

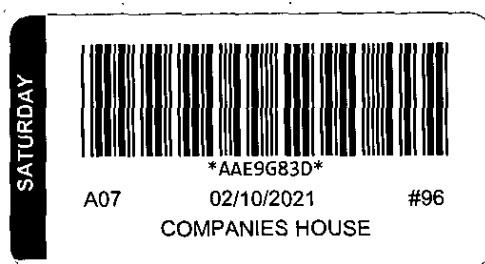
Inside Ideas Group Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 09323085



Inside Ideas Group Limited

Company Information

Directors	S H Martin D Jones E Cookson J M Antoni E J Aikman
Company secretary	K Iselin
Registered number	09323085
Registered office	151 Rosebery Avenue London EC1R 4AB
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

Inside Ideas Group Limited

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Inside Ideas Group Limited

Group Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for Inside Ideas Group ("the group") and Inside Ideas Group Limited ("the company") for the year ended 31 December 2020.

Business review

In 2020, the group continued to demonstrate significant organic growth and it has increased its market share and global footprint. During the year, the group continued to consolidate its position in the provision of outsourced in-house agencies for brands and advertisers. The group continued to combine people, processes and technology to deliver better, faster and cheaper marketing solutions.

On all financial metrics measuring growth and profitability, the group and company have reported an increase for the year ended 2020 compared to prior year, which is highlighted in the table below.

Analysis using KPIs

The following table of key performance indicators are in line with expectations:

	2020 £000	Restated 2019 £000
Group		
Turnover	190,343	146,532
Gross Profit	169,001	122,726
Gross Margin	88 %	84 %
EBITDAE	23,107	11,867
Operating profit before exceptional items, other operating income and Y&MJ fees	20,173	8,938
Total assets less current liabilities	26,144	14,544
Net assets	24,907	13,590
	2020 £000	2019 £000
Company		
Turnover	14,123	1,337
Gross Profit	7,722	1,179
Gross Margin	55%	88%
EBITDAE	1,048	(1,330)
Operating profit before exceptional items, other operating income and Y&MJ fees	1,157	(1,330)
Total assets less current liabilities	11,155	8,232
Net assets	11,155	8,232
	-	-

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Analysis using KPIs (continued)

For the year ended 31 December 2020, the group's turnover increased from £146.5m in 2019 to £190.3m in 2020, representing strong growth of 30%. Gross profit increased from £122.7m in 2019 to £169.0m in 2020, representing growth of 37.7%, driven by the increase in revenues. Gross margin increased from 84% in 2019 to 89% in 2020 as a result of cost controls during the year.

Pre-exceptional earnings before interest, tax, depreciation and amortisation ("EBITDAE") increased from £11.9m in 2019 to £23.1m in 2020 as a result of the increase in gross profit and the continuing controls over overheads. The pre-exceptional EBITDAE result for 2020 was before accounting for amortisation of OMG software platform of £665k (2019 - £537k) and central service fees to You & Mr Jones Limited of £5.1m (2019 - £3.7m). Operating profit before exceptional items, other operating income and You & Mr Jones central service fees increased from £8.9m in 2019 to £20.2m along with the increase in EBITDAE.

Total assets less current liabilities increased from £14.5m at year end 2019 to £26.1m at year end 2020 as a result of the improved results of the group and continuing control over working capital. Net assets increased from £13.6m in 2019 to £24.9m in 2020 as a result of the same increased profits and working capital controls.

No separate analysis of the company's KPIs is being performed as the directors believe that the drivers for the company are in parallel with the group's performance.

For the year ended 31 December 2020, the group delivered pre-exceptional earnings before interest, tax, depreciation and amortisation ("EBITDAE") of £23.1m, which was a significant increase on the 2019 results of £11.9m. The pre-exceptional EBITDAE result for 2020 was before accounting for amortisation of the OMG software platform of £666k (2019 - £537k) and central service fees to You & Mr Jones Limited of £5.1m (2019 - £3.7m).

Since the acquisition, by You & Mr Jones ("parent company"), the group has retained its independence in running its business on a day-to-day basis, whilst benefiting from the advantages in scale and expertise that have come from being a part of a larger group of companies. The group's differentiated model is based on the philosophy of delivering a better, faster and cheaper service offering to clients. The same philosophy is shared by You & Mr Jones (parent company), and as a large global organisation, the group has been able to identify and realise opportunities and synergies to achieve its strategic objectives.

The partnership with You and Mr Jones has enabled the group's clients to tap into a broad range of tech-led products and capabilities. Our brand marketers are now able to access a wider spectrum of the most advanced and innovative marketing technology solutions through the You & Mr Jones network of companies.

By connecting its in-house model to one of the world's leading marketing technology platforms, it will allow the group to enter a truly transformational phase of its business life cycle. The competitive advantage of the group comes from its approach to transparent collaboration with its clients. This unique methodology combines the business models of management consultants with business process outsourced, and applies it to advertising, marketing, digital platform services and communications, and digital media.

The investment by You & Mr Jones Limited has accelerated the group's international growth and global footprint and reinforced its technology credentials. Its well-established and proprietary content creation and management technology platform has integrated with You & Mr Jones' technology ecosystem and has created seamless and efficient access to a full range of technology driven solutions for global brands.

In 2020, the group has won a number of global clients and provided innovative marketing solutions for some of the biggest brands in the world. The group pursues a balanced portfolio strategy working with clients of many sizes across of a spectrum of industries, which mitigates its dependency on any individual client.

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Future developments

The group's plan for the next 12 months from the date of the financial statements is based on organic growth with existing and new clients.

The group services a variety of markets and industries and does not have any reliance on a single customer, geography or industry sector. The group's diverse portfolio of clients has allowed it to identify and convert new opportunities with some of its largest global clients in the consumer business markets whilst managing the inevitable contraction in client spend in others industries such as travel and hospitality.

While COVID-19 continues to have an impact on the global economy, management continue to monitor the situation and the risk to the group, and where necessary, the group will implement measures globally to align direct costs and overhead expenditure with the demand from our clients and these include, but not limited to:

- Transforming the existing workforce into a mobile and agile global workforce where utilisation will be on a global scale;
- Temporary cessation of additional non-billable and non-business critical resources to manage business and client demand;
- Deferral of non-business critical capital expenditure;
- Deferral of major operating costs that are non-business critical;
- Decrease in headcount in industries that are severely impacted;
- Utilisation and extension of existing credit line facilities with existing financial institutions; and
- Daily and weekly working capital management and rolling cash flow forecasts to ensure sufficient headroom for continued growth.

By adopting these measures, the group will be able to adequately manage the market, credit and liquidity risks in the current economic climate, including the potential future impact of COVID-19. The tailoring of the group's business model to remain flexible and proactive will allow the group to continue to be a world class global solutions provider and consolidate its position as market leader in its field.

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Principal risks and uncertainties

The principal risks of the group can be detailed as follows:

Economic risk

The directors continue to assess any implications this may have on the UK marketplace. To mitigate this risk, the group continues to expand its service offerings and invests in new business, thereby expanding its global footprint and market share.

The directors are continually reviewing their plans and forecasts with regards to the impact of COVID-19. To mitigate this risk, the group is tailoring its business model to adapt to the crisis, being agile, proactive and reactive to each situation.

Bad debt risk

The directors of the group believe the credit risk is low due to the diverse portfolio of clients and the global footprint of operations. The majority of the group's revenues are from large blue-chip multinational organisations and default has been historically low and its forecasted to be low for future periods.

Also, the business has an invoice discounting facility. With the credit rating of our clients, good credit control processes and the presence of the discounting facility, the directors believe the risk of bad debt is limited.

