WRITTLE HOLDINGS LIMITED

WRITTLE

Annual Report and Accounts 2021

Writtle is an International Marketing Services Group

Contents

Key financial information

Turnover

£67.93m

(2020: £66.89m)

Headline profit before tax*

£5.44m

(2020: £5.77m)

Reported profit before tax

£5.19m

(2020: £3.55m)

Net cash

£15.13m

(2020: £14.93m)

Ordinary dividend per share

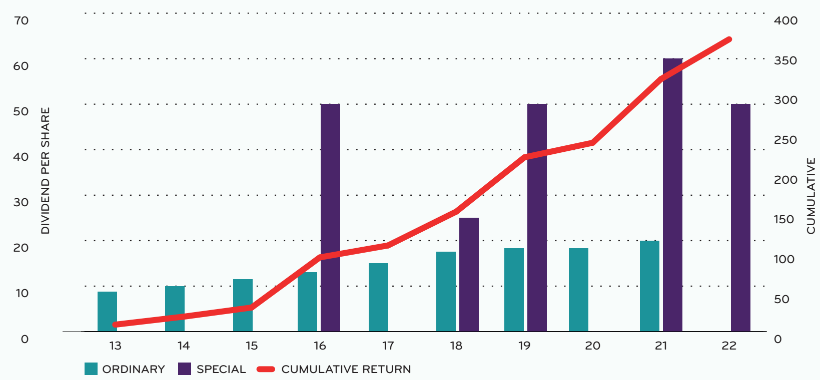
20.00p

(2020: 18.25p)

Special dividend per share

50.00p

10-YEAR DIVIDEND PER SHARE (PENCE)



* Headline measures are defined as being before sale of investments, exceptional items and amortisation.

Chairman's statement

I am pleased to report another satisfactory performance in the second year Writtle has been impacted by the economic downturn caused by the Covid 19 pandemic.

Once again, our management teams performed strongly in demanding circumstances. Staff wellbeing remained the priority in the face of new Covid variants yet service levels to clients were not compromised. All our businesses were profitable, and no activities were discontinued.

The result is an increase in turnover and profit, enabling Writtle to raise its annual dividend and declare a fifth Special Dividend.

Results and Ordinary Dividends

Turnover was £67.93m (2020: £66.89m) and profit before tax was £5.19m (2020: £3.55m). The 46% increase in profit reflected the reduction of exceptional items and closure costs seen in 2020.

Net cash at the year-end was £15.13m (2020: £14.93m) as cash management continued to be prioritised.

The directors are recommending a final dividend of 13.25p (2020: 12.00p) making total ordinary dividends for the year of 20.00p (2020: 18.25p).

Subject to shareholders' approval, the final dividend will be paid on 27 May 2022 to shareholders on the register at 31 March 2022.

Special Dividend

The company's policy is to distribute to shareholders cash balances above £5m for which the company has no immediate investment or acquisition use. With the threat from Covid receding, we have resumed acquisition discussions with previously identified targets and hope some of these bear fruit. Notwithstanding this potential use of some of our cash reserves, we are pleased to declare a Special Dividend of 50.00p per share which will be paid on 29 April 2022 to shareholders on the register at 31 March 2022.

Principal activities

Writtle is an international marketing services group.

For reporting purposes, we group our businesses into three headings: **Innovation**, **Implementation** and **Instore**, which describe their principal marketing focus.

Writtle also has a property company that owns the freehold properties from which some of its companies operate. One of these properties was sold in the year, generating a profit of £0.66m, and it is the intention to sell the remaining property this year.

Writtle's operating model in its group companies continues to be based on Equity Involvement and Decentralised Growth.

Equity Involvement – Whether a group company was a start-up or acquired, Writtle will typically hold a majority shareholding alongside management which creates a motivational structure where Writtle and management's interests are aligned. Alongside traditional bonus schemes, Writtle encourages its group companies to adopt a dividend policy to reward further its management and Writtle. Additionally, to encourage collaboration across Writtle group companies, Writtle has an annual share option award and encourages employee ownership of Writtle shares which are traded internally on a matched bargain basis, normally once a year. The result of this equity involvement is that managers of Writtle group companies behave like owners and have further incentive to promote the success of Writtle as a whole.

Decentralised Growth – Writtle looks for businesses in the marketing services sector which can demonstrate potential for further growth either organically or by acquisition. These businesses will typically be led by ambitious industry experts who will identify the best growth paths through their own experience. Rather than dictating policy or acquisition strategy from the centre, Writtle will support its management teams to grow their businesses, adding value through Writtle's management experience and funding capacity.

