

21:12 COMMUNICATIONS LIMITED

Directors' report and financial statements

For the year ended 31 December 2020



Company Registration No. 06451756 (England and Wales)

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21:12 COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	Andrew Golding Emma Kane Sergio Penna Fiorenzo Tagliabue Phillip Hawkins
Registration number	06451756 (Registered in England and Wales)
Registered office	Sky Light City Tower 50 Basinghall Street London EC2V 5DE
Bankers	HSBC Bank Plc 9 The Boulevard Crawley, West Sussex RH10 1UT
Auditor	BDO LLP 55 Baker Street London WJU 7EU

21:12 COMMUNICATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities

The principal activity of 21:12 Communications Limited ('the Company/Agency/2112') is that of a multi-capability creative communications agency. Services provided by the Company include brand creation and development, strategic support, direct marketing, artwork origination, digital content development, video animation, advertising, and website creation. The Company is an indirect subsidiary of SEC Newgate S.p.A and is part of the SEC Newgate group (collectively SEC Newgate S.p.A and its subsidiaries).

Business review

Despite all the changes and uncertainty that 2020 brought with it, 2112 was able to have a positive year. The Agency managed to successfully navigate the challenges presented by the Coronavirus pandemic, as well as the political and economic uncertainty brought about by Brexit.

The positive results were led by strong client revenues from its established client base, with additional projects for Federated Hermes International, T Rowe Price, BNY Mellon and Janus Henderson being undertaken across the period. During the year 2112 was also able to make significant new business wins in the form of Nuveen Real Estate, Mirabaud Asset Management, Pacific Asset Management and Metfriendly amongst others.

The Agency is in a strong position to build upon the success of 2020.

Results for the period and key performance indicators

Gross profit was £2,878,506 which was an increase on prior year (2019: £2,719,994). The gross profit margin for the Company has improved from 79% in 2019, to 87% for the year ended 31 December 2020 which reflects the greater level of in-house capability within the Agency, as well as a decrease in costs from print media. Operating and administrative expenses for the year increased to £2,719,252 (2019: £2,704,902). The profit for the year after taxation was £72,581 (2019: £739,339 loss for the year).

The table below shows the underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) for the current reporting year.

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Operating profit/(loss)	145,754	(672,622)
Depreciation and amortisation	25,541	80,858
Impairment of goodwill	-	594,295
Impairment on disposal of other intangibles	-	93,419
Reported EBITDA	171,295	95,950

Principal risks and uncertainties

The directors identified a number of risks which they believe may affect the Company's ability to deliver its strategic goals. A list of these risks is given below. This list does not purport to be an exhaustive summary of the risks affecting the Company is given in no particular order of priority and contains risks considered to be outside the control of the directors.

Management of growth

The ability of the Company to implement its strategy requires effective planning and management control systems. The speed at which the business develops may place a significant strain on the Company's management, operational, financial and personnel resources. Failure to expand and improve operational, financial and management information and quality control systems in line with the Company's growth could have a detrimental impact on the trading performance of the Company. In mitigation the Company has an experienced management team and a clear strategy for the integration and management of the expected business growth.

Attraction and retention of key employees

The Company will depend on the continued service and performance of the executive directors and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of the services of directors and key employees could damage the Company's business. Equally the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Company may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Company.

Macroeconomic trends and client dependency (economic risk)

The Company provides a creative communication service offering to its clients predominantly domiciled in the United Kingdom. Unfavourable changes in the economic conditions in the UK, home country of our clients, can increase the average debtor days' period and thus put pressure on the Company's working capital. These could also increase the risk of bad debts occurring as a result of clients' financial situation. The process around debtors and credit control is being monitored and controlled to mitigate the risk.

Post year end and future outlook

Despite the outbreak of Coronavirus, trading for 2020 was strong. Business as usual has carried on for the Company, however the epidemic may have an impact during the first quarter of 2021 as a result of projects being delayed or cancelled.

The Company has moved quickly to review and adjust costs where allowable, and is prioritising the management of cash. In addition to this, the Company continues to assess the suitability of both Government and third-party assistance as a contingency should it be required.

The Company has taken a positive approach to the Covid-19 lockdown, and new business continues to be a focal point, with a number of significant wins occurring during the crisis so far.

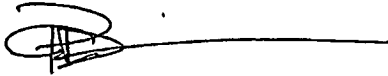
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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

Financial risk management

Details of the Company's financial instruments and its policies with regard to financial risk management are given in note 15 to the financial statements.

Approved by the board of directors and signed on behalf of the board



**Phillip Hawkins
Director**

Date 27 May 2021

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2020.

Directors

The following directors have served during the period or to the date of this report:

Phillip Hawkins
Emma Kane
Sergio Penna (appointed 15 June 2020)
Fiorenzo Tagliabue
Andrew Golding
Federico Vecchio (resigned 15 June 2020)

Business review and future outlook

The review of the business for the year and the future outlook is given in the Strategic report on pages 2-4.