Foreign exchange risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from sales. It is group policy implemented locally, to assess the credit risk of new customers before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The board regularly reviews cash flow projections and at the end of the financial year, these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Competition

The group's most significant potential market risk is competition. Our model of delivering marketing remains unique, compelling and cost effective. The business has a strategy of continually refining and differentiating from the competition. Our track record of customer retention, and expanding services remain very strong and will continue to improve with the partnership with You & Mr Jones.

Brexit

The impact of Brexit has been limited to the group as a result of the global nature of the client base, along with the growing global footprint of the group's operations. While the impact of Brexit is an ongoing issue that is under constant management review, the nature of the group's operations will mitigate any such potential negative impacts.

Cyber Security

The significant increase in employees working at home, as a result of COVID-19 restrictions, has impacted the delivery of IT services and increased our IT and information security risks.

There is an ongoing program of investment in both technology and people to enhance the longevity of our IT environments. The group has modified its IT infrastructure to support seamless homeworking, increased bandwidth with its telecommunications partners, and deployed collaboration tools.

The extent of remote working has increased the risk of users falling victim to phishing attacks because users rely primarily on email communication. The group have an ongoing phishing testing regime, and there is regular communication with all users to remind them of the risks. We have raised the level of monitoring for phishing attempts and other security threats. In addition, the group have issued security awareness advice on secure homeworking best practices.

Improved cyber-security capability is in place within the Group, allowing us to detect, respond, and recover from disruptive cyber-threats more effectively. The Group reduces its internal and external threats and vulnerabilities to a minimal level. This was achieved through technology-driven security measures such as Multi-Factor Authentication (MFA) on all email accounts, modern firewalls, and the active monitoring of physical and electronic site security controls. In addition, clear policies, procedures and mandatory security awareness training is communicated throughout the business.

During the year, we have reviewed and tested IT disaster recovery plans across the businesses

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Directors' statement of compliance with duty to promote the success of the company

The board of directors of Inside Ideas Group Limited consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging their section 172 duties the board of directors has regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the interests and views of the company's shareholders, other group companies, pension scheme members and other relevant stakeholders. The board acknowledge that every decision it makes will not necessarily result in a positive outcome for all of the company's stakeholders. By considering the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, it does, however, aim to make sure that its decisions are consistent and predictable.

Our Stakeholders

The group's key stakeholders are its employees, customers, consumers, suppliers, shareholder and the local communities in which it operates. The views of and the impact of the group's activities on those stakeholders are important considerations for directors when making relevant decisions. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size and spread of the company's stakeholders means that generally, stakeholder engagement best takes place at an operational level. The board bring the stakeholder voice into the boardroom through information provided by senior management and by direct engagement with stakeholders themselves, where appropriate. During Quarterly Business Reviews, which are attended by certain directors, senior management provide feedback on matters including: the priorities of the group's customers in order to build strategic relationships with them; analysis of consumer feedback to help establish consumers' views on the group's products as well as the ways in which they would like the group to improve its offering; conferences and/or one-on-one meetings with the group's suppliers, pension trustees and investor banks and to improve its understanding of their requirements.

Our Employees

The board is committed to promoting a diverse and inclusive workplace, reflective of the communities in which it does business. We approach diversity in the broadest sense, recognising that successful businesses flourish through embracing diversity into their business strategy and developing talent at every level in the organisation. The directors and the board welcome and invite constructive challenge from employees throughout the group and hope that they will influence the direction of the business by continuously developing their expertise, which in turn assists innovative solutions. The board and senior management are responsible for ensuring that the group's purpose, vision and values are effectively communicated to employees and that the group's activities reflect the culture the group wishes to instill in employees and drive appropriate behaviours. Examples of how this is achieved include: formal and informal meetings, a mandatory code of conduct, an annual pulse survey, dedicated training sessions and the group's workplace social media platform. Employees are actively encouraged to provide feedback and report any concerns with a confidential hotline available to them if required. There is close collaboration between employees and directors during the Quarterly Business Review sessions and directors are encouraged, and expected, to visit operations and to engage with employees during these site visits.

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

Our customers and suppliers

Inside Ideas Group engages with customers and suppliers on terms appropriate to its size and pays supplier invoices promptly. The group's clients are its key relationship and the principal key performance indicator. Reports are made to both members and directors on prospective and actual clients, and business development.

Our Environment

The board recognises the important role the group has to play in society and is deeply committed to public collaboration and stakeholder engagement. The board recognises that the environmental impact of the company's operations is an ever more important consideration. In addition, a green approach is adopted in the offices by promoting recycling and reducing the use of plastic. The group believes this also adds to its positive presence in local communities as an employer. The board also encourages positive actions within the local community, including charitable donations and work in addition to encouraging employees to act positively within the community.

Decision making

As is normal for large, private companies, the group delegates authority for day-to-day management of the group to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Monitoring of this is conducted through regular business review meetings which are attended by a sub-set of the board of directors. Board meetings are held periodically, and activities reviewed through the consideration and discussion of information, which is sent in advance of each board meeting and through presentations to the board, and the consideration of the impact of the relevant decisions on stakeholders.

Regularly scheduled board presentations and reports, by way of example: customer engagement, risk register reports, health & safety reports, whistle blowing reports (if relevant), dividend policy and people and culture strategy and developments.

During the forthcoming year the group plan to formally review financial and operational performance, health and safety, and legal and regulatory compliance at each board meeting using standard reporting formats. The group also review other areas over the course of the financial year including the group's business strategy; key risks; stakeholder-related matters; diversity and inclusively; and governance, compliance and legal matters.

The board aspires to have high standards of corporate governance. In the absence of an express corporate governance code, we continue to comply with relevant law and regulations in relation to governance arrangements and have processes in place to ensure decisions are made at the appropriate level. The board periodically reviews and approves clear frameworks, such as general business principles, the group's Code of Ethics, specific ethics & compliance manuals, and its Modern Slavery Statements, to ensure that its high standards are maintained both within the businesses and the business relationships it maintains.

Inside Ideas Group Limited

Group Strategic Report (continued) for the Year Ended 31 December 2020

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the group strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the directors act fairly as between the group's members but are not required to balance the group's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

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

DocuSigned by:

Simon Martin

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S H Martin
Director

Date: 04-Aug-2021 | 2:13 PM EDT

Inside Ideas Group Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company is that of advertising, marketing and public relations.

Inside Ideas Group Limited

Directors' Report (continued) for the Year Ended 31 December 2020

Results and dividends

The profit for the year, after taxation, amounted to £11,751k (2019 - £989k).

The total distribution of dividends for the year ended 31 December 2020 was £Nil (2019 - £Nil).

Going concern

Despite the current challenging economic and business environment, the directors are confident that the company and group are well placed to continue to build on its historic creative and financial success.

The directors confirm that the company and group have sufficient resources to continue to operate for the foreseeable future. This assessment is based on the company's and group's projected trading results, cash flows, new equity funding and available banking facilities. Therefore the accounts are prepared on a going concern basis.

As of December 31, 2020, the Group had a shareholders' equity of £24,907k, a profit for the period £11,751k, net cash generated from operating activities of £12,612k and cash used in investing activities of £3,034k. Cash and cash equivalents held as at 31 December 2020 were £24,408k. The financial statements have been prepared assuming that the Group will continue as a going concern. The basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business.

An assessment of the future trading circumstances has been performed by management including cashflow forecasts through to the period ended 31 December 2022. Based on these forecasts, including plausible downside assessments, management are confident that the Group has sufficient resources to meet its liabilities as they fall due and are well placed to continue to build on its historic and creative financial success.

The group has secured its supply chain in order to meet its contracted commitments and anticipated demand and has continued to service its clients over this period.

Given the nature of the group's services, the recurring and contracted nature of the majority of the group's revenue, management continues to expect its customers to meet their financial commitments to the group.