By enabling management to part-own and plot the development of their businesses, Writtle has proved to be a highly attractive workplace for the best talent in our industry, and our results and employee retention bear witness to this.

Review of Business

The performance of Writtle's three business groups is shown in the following table:

	Turnover		Headline operating profit	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Innovation	**18,274**	18,665	**2,584**	2,961
Implementation	**19,280**	19,451	**1,767**	1,832
Instore	**30,379**	27,467	**2,415**	2,334
Discontinued	**–**	*1,308*	**–**	*(545)*
	67,933	66,891	**6,766**	6,582

Headline measures are defined as being before sale of investments, exceptional items and amortisation.

The results of Williams Murray Hamm Ltd are now reported within the Implementation group, and the prior year numbers have been restated accordingly.

Our **Innovation** businesses were again the best performing business group as clients were drawn to our agencies' outstanding reputations in digital transformation, product and brand experiences, employee engagement, creativity, and strategy. Epoch again led the way with a record year, and The Team also outperformed its budget. Seymourpowell saw a quieter year as some major projects ended hence the business group's slight underperformance overall against prior year.

Our **Implementation** business, Branded, was flat on prior year as its strong presence in food retail continued to counterbalance the pandemic induced inactivity in our travel, high street, and hospitality clients. We expect Branded to bounce back strongly as travel and hospitality re-open. Continued investment was made in Branded's proprietary technology system with clients such as Amazon and Kingfisher now using its workflow, approvals, digital asset management and reporting tools.

Our **Instore** businesses, Arken and Fero, continued to exceed expectations in the harshest trading environment, with several retailer clients remaining closed until the second quarter. Both businesses saw the usual seasonal uplift in the second half to increase turnover and profit over prior year, but Fero's performance was remarkable. Having been the hardest hit of all Writtle's businesses by the pandemic, and loss making in the first half of 2020, Fero completed its turnaround in the second half of 2021 and saw profits exceed £1m for the year. I don't usually single out individual companies for special praise, but I must make an exception for Fero this year.

For more details of individual operating company activity throughout the year, please refer to the reviews which follow this statement. Apart from overlaying similar financial controls, Writtle encourages individual company autonomy and identity, and the reviews reflect the character of each business. Writtle is also supporting each of its businesses to achieve B Corp Certification as part of the group's ongoing commitment to meet the highest standards of social and environmental performance, transparency and accountability, and this initiative has been greeted enthusiastically by employees.

Corporate Activity

Writtle has resumed acquisition discussions with targets identified before the pandemic curtailed expansionary plans.

In keeping with our previously stated criteria, these transactions would be of scale, each adding sales of over £10m, and put Writtle in a position where it could consider an IPO in the next 12 months. Writtle's track record with acquisitions and disposals since 2011 (the year we acquired Arken and Loewy Group) has been excellent with considerable value generated and a steady flow of returns to shareholders through dividends and special dividends, as the chart inside the cover of this annual report shows. Our only frustration has been not being able to complete much larger acquisitions using Writtle shares, as private company shares are considered illiquid and often valued at a discount to quoted company shares. We have addressed the illiquidity issue by offering an annual share trading facility in Writtle shares (and to date buyers have always exceeded sellers) but we have not been able to overcome the valuation discount placed on our shares, particularly when in discussions with quoted companies. We are now looking to address this issue by exploring an IPO and we have had exploratory talks with several brokers. An IPO would also give shareholders a permanent market for their shares (rather than once a year) and enable Writtle to raise money for growth through issuing new shares. Our aversion to high levels of debt or earn out funded growth is well known to shareholders and particularly vindicated by our strong performance over the last two years of the pandemic. We believe a sizeable acquisition, combined with our organic growth and track record, would give us the scale to consider an IPO on AIM within the next year and we plan to accelerate discussions with brokers and potential new shareholders should we complete such an acquisition.

A successful IPO will depend on several factors, some outside our control. One of the factors we cannot influence is the condition of investment markets, and the stock market volatility that followed recent horrific events in Ukraine is a reminder of the fragility of markets which could derail IPO plans.

With this in mind, and in case an IPO does not take place, we will again be offering a share trading opportunity this May and shareholders who wish to participate, either buying or selling, should follow the guidelines in the letter accompanying this report. If there are excess shares available for sale once existing shareholder demand has been satisfied, Writtle may choose to use its Employee Share Ownership Trust (ESOT) to buy shares or offer them to new investors.

