as follows:	
Amounts payable:	
Within one year	5
In two to five years	-
	<hr/>
Total gross future liability	5
Effect of discounting	(-)
	<hr/>
Lease liability at 31 January 2022	5
	<hr/>

The modification of the lease liability relates to The Company serving notice and exercising the break clause on a property lease during the year.

<b>16 Deferred taxation</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
The deferred tax included in the Balance Sheet is as follows:		
Included in debtors (note 12)	13	14
	<hr/>	<hr/>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	4	7
Other timing differences	9	7
	<hr/>	<hr/>
	13	14
	<hr/>	<hr/>

# Publitek Limited

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

### 16 Deferred taxation (continued)

The movement in the deferred taxation account during the year was:	£'000
Balance at 1 February 2020	(1)
Credit to the profit and loss account for the period (note 9a)	15
Balance at 31 January 2021	14
Debit to the profit and loss account for the period (note 9a)	(1)
Balance at 31 January 2022	13

### 17 Share capital

	2022 Number	Allotted, called up and fully paid 2021 Number	2022 £'000	2021 £'000
Ordinary shares of £0.10 each	8,058	8,058	1	1
A Ordinary shares of £0.01 each	142	-	-	-

### 18 Dividend

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Dividends paid (equivalent to £161.33 per Ordinary share (2021: £359.89))	1,300	2,900

The final dividends were paid on 9 July 2021

In the prior year, a dividend of £1,527,000 was received from Technical Publicity Limited which was satisfied in specie, by the transfer of an intercompany debtor.

### 19 Controlling party

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



# Publitek Limited

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

### 20 Contingent liabilities

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

### 21 Related undertakings disclosure

The Company have investments in the following subsidiary undertakings:

Subsidiary	Country of incorporation	Voting rights held	Registered office
Technical Publicity Limited	United Kingdom	100%*	60 Great Portland Street, London W1W 7RT

\*Held directly by the Company.

All shareholdings are for ordinary shares.

The principal activity of Technical Publicity Limited during the year was that of press relations and marketing communications.