Directors

The directors who served during the year were:

S H Martin
D Jones
E Cookson
J M Antoni
E J Aikman (appointed 15 September 2020)

Qualifying third party indemnity provisions

The group has in place qualifying third party indemnity provisions of £10 million for all of the directors of Inside Ideas Group Limited.

Inside Ideas Group Limited

Directors' Report (continued) for the Year Ended 31 December 2020

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption for the year are as below;

Greenhouse Gas Emissions (tCO₂e)

From Combustion of Fuel	
Natural Gas	67.45
Transport Fuel for Company Vehicles	28.24
Other Fuels	-
Subtotal	95.69
From Purchased Electricity, Steam, Heat & Cooling	225.10
Subtotal	225.10
Total Gross Emissions	320.79
Renewable Electricity	-
Carbon Offsets	-
Domestic Carbon Units	-
Total Net emissions	320.79

Energy Consumption (kWh)

Electricity	965,524
Natural Gas	331,067
Transport Fuels	111,771
Other Fuels	-
Total	1,408,362

Inside Ideas Group Limited

Directors' Report (continued) for the Year Ended 31 December 2020

Methodology:

Conversion Factors

All conversion factors and fuel properties used in this report have been taken from the 2020 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been converted and expressed in terms of their carbon dioxide equivalence.

Utilities

Energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. The consumption for the Bournemouth site has been calculated from the cost that is paid to the landlord and then divided by the average £/kwh - 0.1547 for electricity and 0.44108 for gas. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

Transport

Fuel cards record the quantity of fuel purchased in litres. Petrol, diesel and unknown fuel type from personnel cars were purchased. The conversion factors for forecourt blends have been used to calculate greenhouse gas emissions and underlying energy use.

Other Fuels

No other fuels are used.

Fugitive Emissions

No air conditioning refills have been required during the reporting period.

	2020
Intensity Ratios	
Annual MWh per £m EBITDA	79
Annual tCO ₂ e per £m EBITDA	18

Energy Efficiency Narrative

During the reference period the company and subsidiaries have completed ESOS audits to identify any opportunities to reduce energy consumption. Current best practice includes blinds on all floors to ceiling windows, building management systems and place lights are installed as the old ones fail.

Research and development

The group continues to invest in research and development which will benefit the group in the medium to long term through new software revenue streams. The group accounting policy is to capitalise costs incurred in the development of its software platform Oliver Marketing Gateway (OMG). The amount of development costs capitalised in the year was £552k (2019 - £754k).

Engagement with employees

The company places considerable value on the involvement of its employees, and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Inside Ideas Group Limited

Directors' Report (continued) for the Year Ended 31 December 2020

Engagement with suppliers, customers and others

The group seeks to grow its business organically and sustainability by acquiring new clients, retaining existing ones, and increasing its share of clients' trading spend. To achieve this, the group puts its clients' interests first and aim to provide them with a high value service that yields incremental value as the relationship (and the group's service offering) matures.

As part of engaging with clients, the senior management including the CEO and senior staff members meet with key clients to obtain feedback on the service. The team also attends and hosts industry related events, which provide the group with the opportunity to engage with new and existing clients on a range of topics enabling the firm to understand the challenges and objectives of its client base.

The group's suppliers play a key part in enabling it to deliver a leading level of service to its clients by amplifying the group's capabilities and efficiencies. The group seeks to choose the best products and services to meet its requirements, and then develop strong, long-term relationships with the suppliers that provide them, in order to create strong and enduring mutual value over time. The group regularly looks for ways to support our suppliers beyond simply providing our custom, whether through providing testimonials, sharing knowledge or recommending them to others. Ensuring that the firm uses the most appropriate third-party vendors, to promote the interests of its clients and that of the shareholders, a robust review process is undertaken prior to the commencement of any relationship with a third-party supplier and this is then periodically reviewed to ensure ongoing suitability.

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. The retraining of employees who become disabled whilst employed by the group is offered where appropriate. The group has dedicated occupational health to support with reasonable adjustments and support for those employees on an ongoing basis.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 8.

Inside Ideas Group Limited

Directors' Report (continued) for the Year Ended 31 December 2020

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 and the group'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 and the group's auditor is aware of that information.

Re-appointment of auditors

During the year BDO LLP resigned as auditor and Ernst & Young LLP were appointed in their place.

The auditor, Ernst & Young 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.

DocuSigned by:

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S H Martin
Director

Date: 04-Aug-2021 | 2:13 PM EDT

Inside Ideas Group Limited

Independent Auditor's Report to the Members of Inside Ideas Group Limited

Opinion

We have audited the financial statements of Inside Ideas Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise of the Consolidated Statement of Comprehensive income, Consolidated Statement of Financial Position, company Statement of Financial Position, Consolidated Statement of Changes in Equity and the company Statement of Changes in Equity and the related notes 1 to 32, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 group 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

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 group and parent company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Inside Ideas Group Limited

Independent Auditor's Report to the Members of Inside Ideas Group 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 this 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 course of 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 set out on page 8, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Inside Ideas Group Limited

Independent Auditor's Report to the Members of Inside Ideas Group 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the jurisdictions in which the group operates and the EU General Data Protection Regulation (GDPR). In addition, the group has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, relevant employee law matters, data protection and anti-bribery and corruption.
- We understood how Inside Ideas Group Limited is complying with those frameworks by making enquiries of management, the Head of Legal and UK Legal Counsel being those responsible for legal and compliance procedures to understand how the group maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the group Code of Conduct and correspondence from local legal counsel. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures and noted that there was no contradictory evidence. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws with management.
- We assessed the susceptibility of the group's consolidated financial statements to material misstatement, including how fraud might occur by considering the risk of management override, performance targets and their influence on efforts made by understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity and management to manage revenue and earnings before interest, corporation tax, depreciation and amortisation (EBITDA).
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved;
 - Enquiry of management as to any fraud risk framework within the entity.
 - Enquiry of management around actual and potential litigation and claims
 - Auditing the risk of management override of controls, including performing analytical procedures, confirming revenue to cash receipts, journal entry testing and auditing adjustments for appropriateness.
 - We incorporated journal entry testing into our testing of revenue and manual journals at period end, including segregation of duties. We performed audit procedures to address each identified fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error.
 - We substantively tested specific transactions back to source documentation, being customer invoices and third-party bank statements, to verify the cut-off and recoverability.

Inside Ideas Group Limited

Independent Auditor's Report to the Members of Inside Ideas Group Limited (continued)

- We understood the performance obligations detailed in the contracts and audited management's revenue recognition with specific focus on contracts straddling the period end.
 - Evaluating the business rationale of significant transactions outside the normal course of business.
 - Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- We also designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors, enquiries of management and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.

Ernst & Young LLP

Philip Young (senior statutory auditor)
For and on behalf of Ernst & Young LLP, statutory auditor
London
United Kingdom

Date: 5 August 2021

Inside Ideas Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	190,343	146,532
Cost of sales		(21,342)	(23,806)
Gross profit		<u>169,001</u>	<u>122,726</u>
Administrative expenses		(153,899)	(117,470)
Exceptional administrative income/(expenses)	9	130	(3,619)
Other operating income	5	79	-
Operating profit	9	<u>15,311</u>	<u>1,637</u>
Interest receivable and similar income	10	47	64
Interest payable and similar expenses	11	(253)	(809)
Profit before tax		<u>15,105</u>	<u>892</u>
Tax (charge)/ credit on profit	12	(3,354)	97
Profit for the financial year		<u><u>11,751</u></u>	<u><u>989</u></u>
Currency translation differences		(227)	(180)
Other comprehensive loss for the year		<u>(227)</u>	<u>(180)</u>
Total comprehensive income for the year		<u><u>11,524</u></u>	<u><u>809</u></u>
Profit for the year attributable to:			
Non-controlling interests		812	400
Owners of the parent company		10,939	589
		<u><u>11,751</u></u>	<u><u>989</u></u>
Total comprehensive income for the year attributable to:			
Non-controlling interest		778	326
Owners of the parent company		10,746	483
		<u><u>11,524</u></u>	<u><u>809</u></u>

All amounts relate to continuing operations.