Going Concern

The Company operates in a highly competitive environment and, in line with other similar businesses, the challenge is to ensure that contract win rates are at acceptable levels. The directors believe this is achieved by ensuring that the consultancy and services provided to clients are of a standard and quality that makes the Company highly competitive and provides excellent value. This is enhanced by the depth and breadth of our experience, knowledge and expertise.

The Company continues to monitor the effect the British exit from the European Union may have on doing business in the EU-market and assessing ways to mitigate any risks. At this stage there has been no impact on the Company's operations. The Company has a proven track record of continuing to work effectively and to winning new and repeat client projects, even under extreme economic conditions such as those demonstrated in 2020 during the Covid pandemic.

The Company is in a net deficit position as result of intercompany loans. The Company's ultimate parent company has confirmed in writing that it will not demand the balance during the following financial year. The Company's ultimate parent company, will make adequate funds available to the Company should they be required, in order for it to meet its liabilities as and when they fall due for a period of at least 12 months from the approval of the financial statements.

The financial statements have been prepared on a going concern basis on the assumption that the Company's forecast and projections show that the Company should be able to operate within the level of its current financial means, for at least the twelve months from the signing of these financial Statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing the financial statements, as detailed in note 1 to the financial statements

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

Dividends

The directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: £nil).

Substantial shareholdings

At 31 December 2020, SEC Newgate S.p.A and its subsidiaries hold 67% of the issued equity of the Company in A and B ordinary shares (2019: 74%). See note 14 to the financial statements for more details.

Directors' indemnity insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Company Act 2006. 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 profit or loss and state of affairs of the Company and of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

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

Disclosure of information to the auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

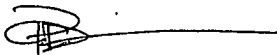
Directors' remuneration

Only executive directors of the Company have been remunerated during the current reporting period. Further information is given in notes 5 and 16 to the financial statements.

Auditor

A resolution to appoint the Company's new auditor will be proposed in accordance with section 485 of the Companies Act 2006.

Approved by the board of directors and signed on behalf of the board



Phillip Hawkins
Director

Date 27 May 2021

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21:12 COMMUNICATIONS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of 21:12 Communications Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21:12 COMMUNICATIONS LIMITED (continued)

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21:12 COMMUNICATIONS LIMITED (continued)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management and obtaining and reviewing supporting documentation relating to the company's policies and procedures relating to:
 - compliance with laws and regulations and whether they were aware of any instances of non-compliance or any actual or potential litigation and claims; and
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
- Discussion within the engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations of the group;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC, if any; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments such as evaluating entries posted with unusual account combinations to Revenue, journals posted by senior management, rounded off journals, large material journals. This includes evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Further, the Company is also subject to various laws and regulations where the consequences of Non-compliance could have a material effect on amounts and disclosures in the Financial Statements, for instance through imposition of fines or litigation etc. Auditing standards limit the required audit procedure to identify non-compliance with these laws and regulations to enquiry of the Directors and the Management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion.

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
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21:12 COMMUNICATIONS LIMITED (continued)

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

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Peter Smithson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London 03 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
<i>Continued operations:</i>			
Revenue	2,3	3,312,780	3,454,169
Cost of sales		(434,274)	(734,175)
Gross profit		2,878,506	2,719,994
Impairment loss on trade receivables and contract assets		(13,500)	(120)
Impairment of intangibles	4	-	(687,714)
Operating and administrative expenses		(2,719,252)	(2,704,782)
Operating profit/(loss)		145,754	(672,622)
Finance costs	6	(72,710)	(80,741)
Exchange rate movements		(463)	4,521
Profit/(loss) before taxation		72,581	(748,842)
Taxation credit	7	17,117	9,503
Profit/(loss) for the year			
being total comprehensive income /(loss)		89,698	(739,339)

Accompanying notes on pages 16 to 37 are an integral part of these financial statements.

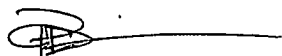
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Intangible assets	8	6,454	1,193
Property, plant and equipment	9	40,576	32,065
Deferred tax assets	7	154,749	137,555
Total non-current assets		201,779	170,813
Current assets			
Contract assets	3	-	4,000
Contract cost assets	3	1,370	11,200
Trade and other receivables	10	503,148	337,130
Related party receivables	16	57,367	142,627
Cash and cash equivalents		490,799	494,506
Total current assets		1,052,684	989,463
Current liabilities			
Trade and other payables	11	(413,045)	(461,266)
Contract liabilities	3	(277,411)	(183,948)
Bank loans	13	(4,723)	-
Lease liabilities	12	(5,633)	(5,847)
Total current liabilities		(700,812)	(651,061)
Net current assets		351,872	338,402
Non-current liabilities			
Related party payables	16	(3,800,059)	(3,885,042)
Bank loans	13	(45,277)	-
Lease liabilities	12	-	(5,633)
Deferred tax liabilities	7	(737)	(660)
Total non-current liabilities		(3,846,073)	(3,891,335)
Net liabilities		(3,292,422)	(3,382,120)
Equity			
Share capital	14	2,500	2,500
Retained earnings		(3,294,922)	(3,384,620)
Total equity shareholders' deficit		(3,292,422)	(3,382,120)

Accompanying notes on pages 16 to 37 are an integral part of these financial statements.