Current trading

The year has started well as the business world begins to return to normality with Covid restrictions being lifted. Our clients are themselves looking to dust off growth plans that have laid dormant for the past two years which has generated increased activity in our businesses. There is an air of confidence around Writtle.

At the time of writing, it is too early to say that we will not be impacted again by outside influences, especially by the war in Ukraine. However, I would like to think that our conservative approach and prudent business model over many years has left us in the best possible position to weather any further economic downturn and I look forward to another good performance this year.

Robert Essex
Chairman
14 April 2022

OUR COMPANIES

Writtle has three business groups, Innovation, Implementation and Instore, which best describes their principal marketing focus.

Our Innovation companies are Epoch, Seymourpowell and The Team

Our Innovation agencies are experts in their fields and operate autonomously, providing strategy, design and digital transformation services for some of the world's biggest brands such as BP, Nestlé, Procter and Gamble, Unilever and Virgin Galactic.

Epoch is a branding and strategic design agency specialising in brand identity, communications and strategy for global FMCG brands.

www.epochdesign.co.uk

From strategy to identity, illustration, packaging and communications, Epoch revitalise **Kwak** for multiple European markets.

2021 was another successful year for Epoch, with a very strong financial performance on the back of a number of significant global launches from some of our major clients.

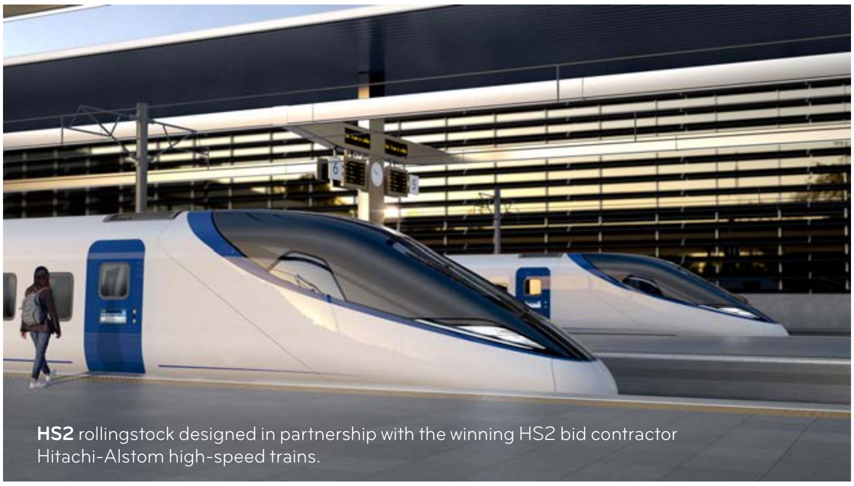
The agency has adapted to new ways of working and grown in scale, reach and confidence. This has delivered some very high-profile branding projects and reaffirmed the agency's position on a number of influential global rosters.

A strong agency proposition and ambition have delivered a long-term vision for the future that we are excited to embrace over the next 10 years. The first step to achieving this goal has come in the form of an expanded Directorial team, who are focused on delivering the highest standards of strategy, creativity and consumer intelligence.

seymourpowell

We are a global strategic design and innovation company. We help clients grow their business by delivering transformative brand experiences that people love.

www.seymourpowell.com



HS2 rollingstock designed in partnership with the winning HS2 bid contractor Hitachi-Alstom high-speed trains.

2021 was a challenging trading year for Seymourpowell, but with strong performances from core clients, plus notable wins and new opportunities, the year finished strongly.

The diverse range of projects from businesses around the world demonstrated the strength and depth of our unique bandwidth. From spacecraft to the future of digital currency, we led by innovation.

Product and brand experiences – physical, sensorial and digital – all featured strongly in this year's growth areas, and we continued to lead the way in creating innovative digital products and experiences, with ground-breaking work developing new virtual reality and augmented reality tools.

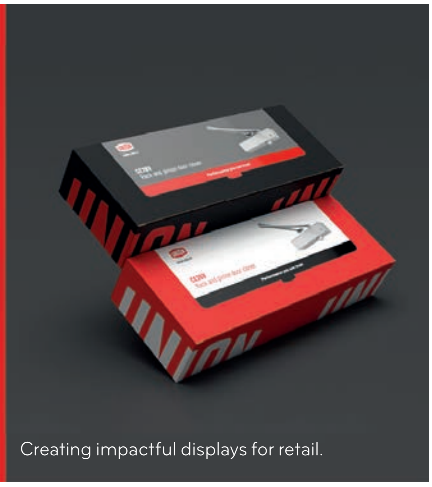
We created outstanding work in 2021 for a range of clients including Nestlé, ServiceNow, Renault, Bank of Canada, Hitachi Rail, Weleda and Bajaj Electricals.

theTeam.