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited
Registered number:09323085

**Consolidated Statement of Financial Position
as at 31 December 2020**

	Note	2020 £000	Restated 2019 £000
Non-current assets			
Intangible assets	13	2,470	3,120
Tangible assets	14	2,695	2,068
Debtors More Than One Year	16	3,534	-
		<u>8,699</u>	<u>5,188</u>
Current assets			
Debtors: amounts falling due within one year	16	60,688	41,024
Cash and cash equivalents		24,408	12,960
		<u>85,096</u>	<u>53,984</u>
Creditors: amounts falling due within one year	17	(67,651)	(44,628)
Net current assets		<u>17,445</u>	<u>9,356</u>
Total assets less current liabilities		<u>26,144</u>	<u>14,544</u>
Creditors: amounts falling due after more than one year	18	(1,237)	(954)
Net assets		<u><u>24,907</u></u>	<u><u>13,590</u></u>
Capital and reserves			
Share capital	22	-	-
Share premium	24	15,297	15,297
Foreign exchange reserve	24	(260)	(67)
Profit and loss account	24	8,383	(2,036)
Equity attributable to owners of the parent company		<u>23,420</u>	<u>13,194</u>
Non-controlling interests		1,487	396
		<u><u>24,907</u></u>	<u><u>13,590</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Simon Martin

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S H Martin
Director

Date: 04-Aug-2021 | 2:13 PM EDT

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Registered number:09323085

**Company Statement of Financial Position
as at 31 December 2020**

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets	13	30	-
Tangible assets	14	92	-
Investments	15	4,845	4,617
Deferred taxation	16	1,058	-
		<u>6,025</u>	<u>4,617</u>
Current assets			
Debtors: amounts falling due within one year	16	26,606	9,312
Cash and cash equivalents		813	182
		<u>27,419</u>	<u>9,494</u>
Creditors: amounts falling due within one year	17	(22,288)	(5,879)
Net current assets		<u>5,131</u>	<u>3,615</u>
Net assets		<u><u>11,156</u></u>	<u><u>8,232</u></u>
Capital and reserves			
Share capital	22	-	-
Share premium	24	15,297	15,297
Profit and loss account	24	(4,141)	(7,065)
		<u>11,156</u>	<u>8,232</u>

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006, not to prepare a individual statement of comprehensive income for the parent company. The profit after tax of the parent company for the year within the financial statements was £2,923k (2019 - £7,000k loss).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Simon Martin

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S H Martin

Director

Date: 04-Aug-2021 | 2:13 PM EDT

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £000	Share premium £000	Foreign exchange reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
At 1 January 2020	-	15,297	(67)	(2,036)	13,194	396	13,590
Comprehensive income for the year							
Profit for the year	-	-	-	10,939	10,939	812	11,751
Currency translation differences	-	-	(193)	-	(193)	(34)	(227)
Contributions by and distributions to owners							
Disposal of non-controlling interest	-	-	-	-	-	23	23
Acquisition of non-controlling interest	-	-	-	-	-	221	221
Goodwill transfer on AYS adjustment	-	-	-	(520)	(520)	69	(451)
At 31 December 2020	-	15,297	(260)	8,383	23,420	1,487	24,907

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £000	Share premium £000	Foreign exchange reserve £000	Share option reserve £000	Profit and loss account £000	Equity attributable to owners of parent company £000	Non- controlling interests £000	Total equity £000
Restated At 1 January 2019 (see note 2.26)	-	3,969	39	111	(2,736)	1,383	133	1,516
Comprehensive income for the year								
Profit for the year	-	-	-	-	589	589	400	989
Currency translation differences	-	-	(106)	-	-	(106)	(74)	(180)
Contributions by and distributions to owners								
Shares issued during the year	-	11,328	-	-	-	11,328	-	11,328
Reclassification	-	-	-	(111)	111	-	-	-
Dividends	-	-	-	-	-	-	(63)	(63)
At 31 December 2019 (restated)	-	15,297	(67)	-	(2,036)	13,194	396	13,590

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2020	-	15,297	(7,065)	8,232
Comprehensive income for the year				
Profit for the year	-	-	2,924	2,924
At 31 December 2020	<u>-</u>	<u>15,297</u>	<u>(4,141)</u>	<u>11,156</u>

Company Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £000	Share premium £000	Share option reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	3,969	111	(176)	3,904
Comprehensive loss for the year					
Loss for the year	-	-	-	(7,000)	(7,000)
Contributions by and distributions to owners					
Shares issued during the year	-	11,328	-	-	11,328
Reclassification	-	-	(111)	111	-
At 31 December 2019	<u>-</u>	<u>15,297</u>	<u>-</u>	<u>(7,065)</u>	<u>8,232</u>

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the financial year		11,751	989
Adjustments for:			
Amortisation of intangible fixed assets	13	1,250	1,446
Depreciation of tangible fixed assets	14	1,606	1,483
Interest credited to income statement		(47)	(64)
Interest charged to income statement		253	809
Taxation credited/ (charged) to income statement	12	3,354	(97)
Increase in debtors	16	(22,322)	(9,476)
Increase in creditors	17,18	18,809	8,813
Gain on disposal of investments		(113)	-
Corporation tax paid		(1,855)	(1,438)
Foreign exchange gains and losses		(74)	(230)
Net cash generated from operating activities		12,612	2,235
Cash flows from investing activities			
Purchase of intangible fixed assets	13	(551)	(754)
Purchase of tangible fixed assets	14	(2,439)	(1,266)
Sale of tangible fixed assets	9	114	100
Interest received	10	47	64
Payments of deferred consideration	16	-	(229)
Proceeds from sale of non controlling interest		23	-
Payment for acquisition of subsidiary's interest to the non-controlling interest		(228)	-
Net cash used in from investing activities		(3,034)	(2,085)

Inside Ideas Group Limited

Consolidated Statement of Cash Flows (continued) for the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from financing activities			
Issue of ordinary shares	22	-	11,328
Repayment of loans	19	(210)	(496)
Increase in/(repayment of) finance lease		59	(414)
Interest paid	11	(253)	(809)
Dividends paid to non controlling interests		-	(63)
Increase in hire purchase		130	-
Net cash (used in)/generated from financing activities		(274)	9,546
Net increase in cash and cash equivalents		9,304	9,696
Cash and cash equivalents at beginning of year		10,896	1,200
Cash and cash equivalents at the end of year		20,200	10,896
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		24,408	12,960
Invoice discounting advances	19	(4,208)	(2,064)
		20,200	10,896

The notes on pages 27 to 62 form part of these financial statements.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1. General information

Inside Ideas Group Limited is a private company, limited by shares, and is incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group's operations and principal activity are set out in the strategic and directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group has experienced net profits and cash generated from operating and investing activities during the year ended December 31, 2020. As of December 31, 2020, the Group had a shareholders' equity of £24,907k, a profit for the period £11,751k, net cash generated from operating activities of £12,612k and cash used in investing activities of £3,034k. Cash and cash equivalents held as at 31 December 2020 were £24,408k. The financial statements have been prepared assuming that the group will continue as a going concern. The basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business.