The financial statements were approved by the board of directors on 27 May 2021 and were signed on its behalf by:



Phillip Hawkins

Director

Company registration number: 06451756

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	2,500	(3,384,620)	(3,382,120)
Total comprehensive income			
Profit for the year	-	89,698	89,698
Total comprehensive income	-	89,698	89,698
Balance at 31 December 2020	2,500	(3,294,922)	(3,292,422)

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	2,500	(2,645,281)	(2,642,781)
Total comprehensive income			
Loss for the year	-	(739,339)	(739,339)
Total comprehensive loss	-	(739,339)	(739,339)
Balance at 31 December 2019	2,500	(3,384,620)	(3,382,120)

Accompanying notes on pages 16 to 37 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flow from operating activities		
Profit/(loss) before taxation	72,581	(748,842)
Adjusted for:		
Depreciation and amortisation	25,541	80,859
Impairment of goodwill and other intangible assets	-	687,714
Finance costs	13,905	17,091
Intercompany interest charge	58,805	59,129
Foreign exchange loss	463	4,521
Decrease/(increase) in contract assets	4,000	(500)
Decrease/(increase) in contract cost assets	9,830	(370)
(Increase)/decrease in trade and other receivables	(166,018)	193,175
(Decrease)/increase in trade and other payables	(48,222)	163,465
Increase in contract liabilities	93,463	175,909
(Decrease) in amounts due to group companies	(58,991)	(144,981)
Net cash inflow from operating activities	5,357	487,170
Cash flows from investing activities		
Acquisition of property, plant and equipment	(39,310)	(6,612)
Net cash outflow from investing activities	(39,310)	(6,612)
Cash flows from financing activities		
Proceeds from loans and borrowings	50,000	-
Lease payments	(5,849)	(6,516)
Interest paid	(13,905)	(59,661)
Net cash inflow/(outflow) from financing activities	30,246	(66,177)
Net (decrease)/increase in cash and cash equivalents	(3,707)	414,381
Cash and cash equivalents at 1 January	494,506	80,125
Cash and cash equivalents at 31 December	490,799	494,506

Accompanying notes on pages 16 to 37 are an integral part of these financial statements.

1. Accounting policies

The principal accounting policies are summarised below.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs as adopted by the European Union), the IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under accounting policy(r).

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Going concern

The financial statements have been prepared on a going concern basis on the assumption that the Company's forecast and projections show that the Company should be able to operate within the level of its current financial means, for at least the twelve months from the signing of these financial Statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing the financial statements. The Company continues to monitor the effect the British exit from the European Union may have on doing business in the EU-market and assessing ways to mitigate any risks.

The Company has a proven track record of continuing to work effectively and to winning new and repeat client projects, even under extreme economic conditions such as those demonstrated in 2020 during the Covid pandemic. Further, the directors have prepared worst case scenario cash flow forecasts using stress test methodology including a potential future scenario where the short-term project work, on which the business relies, had been severely impacted by the pandemic. Even under this unlikely scenario, the Company would still be in a position to continue in operational existence for at least twelve months from the signing of the financial statements.

The Company's ultimate parent company has confirmed in writing that it will not demand the balance during the following financial year. The Company's ultimate parent company, will make adequate funds available to the Company should they be required, in order for it to meet its liabilities as and when they fall due for a period of at least 12 months from the approval of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(continued)

1. Accounting policies (continued)

(c) Foreign currency translation

The financial statements are presented in pounds sterling, the Company's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction.

Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in equity as qualifying cash flow and net investment hedges.

(d) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer or as agreed with the customer, and represents the fees, commissions and disbursements, net of discounts, derived from services provided to a customer.

Where a contract contains an element of variable consideration, on a contract by contract basis, the amount to be included in the transaction price and recognised in revenue is estimated. Variable consideration typically relates to success fees which are awarded upon achievement of certain performance criteria or milestones. Variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

A performance obligation is a distinct service or distinct bundle of services. Many customer contracts include a single performance obligation. However, where a contract has multiple performance obligations, management allocate a proportion of the total transaction price to each obligation. The standalone selling price for each obligation will be determined based on the amount of input expected to be performed to complete each obligation relative to the total expected inputs to satisfy the contract.