An assessment of the future trading circumstances has been performed by management including cashflow forecasts through to the period ended 31 December 2022. Based on these forecasts, including plausible downside assessments, management are confident that the group has sufficient resources to meet its liabilities as they fall due and are well placed to continue to build on its historical financial success.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern (continued)

The group has secured its supply chain in order to meet its contracted commitments and anticipated demand and has continued to service its clients over this period.

Given the nature of the group's services, the recurring and contracted nature of the majority of the group's revenue, management continues to expect its customers to meet their financial commitments to the group.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Impairment of investments in subsidiaries, intangible and tangible assets

Assets that are subject to depreciation or amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Impairment losses are recognised in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Group and company's functional and presentational currency is GBP. Other operating entities within the group operate under multiple functional currencies which are translated into GBP for group reporting purposes using current market exchange rates applicable.

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 exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within administrative expenses.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.7 Turnover

Turnover represents amounts invoiced to clients, excluding sales taxes for services provided.

Turnover for each type of revenue stream is recognised on the following basis:

- Management fees are spread over the period of the contract on a straight-line basis, which approximates to when work is performed;
- Project fees are recognised over the period of the relevant assignment or agreements as activity progresses. For projects which fall over the financial period end, income is recognised to reflect the partial performance on the basis of the percentage completion of the job at the year end.

Performance related income is recognised when it can be reliably estimated and to the extent to which the performance criteria have been met.

2.8 Invoice discounting

This relates to a banking facility that the group can use to recover trade debts from third parties. Amounts due in respect of invoice discounting are included within either cash and cash equivalents, or within bank loans and overdrafts, depending on whether the balance is negative or positive. The group can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade debtors remains with the group.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.9 Leasing commitments

Assets obtained under finance leases are capitalised in the statement of financial position and are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability. Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and cash equivalents with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.11 Government grants

Included within other operating income are UK Government COVID related grants.

2.12 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable 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.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income 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 and the group operate and generate income.

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.16 Share based payments

The group operates an equity-settled share-based remuneration plans for its employees. The group's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in the consolidated statement of financial position with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.17 Exceptional items

Exceptional items are defined as items of income and expenditure which are non-recurring and unrelated to the ongoing operating performance of the business. Therefore, management has assessed that these items should be reported separately else they would distort profitability for users of the financial statements if not split from underlying trade.

They are of such significance they require separate disclosure on the face of the income statement to reflect performance in a consistent manner and in line with how the business is managed and measured on a day-to-day basis. Thus, enabling users of the financial statements to better understand group's underlying business performance

2.18 Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to 'administrative expenses' over periods ranging from 5 - 10 years.

Other intangible assets

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives, which is 5 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

2.19 Tangible fixed assets

Tangible fixed assets under the cost model are 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.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.19 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Buildings	- Over the life of the lease
Short leasehold	- in accordance with the lease term
Plant and machinery	- varying rates in line with the life of the asset
Fixtures and fittings	- 25%
Computer and office equipment	- 33%

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.

2.20 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans and similar arrangements from banks and other third parties, loans to and from group and other related undertakings and accrued income and expenditure.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.21 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.23 Finance costs

Finance costs are charged to profit or loss 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.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders through board resolution.

2.25 Non-controlling interest

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.26 Prior period restatement

During the year, management have performed a review of the deferred income balances and revenue contracts from prior years and noted that the change in the revenue recognition policy that was implemented in the prior year was not correctly presented in the financial statements. As a result of the incorrect implementation of the revised group policy there had been an acceleration of revenue incorrectly recognised in prior periods financial statements, amounting to £443,000 in 2018. In accordance with FRS102 section 10, the error has been corrected by restating the prior year opening reserves, prepayments and accrued income and the deferred income balance. Further detail can be found in note 16 and 17.

	2019 balance £000	Restatement £000	Restated 2019 balance £000
Prepayments	11,080	1,309	12,389
Deferred income	23,940	1,752	25,692
Profit and loss brought forward	(2,293)	(443)	(2,736)

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determining whether there is any impairment to recognise against the carrying value of the financial assets. Factors include payments received post year end, previous payment history and ongoing relationship with the client.
- Determining the amount of revenue to recognise in respect of project work ongoing at the year end. Factors taken into account assessing the percentage completion of a project include hours worked versus budget, project phases, milestones completed or deliverables issued to the client.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Deferred tax**

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. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met and where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.
- **Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	67,550	68,612
Rest of Europe	34,724	37,615
North America	50,110	35,344
Rest of world	37,959	4,961
	<u>190,343</u>	<u>146,532</u>

5. Other operating income

	2020 £000	2019 £000
Government grants receivable	<u>79</u>	<u>-</u>

Government grants receivable represent amounts received by the group in respect of the Coronavirus Job Retention Scheme ("CJRS").

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

6. Employees

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	96,929	62,038	13,395	5,947
Social security costs	12,704	9,347	-	213
Cost of defined contribution scheme	2,139	1,660	-	-
	<u>111,772</u>	<u>73,045</u>	<u>13,395</u>	<u>6,160</u>

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

	2020 No.	2019 No.
Operational staff	2,276	1,482
Administration	302	230
Directors	2	1
	<u>2,580</u>	<u>1,713</u>

7. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the group's auditor and its associates for the audit of the Group's annual financial statements	<u>346</u>	<u>296</u>

Fees payable to the group's auditor and its associates in respect of:

Taxation compliance services	-	32
Other services relating to taxation	-	8
Transfer pricing	-	32
All other services	-	42
	<u>-</u>	<u>114</u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	590	590

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £400k (2019 - £590k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6k (2019 - £NIL).

Certain directors of the group were paid by the group. The other directors of the group were paid by fellow group undertakings; they have minimal qualifying services to the group and receive no remuneration in respect of the company.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9. Operating profit

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

	2020 £000	2019 £000
Exchange differences	913	636
Operating lease rentals	1,041	2,278
Tangible fixed assets - depreciation (note 14)	1,606	1,483
Intangible fixed assets - amortisation (note 13)	1,250	1,446
Hire of plant and machinery	14	36
Exceptional costs (refer below)	(130)	3,619
You & Mr Jones central fee	5,070	3,682
	<u>5,070</u>	<u>3,682</u>

Operating cost of sales exclude direct payroll related costs.

Included within amortisation of intangible fixed assets is £665k (2019 - £537k) of OMG amortisation charges.

Included within exceptional costs in 2019 are significant one-off costs incurred in preparation for the sale of the group including the following:

	2020 £000	2019 £000
Due diligence costs	-	3,302
Income from onerous lease	(17)	(830)
Expense relating to onerous lease	-	1,147
Gain on sale of investment	(113)	-
	<u>(130)</u>	<u>3,619</u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9. Operating profit (continued)

Reconciliation of pre-exceptional EBITDA to statutory earnings

Earnings before interest, depreciation and amortisation ("EBITDA") is a measure of earnings and cash generative capacity. Pre-exceptional EBITDA, which excludes non-recurring items, is a non-GAAP financial measure which facilitates an understanding of underlying earnings and cash generative capacity. A reconciliation of pre-exceptional EBITDA to statutory earnings is set out below.

	2020 £000	Restated 2019 £000
Pre-exceptional EBITDA	23,107	11,867
Admin - exceptional (on face of P&L a/c)	130	(3,619)
You & Mr Jones central service fee	(5,070)	(3,682)
EBITDA	<u>18,167</u>	<u>4,566</u>
Tangible fixed assets - depreciation (note 14)	(1,606)	(1,483)
Intangible fixed assets - amortisation (note 13)	(1,250)	(1,446)
Operating profit	<u>15,311</u>	<u>1,637</u>
Net finance costs	(206)	(745)
Profit before tax	<u>15,105</u>	<u>892</u>

10. Interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	<u>47</u>	<u>64</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	231	723
Lease interest	22	86
	<u>253</u>	<u>809</u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	32	204
Adjustments in respect of prior periods	613	(111)
	<u>645</u>	<u>93</u>
Double taxation relief	(32)	-
	<u>613</u>	<u>93</u>
Foreign tax		
Foreign tax on income for the year	3,535	1,800
Foreign tax in respect of prior periods	10	(149)
	<u>3,545</u>	<u>1,651</u>
Total current tax	<u>4,158</u>	<u>1,744</u>
Deferred tax		
Origination and reversal of timing differences	(940)	(1,900)
Adjustments in respect of prior periods	136	59
	<u>(804)</u>	<u>(1,841)</u>
Taxation on profit on ordinary activities	<u>3,354</u>	<u>(97)</u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	15,105	892
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,870	169
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	164	515
Adjustments to tax charge in respect of prior periods	760	(52)
Fixed asset difference	-	1
Share scheme deductions	-	(3,182)
Non-taxable income	-	(12)
Adjust deferred tax to average rate of 19%	(449)	355
Adjustment to brought forward values	-	7
Losses eliminated	-	74
Deferred tax asset recognised	(1,004)	803
Utilisation of losses	(308)	-
Foreign tax - other	1,321	1,022
Current tax - other	-	203
Total tax charge for the year	3,354	(97)

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12. Taxation (continued)

The total tax charge of £3,354,000 (2019: credit £(98,000)) represents 22% (2019: -11%) of the group profit before tax of £15,105,000 (2019:£892,000). The Increase in tax rate reflects the group's increase in operations outside of the UK and one-off tax deductibility of share vesting in the UK in 2019.

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

There were no unrecognised deferred tax assets at 31 December 2020 (2019: £Nil).

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the group's deferred tax balances. Non-UK deferred tax is calculated using the statutory rate of the relevant jurisdiction.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13. Intangible assets

Group

	Development expenditure £000	Other £000	Goodwill £000	Total £000
Cost				
At 1 January 2020	3,183	-	5,122	8,305
Additions	552	63	-	615
Reclassification	(176)	324	-	148
Exchange adjustments	-	(2)	(3)	(5)
At 31 December 2020	3,559	385	5,119	9,063
Amortisation				
At 1 January 2020	1,350	-	3,835	5,185
Charge for the year	665	45	540	1,250
Reclassification	(151)	255	44	148
Exchange adjustments	-	9	1	10
At 31 December 2020	1,864	309	4,420	6,593
Net book value				
At 31 December 2020	1,695	76	699	2,470
At 31 December 2019	1,833	-	1,287	3,120

A reclassification between cost and accumulated accumulation has been performed in the year in order to correctly show certain balances that had been previously shown on a net basis in 2019. There is no impact to profit and loss or to net book value in either 2019 or 2020.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

13. Intangible assets (continued)

Company

	Development expenditure £000
Cost	
Additions	32
At 31 December 2020	<u>32</u>
Amortisation	
Charge for the year	2
At 31 December 2020	<u>2</u>
Net book value	
At 31 December 2020	<u><u>30</u></u>
At 31 December 2019	<u><u>-</u></u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14. Tangible fixed assets

Group

	Land and Buildings £000	Short-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer and office equipment £000	Total £000
Cost						
At 1 January 2020	195	1,019	132	2,281	4,917	8,544
Additions	-	43	-	3	2,331	2,377
Disposals	-	-	-	-	(13)	(13)
Reclassification	(174)	113	(132)	(1,768)	2,965	1,004
Exchange adjustments	-	3	-	(3)	(177)	(177)
At 31 December 2020	21	1,178	-	513	10,023	11,735
Depreciation						
At 1 January 2020	128	694	112	1,897	3,645	6,476
Charge for the year	-	200	-	29	1,377	1,606
Disposals	-	-	-	-	(15)	(15)
Reclassification	(107)	129	(112)	(1,438)	2,532	1,004
Exchange adjustments	-	2	-	(4)	(29)	(31)
At 31 December 2020	21	1,025	-	484	7,510	9,040
Net book value						
At 31 December 2020	-	153	-	29	2,513	2,695
At 31 December 2019	67	325	20	384	1,272	2,068

A reclassification between cost and accumulated accumulation has been performed in the year in order to correctly show certain balances that had been previously shown on a net basis in 2019. There is no impact to profit and loss or to net book value in either 2019 or 2020.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £000	2019 £000
Computer Equipment	503	459

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14. Tangible fixed assets (continued)

Company

	Computer equipment £000
Cost	
Additions	116
At 31 December 2020	116
Depreciation	
Charge for the year	24
At 31 December 2020	24
Net book value	
At 31 December 2020	92
At 31 December 2019	-

15. Investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	4,617
Additions	228
At 31 December 2020	4,845

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Investments (continued)

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
Oliver Marketing Limited	England and Wales	Marketing services	100%
Oliver Marketing Brazil LTDA	Brazil	Marketing services	82%
Dare Digital Limited	England and Wales	Marketing services	100%
Aylesworth Fleming Limited	England and Wales	Marketing services	100%
Adjust Your Set Holdings Limited	England and Wales	Non-trading	95.98%
Oliver Marketing (Ireland) Limited	Ireland	Marketing services	60%
Oliver Marketing SAS	France	Marketing services	80%
Oliver Marketing LLC	United States of America	Non-trading	100%
Oliver Marketing (Panama) S.A.	Panama	Marketing services	100%
Oliver Marketing Pte. Limited	Singapore	Marketing services	100%
Inside Ideas South Africa Proprietary Limited	South Africa	Non-trading	100%
More Global Production Portal Limited	England and Wales	Marketing services	100%
Oliver Marketing SAS	Argentina	Marketing services	100%
Oliver Marketing Mexico S. DE RL DE C.V.	Mexico	Marketing services	85%
Oliver Marketing GmbH	Germany	Marketing services	100%
Oliver Marketing S.R.L.	Italy	Marketing services	100%
Limited Liability Company "Oliver Marketing"	Russia	Marketing services	100%
Oliver Pazarlama Ve Reklamcilik Limited Sirketi	Turkey	Marketing services	85%
Oliver Marketing S.R.O.	Czech Republic	Marketing services	100%
Oliver Marketing S.R.O.	Slovakia	Marketing services	100%
Oliver Marketing AS	Norway	Marketing services	100%
Inside Idea Sp Z.o.o.	Poland	Marketing services	100%
Oliver Marketing (M) SDN. BHD.	Malaysia	Marketing services	100%
Oliver Inhouse India Private Limited	India	Marketing services	99%
Oliver Marketing Hong Kong Limited	Hong Kong	Marketing services	100%
Oliver HUB Phils. Inc.	Philippines	Marketing services	35%
Oliver Marketing Australia Pty Limited	Australia	Marketing services	100%
Oliver Marketing (Shanghai) Limited	People's Republic of China	Marketing services	100%
Oliver Marketing Canada Inc	Canada	Marketing services	100%
PT Oliver Pemasaran Indonesia	Indonesia	Marketing services	100%

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Investments (continued)

Direct subsidiary undertakings (continued)

The registered office of Oliver Marketing Limited, Dare Digital Limited, Aylesworth Fleming Limited, Adjust Your Set (Holdings) Limited and More Global Production Portal Limited is 151 Rosebery Avenue, London, EC1R 4AB.

The registered office of Oliver Marketing Brazil LTDA is Alameda Santos, 1.000 – 5º andar, Room 51-Part A, CEP 01418-902, Cerqueira Cesar, São Paulo / SP

The registered office of Oliver Marketing (Ireland) Limited is 2 Lee Road, Dublin Industrial Estate, Glasnevin, Dublin 11, Ireland.