Revenue, in relation to each performance obligation, is recognised over time as the services are rendered because there is a continuous transfer of control to the customer. The customer typically controls the work in progress as evidenced by the Company's enforceable right to payment for work completed to date to deliver services that do not have an alternative use to the Company.

Revenue is recognised based on the extent of progress towards completion of performance obligations. Progress towards completion is measured using a number of different methods which best depict the transfer of services including recoverable hours performed.

Estimates of revenue and the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue are reflected in the Statement of Comprehensive Income in the period in which the circumstances that give rise to the revision become known by management. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses incurred which are recoverable.

(e) Segmental reporting

The directors considers that the Company has a single business segment which delivers marketing and advertising services. The revenue, expenditure and result reported in the Statement of Comprehensive Income and the assets and liabilities reported in the Statement of Financial Position all relate to this single segment.

1. Accounting policies (continued)

(f) Contract assets, contract cost assets and contract liabilities

The timing of revenue recognition, invoicing and cash collections result in trade receivables (accounting policy 1(g)), contract assets and contract liabilities in the Statement of Financial Position.

Contract assets, also known as unbilled receivables, relate to the Company's conditional right to consideration for performance completed under a contract. Performance measurement is explained in accounting policy 1(d). Revenue in respect of this unbilled work is therefore included as a contract asset at the end of the period. The Company's right to consideration is usually conditional upon completion of further performance obligations or the raising of an invoice. The contract assets are transferred to receivables when the right to consideration becomes unconditional.

Contract cost assets comprise of costs incurred to fulfil a contract and costs incurred to obtain a contract. Costs incurred to fulfil a contract are recognised as an asset where the costs relate directly to a contract, are incremental and are expected to be recovered. These costs include outlays incurred on behalf of a customer and are recognised as an asset when the third-party costs are incurred. The asset is amortised when the cost is billed to the customer, consistent with the pattern of the recognition of the associated revenue. A provision is made for irrecoverable costs where it is probable that such costs will not be recovered from future billing.

Contract liabilities consist of income billed in advance of the performance of services and are recognised as revenue as the contract obligations are performed.

Amounts are billed in accordance with agreed-upon contractual terms, either at periodic intervals (e.g. monthly) or upon achievement of contractual milestones. Billing can either occur subsequent to revenue recognition, resulting in contract assets or payments can be received in advance from customers, before revenue is recognised, resulting in contract liabilities. On occasion advanced payments from customers are received upon contract execution and then upon achievement of contractual milestones.

(g) Trade receivables

Trade receivables relate to contracts with customers and are recognised when the right to consideration is unconditional except for the passage of time. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. See accounting policy 1(q) for details on the impairment methodology. Any change in the provision for impairment of trade receivables and contract assets (see accounting policy 1(f)) are presented as net impairment losses within operating profit. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

(h) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Accounting policies (continued)

(i) Intangible assets

Intangible assets comprise acquired goodwill, separable corporate brand names, acquired customer relationships and website development costs, software and other licences.

Goodwill represents the excess of fair value attributed to investments in businesses over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition.

Goodwill has indefinite useful life and is therefore not amortised. The impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Acquired goodwill arises within the accounts as a result of transfers from associated group companies and is subject to the above impairment testing.

Corporate brand names and customer relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company.

Expenditure on website development, software and licences is initially stated at cost. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset, other than goodwill, on a straight-line basis over the estimated life of the asset. Estimated life and estimated residual value is calculated on an asset by asset basis having regard to the nature of the asset, and the cash flows generated, or to be generated, by the asset historically and projected.

Amortisation is calculated to write down the cost of these assets to their estimated residual value over their expected useful lives as follows:

Brands	10 years, straight line
Customer relationships	5 years, straight line
Websites, software and licences	3 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

1. Accounting policies (continued)

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment – 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(k) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever 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 value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Any impairment loss is immediately recognised as an expense in the Statement of Comprehensive Income.

(l) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise current bank accounts, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. In addition, in the Statement of Cash Flow, bank overdrafts are included within cash and cash equivalents to the extent they are used for cash management purposes.

(m) Leases

The Company leases various equipment. Rental contracts are typically for fixed periods of 1 to 10 years but may have extension and termination options. The Company recognises a right-of-use asset and lease liability at the lease commencement date initially measured at the present value of outstanding lease payments. The right-of-use asset is subsequently depreciated over the length of the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method.

Short-term leases and leases of low value

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Finance Costs

Finance costs, including interest, bank charges and the unwinding of discount on deferred consideration, are recognised in the Statement of Comprehensive Income in the year in which they are incurred using the effective interest method.

1. Accounting policies (continued)

(o) Taxation including deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except where it relates to items recognised directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred tax assets are recognised to the extent that the Company believes it is probable that future taxable profit will be available against which temporary timing differences and carry forward of unused tax credits/losses can be utilised. The Company's assessment of the recoverability of deferred tax assets is based on forecasts of the future profitability of the Company and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(p) Business combinations

Business combinations are accounted for using acquisition accounting method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquired entity. Acquisition costs incurred are expected and included in administrative expenses except where they relate to the issue of debt or equity instruments in the connection with the acquisition.

(q) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Accounting policies (continued)

(q) Financial instruments (continued)

Financial assets - classification and subsequent measurement

Financial assets are classified on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Company classified its financial assets into one of the following categories:

- loans and receivables - measured at amortised cost using the effective interest method;
- held to maturity - measured at amortised cost using the effective interest method;
- available for sale - measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss; and
- at fair value through profit or loss - measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Accounting policies (continued)

(q) Financial instruments (continued)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 10 for further details.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Please find further details concerning the Company's financial instruments in note 14.

(r) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- *Impairment of goodwill and intangible assets*

The carrying value of goodwill, customer relationships and brands are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with accounting policies (i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of estimates.

- *Recoverability of amounts due from subsidiaries and related parties*

Whether the carrying value of balances due from related parties is recoverable or impaired requires judgments and estimates relating to the prospects of those subsidiaries. The directors assess the recoverability of these balances at each year end.

- *Revenue recognition*

Where contracts are not complete at the period end, revenue is recognised based on the extent of progress towards completion of performance obligations. Contracts are reviewed on an individual basis with the involvement of the specific staff servicing each contract. The key elements of a contract, along with the number of recoverable hours worked on a contract, are ascertained by discussions with the account manager and by reviewing staff timesheets. See accounting policy 1(d) for further details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

1. Accounting policies (continued)

(r) Critical accounting estimates and judgments (continued)

• **Customer contracts containing variable consideration**

An estimate of variable consideration is included in the transaction price of a contract and is recognised in revenue. Contracts are reviewed on an individual basis with the involvement of the specific staff servicing each contract. An estimate is calculated based on the likelihood of obtaining the variable consideration taking into account macroeconomic factors, staff experience and the progression of a contract. The estimate will be constrained when it is highly probable that it will be reversed in the future. Therefore, the probability of the occurrence or non-occurrence of a future event is assessed by management periodically.

2. Segmental reporting

Operating segments

The Company has only one operating segment: the provision of marketing and advertising services.

Geographical segments

Revenue based on the geographic location of the Company's customers, arises as follows:

	2020 £	2019 £
UK	2,942,115	3,308,223
Rest of world	370,665	145,946
	3,312,780	3,454,169

Major customers

Three customers (2019: two) each represent more than 10% of the revenue for the year as follows:

2020 Customer Sector	Revenue arising £	Country
Asset management	763,635 (23%)	UK
Asset management	568,522 (17%)	UK
Asset management	411,205 (12%)	UK
<hr/>		
2019 Customer Sector	Revenue arising £	Country
Asset management	1,310,336 (38%)	UK
Asset management	533,404 (15%)	UK

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Company generates revenue from the transfer of services by the following contract types:

Type of contract	2020 £	2019 £
Project revenue	2,336,958	2,764,699
Retainer revenue	698,312	683,532
Recharged costs	272,400	-
Other revenue	5,110	5,938
	3,312,780	3,454,169

The Company disaggregates revenue from contracts with customers by contract type and primary geographical market (note 2) as the Company believes it best depicts how the nature, amount and uncertainty of its revenue and cash flows are affected by economic factors.

(a) Disaggregation of revenue from contracts with customers

Retainer based contracts relate to the provision of on-going services in line with the scope of work stated in the contract and are billed periodically. There is an agreed periodic transaction price stated in the contract which is billed irrespective of the hours performed under the contract, providing that the hours performed fall within the scope of work originally agreed. Retainer contracts are typically rolling contracts with a three-month termination period.

Project based contracts relate to specific engagements which typically take less than one year to complete. For existing customers with a retainer contract in place, the provision of services over and above the regular scope of work is also considered to be a project.

The nature of services provided can vary significantly depending on the requirements of the customer. The Company provides a range of creative and studio services including video animation and production, illustration, photography, brand strategy and digital development.

(b) Contract balances

The Company has recognised the following receivables, contract assets and contract liabilities from contracts with customers:

	Note	2020 £	2019 £
Receivables, which are included in 'trade and other receivables'	10	497,441	323,272
Contract assets		-	4,000
Contract liabilities		277,411	183,948

Revenue recognised in relation to contract liabilities

Revenue recognised in the current reporting in the year relating to brought-forward contract liabilities was £183,948 (2019: £8,039) and relating to performance obligations that were satisfied in prior periods was £nil (2019: £nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

3. Revenue from contracts with customers (continued)

(c) Assets recognised from costs to fulfil and obtain a contract

In addition to the contract balances disclosed above, the Company has also recognised an asset in relation to costs to fulfil customer contracts. This is presented within contract cost assets in the Statement of Financial Position.