The registered office of Oliver Marketing SAS is 29 rue du Pont, 92200 Neuilly Sur Seine, France.

The registered office of Oliver Marketing LLC is c/o National Registered Agents Inc., 160 Greentree Drive, Suite 101, Dover, Delaware, 19904, USA.

The registered office of Oliver Marketing (Panama) S.A. is Corregimiento Ciudad de Panama, Distrito Panama, Provincia Panama.

The registered office of Oliver Marketing Pte. Limited is 46 Kim Yam Road, no. 03-19, The Herencia, Singapore 239351.

The registered office of Inside Ideas South Africa Proprietary Limited is Northlands Corner Retail Centre, Block B, Second Floor, Office s45, Northriding, Gauteng, 2162, South Africa.

The registered office of PT Oliver Pemasaran Indonesia is Satrio Tower Lt 6 Unit 1, Jl Prof Dr Satrio Kav C-4 Kel, Kuningan Timur Kec Setia Budi, Kota Administrasi Jakarta Selatan.

The registered office of Oliver Marketing SAS is Avenida de Mayo 651, 3 Floor, Suite 14, City of Buenos Aires, Argentina.

The registered office of Oliver Marketing Mexico S. DE RL DE C.V. is Avenida Periferico Sur, 4338, Jardines del Pedregal de San Angel, Coyoacan, Ciudad de Mexico, 04500.

The registered office of Oliver Marketing GmbH is c/o Warth & Klein Grant Thornton AG, Ulmenstrasse 22, 60325 Frankfurt am Main, Germany.

The registered office of Oliver Marketing S.R.L. is Milano (MI) Via Melchiorre Gioia n.8, CAP 20124, Milan, Italy.

The registered office of Limited Liability Company "Oliver Marketing" is 37 Home Office 2, Pyatnitskaya Street, Build 37, Of. 2, Moscow, 119017, Russia.

The registered office of Oliver Pazarlama Ve Reklamcilik Limited Sirketi is Buyukdere Cad. No:201, Levent Loft Residence D: 132, Levent Istanbul, Turkey.

The registered office of Oliver Marketing S.R.O. is Jindřišská 937/16, Praha 1 - Nové Mesto, 110 00 Praha 1, Czech Republic.

The registered office of Oliver Marketing S.R.O. is Križkova 9, 811 04 Bratislava, Slovakia.

The registered office of Oliver Marketing AS is c/o Grant Thornton, Okonomisry AS, Bogstadveien 30, 0355 Oslo, 301 Oslo, Norway.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Investments (continued)

Direct subsidiary undertakings (continued)

The registered office of Inside Idea Sp Z.o.o. is ul. Zamiany 8 LU2, 02-786 Warsaw, Poland.

The registered office of Oliver Marketing (M) SDN. BHD. is Surian Tower, Level 4, Unit 4.1, 1 Jalan PJU7/3, Mutiara Damansara, 47820, Petaling Jaya, Selangor, Malaysia.

The registered office of Oliver Inhouse India Private Limited is Flat no. 4A, Bhagya Apartment CHS Limited, Bhardawadi Road, Near Municipal Garden, Andheri (West), Mumbai City, Maharashtra, India, 400058.

The registered office of Oliver Marketing Hong Kong Limited is Unit 706 7/F South Seas Centre, Tower 2, 75 Mody Road, Tsimshatsui, Kowloon, Hong Kong.

The registered office of Oliver HUB Phils. Inc is 12/f Times Plaza Building, United Nations Avenue, . Barangay 666, Ermita, NCR, City of Manila, Philippines 1000.

The registered office of Oliver Marketing Australia Pty. Limited is Grant Thornton Australia Limited, Level 17, 383 Kent Street, Sydney, New South Wales, 2000.

The registered office of Oliver Marketing (Shanghai) Limited is Room 4168, Building No 4, No 555 Lane 3111 West Huancheng Road, Fenxian District, Shanghai, China.

The registered office of Oliver Marketing Canada Inc is Suite 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver BC, V6E 3X1, British Colombia, Canada.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
Adjust Your Set Limited	England and Wales	Marketing services	95.98%
Adjust You Set LLC	United States of America	Non-trading	95.98%
Dare Digital Protector Limited	England and Wales	Dormant	100%
Pollonize Limited	England and Wales	Dormant	100%
Dare Digital Pte Limited	Singapore	Marketing services	100%
Dare West Limited	England and Wales	Marketing services	100%
Dare NCS Limited	England and Wales	Non-trading	100%
EDC Strategic Communications Limited	England and Wales	Non-trading	100%
Goodson Print (IRL) Limited	Ireland	Dormant	60%
Inside Ideas Inc	United States of America	Marketing services	100%
OML Inc	United States of America	Marketing services	100%
Oliver Marketing Proprietary Limited	South Africa	Marketing services	75%
More Global Production Portal Proprietary Limited	South Africa	Marketing services	100%
Ballywood Studios (Pty) Limited	South Africa	Non-trading	100%
Hotel de Ville Production Suites Proprietary Limited	South Africa	Non-trading	100%
Oliver Marketing B.V.	Netherlands	Marketing services	100%
Oliver Produções LTDA	Brazil	Marketing services	64.78%
Inside Ideas Marketing LTDA	Brazil	Marketing Services	80.36%

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15. Investments (continued)

Indirect subsidiary undertakings (continued)

The registered office of Adjust Your Set Limited, Dare Digital Protector Limited, Pollonize Limited, Dare West Limited, Dare NCS Limited and EDC Strategic Communications Limited is 151 Rosebery Avenue, London, EC1R 4AB.

The registered office of Inside Ideas Pte. Limited is 46 Kim Yam Road, #03-19, The Herencia, Singapore 239 251.

The registered office of Goodson Print (IRL) Limited is 2 Lee Road, Dublin Industrial Estate, Glasnevin, Dublin 11, Ireland.

The registered office of Inside Ideas Inc and OML Inc is c/o National Registered Agents Inc., 160 Greentree drive, Suite 101, Dover, Delaware, 19904, USA.

The registered office of Oliver Marketing Proprietary Limited and More Global Production Portal Proprietary Limited is 2nd Floor Office S4 Northlands Corner Retail Centre, New Market Road, North Riding, Gauteng, 2162.

The registered office of Bollywood Studios (Pty) Limited is 9 Quears Park Road, Kings Cross Corner, Salt River, 7925.

The registered office of Hotel de Ville Production Suites Proprietary Limited is 329 Rivonia Boulevard, Rivonia Road, Sandton, 2146.

The registered office of Oliver Marketing B.V. is Strawinskylaan 3051, 1077ZX Amsterdam, Netherlands.

The registered office of Oliver Produções Ltda is Alameda Santos, 1.000 – 5º andar, Room 51 - Part B CEP 01418-902, Cerqueira Cesar, São Paulo / SP.

The registered office of Inside Ideas Marketing Ltda is Alameda Santos, 1.000 – 5º andar, Room 51 – Part C, CEP 01418-902, Cerqueira Cesar, São Paulo / SP

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

16. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Deferred taxation	3,534	-	1,058	-
	Group 2020 £000	Group Restated 2019 £000	Company 2020 £000	Company 2019 £000
Amounts falling due within one year				
Trade debtors	43,204	22,033	7,941	759
Amounts owed by group undertakings	-	6	1,759	6,353
Other debtors	3,716	3,720	970	974
Prepayments and accrued income	13,550	12,389	15,936	1,226
Tax recoverable	218	143	-	-
Deferred tax asset (see note 21)	-	2,733	-	-
	60,688	41,024	26,606	9,312

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

In the preparation of financial statements, the group identified the prior period prepayments in respect of timing differences was incorrectly stated. An amount of £1,309k has been subsequently included in the prepayments above. Refer to Note 2.26 for further details of this restatement.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

17. Creditors: Amounts falling due within one year

	Group	Group Restated	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loans and invoice discounting (see note 19)	4,208	2,274	-	138
Trade creditors	8,558	6,955	876	114
Amounts owed to group undertakings	1,431	1,042	16,078	2,299
Corporation tax	2,375	-	-	-
Other taxation and social security	9,917	4,890	856	146
Obligations under finance leases	232	326	-	-
Other creditors	6,174	3,449	102	14
Accruals and deferred income	34,756	25,692	4,376	3,168
	<u>67,651</u>	<u>44,628</u>	<u>22,288</u>	<u>5,879</u>

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

In the preparation of financial statements, the group identified the prior period deferred income in respect of timing differences was incorrectly stated. An amount of £1,752k has been subsequently included in deferred income above. Refer to Note 2.26 for further details of this restatement.