	2020 £	2019 £
Current asset recognised for costs incurred to fulfil a contract	1,370	11,200
	1,370	11,200

The Company recognises costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable. These typically relate to third party costs incurred on behalf of the customer which are rechargeable to the customer. The asset is amortised when the cost is billed to the customer, consistent with the pattern of the recognition of the associated revenue.

	2020 £	2019 £
Amortisation and impairment recognised as cost of providing services during the year	-	673,386

The Company applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining a contract as an expense when incurred as the amortisation of the asset that would have been recognised is one year or less.

(d) Unsatisfied performance obligations

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or contracts billed based on time incurred. There were no contracts with customers during the year with an originally expected duration of more than one year.

4. Expenses – analysis by nature

Operating profit/ (loss) for the period is stated after charging:

	2020 £	2019 £
Employment costs (see note 5)	2,168,118	2,064,734
Fees payable to the Company's auditors:		
For audit of the financial statements	24,700	20,500
For tax compliance services	4,000	1,450
Impairment of goodwill and other intangible assets	-	687,714
Depreciation and amortisation	25,541	80,859

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5. Employment costs

Employment costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,769,085	1,725,230
Pension costs	92,433	92,772
Social security costs	202,550	197,284
Other employment related welfare costs	51,420	49,448
Termination benefits	52,630	-
	2,168,118	2,064,734

The above analysis includes the remuneration of directors paid directly by the Company. The remuneration of directors, excluding state taxes for the year amounts to £458,120 (2019: £289,925). The highest paid director, excluding state taxes, was paid £256,643 (2019: £255,992).

Fiorenzo Tagliabue and Sergio Penna are remunerated by the ultimate parent company, SEC Newgate S.p.A and Emma Kane is remunerated by fellow subsidiary SEC Newgate Limited (formerly Newgate Communications Limited). The remuneration of these directors is disclosed the SEC Newgate S.p.A Annual Report and Consolidated Financial Statements for the year ending 31 December 2020.

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

	2020	2019
Sales and operations	25	25
Administration	3	2
	28	27

6. Finance costs

	2020 £	2019 £
Other interest	12,642	15,308
Finance lease interest	1,263	1,783
Interest payable to group companies	58,805	59,129
	72,710	76,220

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)**

7. Taxation

The tax assessed for the year differs from the standard rate of corporation tax in the UK 19% (2019: 19%) as follows:

	2020 £	2019 £
Profit/(loss) before taxation on continuing activities	72,581	(748,842)
Income tax credit/(payable) computed at the statutory tax rate on profit/(loss) before taxation on all activities	(13,791)	142,280
Expenses not deductible for tax purposes	(5,552)	(117,707)
Group relief	14,868	1,038
Pension timing difference	(106)	-
Depreciation in excess of tax allowance	5,485	-
Changes in tax rate in respect of deferred taxation	16,213	(16,108)
Total tax credit for the year	17,117	9,503

	2020 £	2019 £
Tax credit for the year		
Deferred tax	17,117	9,503
	17,117	9,503

Deferred tax assets and liabilities are attributable to the following:

31 December 2020	Assets £	Liabilities £	Net £
Fixed assets	-	(737)	(737)
Current liabilities	2,126	-	2,126
Tax losses carried forward	152,623	-	152,623
Net tax asset	154,749	(737)	154,012

31 December 2019	Assets £	Liabilities £	Net £
Fixed assets	-	(660)	(660)
Current liabilities	998	-	998
Tax losses carried forward	136,557	-	136,557
Net tax asset	137,555	(660)	136,895

21:12 COMMUNICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)****7. Taxation (continued)**

Movements in deferred tax balances during the year were as follows:

	Balance at 1 January 2020 £	Recognised in comprehensive income £	Balance at 31 December 2020 £
Fixed assets	(660)	(77)	(737)
Intangible assets	-	-	-
Current liabilities	998	1,128	2,126
Tax losses carried forward	136,557	16,066	152,623
Net tax asset	136,895	17,117	154,012

	Balance at 1 January 2019 £	Recognised in comprehensive income £	Balance at 31 December 2019 £
Fixed assets	2,856	(3,516)	(660)
Intangible assets	(29,037)	29,037	-
Current liabilities	950	48	998
Tax losses carried forward	152,623	(16,066)	136,557
Net tax asset	127,392	9,503	136,895

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)