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

	Group	Group Restated	Company	Company
	2020	2019	2020	2019
	£000	£000	£000	£000
Deferred consideration	-	29	-	-
Net obligations under finance leases	286	133	-	-
Other creditors	951	792	-	-
	<u>1,237</u>	<u>954</u>	<u>-</u>	<u>-</u>

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

19. Bank loans and invoice discounting

An analysis of the maturity of the bank loans and invoice discounting is given below;

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts falling due within one year				
Bank loans	-	210	-	138
Invoice discounting	4,208	2,064	-	-
	<u>4,208</u>	<u>2,274</u>	<u>-</u>	<u>138</u>

20. Financial instruments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial assets				
Financial assets that are debt free instruments measured at amortised cost	<u>79,573</u>	<u>46,197</u>	<u>26,360</u>	<u>9,286</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>36,159</u>	<u>27,618</u>	<u>21,039</u>	<u>(4,833)</u>

Financial assets that are debt free instruments measured at amortised cost comprise trade and other debtors, cash and cash equivalents, accrued income and amounts owed by group undertakings.

Financial liabilities that are debt free instruments measured at amortised cost comprise trade and other creditors, bank loans and overdrafts, amounts owed to group undertakings, accruals and other loans.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

21. Deferred taxation

Group

	2020 £000	2019 £000
At beginning of year	2,733	892
Charged to profit or loss	353	1,841
Change in tax rate	448	-
At end of year	3,534	2,733

Company

	2020 £000	2019 £000
At beginning of year	-	22
Charged to profit or loss	1,058	(22)
At end of year	1,058	-

	Group 2020 £000	Group 2019 £000	Company 2020 £000
Accelerated capital allowances	65	(169)	(17)
Short term timing differences	134	10	75
Losses and other deductions	3,335	2,892	1,000
	3,534	2,733	1,058

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,060,983 Ordinary shares of £0.0001 each	206	206

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

23. Analysis of net debt

	At 1 January 2020 £000	Cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	12,960	11,448	24,408
Bank loans	(210)	210	-
Debt due within 1 year	(2,153)	(2,055)	(4,208)
Finance leases	(459)	(60)	(519)
	<u>10,138</u>	<u>9,543</u>	<u>19,681</u>

24. Reserves

Share premium

The share premium represents the premiums received on the issue of share capital, less any transaction cost associated with the issuing of shares.

Foreign exchange reserve

The foreign exchange reserve represents the translation differences arising from the translation of the financial statements of the group's foreign entities into Sterling (£).

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

25. Share based payments

The Company had no outstanding share options as at 1 January 2020. In the year to 31 December 2020, no new share options were granted.

Share schemes

In the year to 31 December 2020, the company operated the Inside Ideas Group Share Plan ("Plan"), with ordinary shares in the capital of Inside Ideas Group Limited ("Shares") held on trust by Oliver Marketing Limited as Trustee for the Plan. Shares held by the Trustee are held for the benefit of various employees of the Group, subject to the relevant plan rules.

On 24 September 2020, Oliver Marketing Limited as Trustee for the Plan sold 6,315 Shares to MOBS Holdings, a Family Investment Company controlled by the Founder, Mr Simon Hedley Martin, pursuant to a Founder Call Option exercised by Mr Martin in December 2019.

Share Class	Shares at 31/12/19	Deferred Shares bought back by IIGL on 7 January 2019	Shares sold to MOBS Holdings on 24/09/2020	Remaining shares held, converted to Ordinary shares immediately after the sale	Shares at 31/12/20
Ordinary	91,033	-	6,315	84,718	84,718

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £2,139k (2019 - £1,660k). Contributions totalling £297k (2019 - £172k) were payable to the fund at the reporting date and are included in creditors.

27. Securities and facilities

The following secured debts are included within creditors:

	2020 £000	2019 £000
Bank Loans And Invoice Discounting	4,208	2,274
Finance lease contracts	519	459
	<u>4,727</u>	<u>2,733</u>

The finance lease liabilities are secured over the relevant fixed assets.

The amount due to HSBC Bank plc under the invoice financing arrangement is secured by a fixed and floating charge over the book debts and all the assets of the company in general. The amount due under this arrangement is included within bank loans and invoices discounting amounting to £4,208k (2019 - £1,896k).

Debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future dated 29 March 2017.

Composite Company Limited Multilateral Guarantee dated 2 June 2017 given by Inside Ideas Group Limited, Aylesworth Fleming Limited, Oliver Marketing Limited and Dare Digital Limited.

The amounts due to Inside Ideas Group Limited from Oliver Marketing (Ireland) Limited, shown within the company's debtors, are secured by a charge over the assets of Oliver Marketing (Ireland) Limited.

The facilities the group currently has in place are as follows:

Invoice Finance Facility - £10,000,000
Corporate Card - £150,000
Purchasing Card - £2,000,000
Asset finance limit - £750,000

The Business Loan was fully repaid in 2019 so did not renew automatically. All other facilities are due for review at the end of September 2021.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

28. Commitments under operating leases

At 31 December 2020 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	2,414	1,706
Later than 1 year and not later than 5 years	5,517	5,076
Later than 5 years	2,989	4,085
	10,920	10,867

The company did not have any lease arrangements at the reporting date.

Included within these payments are amounts of £1,256k (2019:£Nil) in respect of onerous leases.

29. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

The key management personnel of the company are the directors, and details of remuneration paid to directors is included in note 8.

30. Subsidiary audit exemption

The following subsidiary companies are exempt from the requirements relating to audit of individual accounts under section 479A of the Companies Act 2006:

- Dare Digital Limited, company number: 04003561
- Dare West Limited, company number: 05512929
- Dare NCS Limited, company number: 03748780
- Adjust Your Set Limited, company number: 06446827
- Adjust Your Set Holdings Limited, company number: 06546851
- Aylesworth Fleming Limited, company number: 01862633
- More Global Production Portal Limited, company number: 08504188
- EDC Strategic Communications Limited, company number: 02809890
- Pollonize Limited, company number: 09115325

These entities are exempt from an audit of their individual accounts due to the existence of a parental guarantee given by Inside Ideas Group Limited.

Inside Ideas Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

31. Controlling party

The immediate parent undertaking is You & Mr Jones Limited, a company incorporated in England and Wales, under company number 09507269, which is the parent of the smallest group into which the results of Inside Ideas Group Limited are consolidated. The consolidated financial statements of You & Mr Jones Limited are publicly available at its registered office address, NME Law, White Lion House 64a Highgate High Street, London, England, N6 5HX.

The ultimate parent undertaking is You & Mr Jones LLC, a company incorporated in the United States of America, which is the parent of the largest group into which the results of Inside Ideas Group Limited are consolidated. The consolidated financial statements of You & Mr Jones LLC are publicly available at its registered office address, You & Mr Jones, 578 Broadway, 7th Floor, New York, NY 10012.