8. Intangible assets

Cost	Goodwill £	Customer relation- ships £	Brands £	Websites, software and licences £	Total £
At 1 January 2019	594,295	326,667	172,661	12,766	1,106,389
Additions in year	-	-	-	231	231
Disposals/ write off in year	(594,295)	(326,667)	(172,661)	(286)	(1,093,909)
At 31 December 2019	-	-	-	12,711	12,711
Additions in year	-	-	-	7,561	7,561
At 31 December 2020	-	-	-	20,272	20,272
Amortisation					
At 1 January 2019	-	(280,000)	(66,500)	(7,550)	(354,050)
Charge for the year	-	(46,667)	(12,742)	(4,254)	(63,663)
Impairment charge	(594,295)	-	(93,419)	-	(687,714)
Disposals/write off in year	594,295	326,667	172,661	286	1,093,909
At 31 December 2019	-	-	-	(11,518)	(11,518)
Charge for the year	-	-	-	(2,300)	(2,300)
At 31 December 2020	-	-	-	(13,818)	(13,818)
Net book value					
At 31 December 2019	-	-	-	1,193	1,193
At 31 December 2020	-	-	-	6,454	6,454

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)**

9. Property, plant and equipment

Cost	Office equipment £
At 1 January 2019	50,139
Adjustment on transition to IFRS 16	16,806
Additions in the year	17,871
Disposals in year	(17,545)
At 31 December 2019	67,271
Additions in year	31,751
Disposals in year	(8,966)
At 31 December 2020	90,056
Depreciation	
At 1 January 2019	(35,555)
Charge in the year	(17,196)
Disposals in year	17,545
At 31 December 2019	(35,206)
Charge for the year	(23,240)
Disposals in year	8,966
At 31 December 2020	(49,480)
Net book value	
At 31 December 2019	32,065
At 31 December 2020	40,576

Included in the amounts above is £5,762 of depreciation and £5,282 net book value relating to right-of-use assets.

10. Trade and other receivables

	2020 £	2019 £
Trade receivables	497,441	323,272
Less: provision for impairment	(13,500)	-
Net trade receivables	483,941	323,272
Other receivables	13,590	9,936
Prepayments	5,617	3,922
	503,148	337,130

Trade and other receivables are non-interest bearing and generally have a 30-day term. Due to the short maturities, the fair value of trade receivables approximates their carrying value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10. Trade and other receivables (continued)

The Company applies the IFRS 9 simplified impairment approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are assessed on a case by case basis along with the past experience with the customer, communications with the customers and other available information to conclude on expected credit loss for each customer. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others: the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a significant period past its due date. Impairment losses on trade receivables and contract assets recognised in the Statement of Comprehensive Income during the year was £13,500 (2019: £120). Subsequent recoveries of amounts previously written off are credited against the same line item.

The movement on the provision for impairment for the year was as follows:

	2020	2019
	£	£
At 1 January	-	2,932
Charge/(release) in the year	13,500	(2,932)
Amounts written off during the year	-	-
At 31 December	13,500	-

A summary of the trade receivables, excluding impaired balances, categorised by due date for payment is as follows:

	2020	2019
	£	£
Neither due nor impaired	240,855	153,988
Up to 3 months past due but not impaired	158,770	96,682
3 to 6 months	54,540	72,602
6 to 12 months	12,180	-
Past due more than one year	17,596	-
At 31 December	483,941	323,272

11. Trade and other payables

	2020	2019
	£	£
Trade payables	53,970	93,397
Social security and other taxes	295,119	323,537
Other payables	16,170	6,453
Accrued liabilities	47,786	37,879
	413,045	461,266

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

11. Trade and other payables (continued)

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days (2019: 46 days). No interest is charged on the outstanding balances. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

12. Lease Liabilities

	2020	2019
	£	£
Non-current lease liabilities		
IT equipment	-	5,633
	2020	2019
	£	£
Current lease liabilities		
IT equipment	5,633	5,847

13. Borrowings

	Current 2020 £	Non- Current 2020 £	Total 2020 £	Non- Current 2019 £	Total 2019 £
Unsecured borrowings					
Bank loans	4,723	45,277	50,000	-	-
Loans from group companies	-	3,800,059	3,800,059	3,885,042	3,885,042
Total	4,723	3,845,336	3,850,059	3,885,042	3,885,042

During the year ended 31 December 2020, the Company entered into a loan with HSBC of £50,000. The loan has an interest free period of 12 months, followed by 60 monthly repayments.

Further information relating to loans from related parties is set out in note 16.

14. Called up share capital

	No.	2020 £	No.	2019 £
Allotted, called up and fully paid				
A ordinary shares of £1 each	1,500	1,500	1,500	1,500
B ordinary shares of £1 each	1,000	1,000	1,000	1,000
		2,500		2,500

21:12 COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

14. Called up share capital (continued)

The A ordinary shares in the capital of the Company entitle the holders of those shares to 60% of dividends declared and up to 60% of the capital on a winding up. The B ordinary shares entitle the holders of those to 40% of the dividends declared and 40% of the capital on a winding up. The A shares carry 60% of the vote and the B shares carry 40% of the vote in any general meeting of the Company. The A shareholders may appoint up to 3 directors of the Company and may also appoint, from the directors, the chairman of any meeting who shall have the casting vote. The B shareholders may appoint up to 2 directors. In all other respects the A ordinary shares and B ordinary shares rank para passu.

SEC Newgate S.p.A ultimately own 1,500 (2019: 1,500) A ordinary shares and 175 (2019: 350) B Ordinary shares of 21:12 Communications Limited. This equates to a 67% holding in 21:12 Communications Limited at 31 December 2020 (2019: 74%).

15. Financial instruments – risk management

The Company's financial assets and liabilities comprise cash and cash equivalents and financial assets and liabilities held at amortised cost, all of which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company does not use or trade in derivative financial instruments.

	2020 £	2019 £
Cash and cash equivalents	490,799	494,506
	2020 £	2019 £
Financial assets – held at amortised cost		
Contract assets	-	4,000
Trade receivables	483,941	323,272
Other debtors	13,590	9,936
Related party receivables	57,367	142,627
	554,898	479,835
	2020 £	2019 £
Financial liabilities – held at amortised cost		
Trade payables	53,970	93,397
Other payables	16,170	6,453
Accrued liabilities	47,786	37,879
Lease liabilities	5,633	11,480
Related party payables	3,800,059	3,885,042
	3,923,618	4,034,251

Financial assets and financial liabilities carrying values approximate their fair values at 31 December 2020 and 31 December 2019, given their nature and short maturity periods.

21:12 COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

15. Financial instruments – risk management (continued)

The main risks arising from the financial instruments of the Company are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged during the financial period.

Credit Risk

The Company's credit risk is primarily attributable to its trade receivables. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The directors consider that all of the above financial assets that are not impaired for each reporting date under review are of good credit quality, based on financial information and past trading history including those that are past due.

At 31 December 2020, the Company was not exposed to any significant credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Company financed its operations during the year from reserves (see Statement of Changes in Equity) and from operating cash flows. Cash requirements are monitored on a rolling working capital forecast basis.

There are no changes in liabilities arising from financing activities since the Company has no external debt or funding.

The financial liabilities of the Company (none of which are derivative financial liabilities) have contracted maturities, which are summarised below:

	2020	2019
	£	£
Due in less than 6 months	126,167	140,652
Due in 6 months to 1 year	7,093	2,924
Due in more than 1 year	3,790,358	3,890,675
	3,923,618	4,034,251

Currency exchange risk

The Company is not exposed to any significant fair value risk in relation to currency exchange risk. All customer and supplier invoices are predominantly issued in the Company's functional currency.

Capital risk

The Company defines capital as the equity shown in the Statement of Financial Position. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure.

21:12 COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

16. Related party transactions

Key management personnel

In the opinion of the board, all directors of the Company, are regarded as key management personnel. Key management personnel compensation, excluding state taxes for the year amounts to £458,120 (2019: £289,925).

There were no amounts outstanding to any director as at 31 December 2020 or 31 December 2019.

Other related party transactions

The Company has entered into a number of transactions with SEC Newgate group companies. All of the transactions have been made at "arm's length", with each party acting in his or her own self-interest, and each transaction being based on the fair market value of the service purchased or sold. A summary of the transactions are as follows:

	2020 £	2019 £
Charged (from)/to parent:		
Management fees	(71,958)	(81,600)
Recharged costs	-	23,880
Rent	(242,956)	(268,380)
Interest	(58,805)	(59,129)
	(373,719)	(385,229)
Charged to/(from) fellow subsidiaries:		
Marketing and advertising services	2,935	57,926
HR services	(15,643)	-
	(12,708)	57,926
	(386,427)	(327,303)

A summary of the amounts outstanding to or from SEC Newgate group companies at the year-end is as follows:

	2020 £	2020 £	2019 £	2019 £
	Current	Non-current	Current	Non-current
Trade and other receivables from:				
Fellow subsidiaries	57,367	-	142,627	-
Trade and other payable to:				
Parent	-	(3,800,059)	-	(3,885,042)
	57,367	(3,800,059)	142,627	(3,885,042)

Intercompany loans are repayable on demand. However, where the parent company has notified the directors that the loans will not be recalled if this impacts the continuing trade of the business, these loans have been classified as non-current.

21:12 COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(continued)**

17. Ultimate parent company

The Company's ultimate parent company is SEC Newgate S.p.A, a company incorporated and registered in Italy with company number 09628510159 and with its registered office at Milan, Via Ferrante Aporti, 8 - 20125. SEC Newgate S.p.A is also the smallest and largest undertaking for which the Company is a member and for which group financial statements are prepared.

18. Subsequent events

There are no material subsequent events which require disclosure up to the date that the financial statements were approved.