The Team is a creative brand strategy, employee engagement and brand activation business that connects customers and employees with some of the world's most iconic brands.

www.theteam.co.uk

Our rebranding for **UNION** involved repositioning and recrafting a century-old brand across all customer touchpoints



Creating impactful displays for retail.

2021 was a successful year for The Team with increased opportunities internationally and in the UK. Embracing new ways of working and utilising technology enabled us to seize many opportunities that have arisen during the pandemic. We continued to build on our strong relationships with numerous brand activation and employee engagement programmes for existing clients including NS&I, BP, IBM, NatWest, Assa Abloy, Govia Thameslink and Southeastern Railway.

Business wins in 2021 saw us introduce two new brands to the global stage in the form of Eviosys, a smart sustainable packaging business serving clients in markets across EMEA region, and a significant repositioning of Tate & Lyle with creation of Primient – a new food, beverage and natural produce provider.

2022 is a significant year for The Team. It marks four decades of successfully shaping award-winning and game-changing, brand-led initiatives and campaigns covering a wide range of clients from The Beatles and Comic Relief to BP and Microsoft.

Our Implementation company is Branded

Branded is a leading integrated creative and graphics production group with operations in the UK, US, India and China. Branded comprises a growing number of agencies whose services range from Tier 1 creative through to multi-channel delivery, collectively offering their clients the most efficient route to market. Branded's clients include Amazon, John Lewis & Partners, Kraft Heinz, Marks & Spencer, Morrisons, NBC Universal, Pernod Ricard, Tesco and Walmart.

Part of **BRANDED**

BRANDED INC

Branded Inc is a US-based strategic and creative packaging business.

www.branded-agency.com

Great Ice Cream in great packaging for **Southeastern Grocers** for whom we provide artwork and repro.

Travel restrictions in 2021 meant that we had to postpone face-to-face meetings until November, when we quickly organised visits to clients and prospects before Thanksgiving. These visits were well received and emphasised the continued importance of face-to-face meetings to developing and building on long-term relationships.

Importantly, we continued to build on our relationships with the United States' largest retailer Walmart, along with our first US client Southeastern Grocers. We now provide a growing array of services including strategy, design, photography, post-production, adaptive, artwork, repro and print technical.

Towards the end of the year we produced our first project for Aldi US, which we are hoping will be the first of many.

Part of **BRANDED**

[magnet harlequin]

Magnet Harlequin provides cross-media creative production, photography, packaging management, print and brand compliance services.

ww.magharl.co.uk

Examples of the packaging artwork we produced for **NEXT** as part of its 2021 rebrand.

Magnet Harlequin enjoyed a strong year. Our work with Marks & Spencer and Sainsbury's Argos saw us win important sole supply contracts for non-food packaging artwork and management. Brand packaging production held up well with valuable contributions from Amazon and Westmill Foods.

Our marketing communications division continued its recovery with solid performances from LG, Itsu, and many other brands. Highlights included an exciting win with Continental Tyres, where we produced high-profile collateral for their 150th anniversary. We also worked with specialist Italian food and restaurant retailer, Eataly, producing and project managing graphics for the launch of the brand's first UK megastore in London.

Studio4, our photography, post-production, CGI and film team, had a truly outstanding year, creating world-class imagery for clients including Just Eat and Costa Coffee. Notable location projects included work with Camelot, which saw us produce and manage the National Lottery Days Out campaign.

Finally, our ESG commitment was recognised with a Silver award from EcoVadis, the world's largest business sustainability ratings agency.

Part of **BRANDED**

[magnet harlequin asia]

Magnet Harlequin Asia, based in Hong Kong and India, provide packaging artwork, reproduction, brand compliance and management services.

www.magharl.co.uk

Packaging Artwork example for **Chad Valley** - the toy brand loved by generations.

Our Asia teams continued to provide strategic support to many of our key non-food packaging accounts, including Sainsbury's Argos, NEXT and Kingfisher. In addition to multi-lingual account management, core services provided include packaging artwork, photography and post-production, reproduction, sampling, quality control, print technical (PQM and physical press passing) and wider compliance services.

Our Hong Kong team settled in well to their new Kwun Tong premises which are perfectly located for our in-region clients, the majority of whom have sourcing offices close by.

The year also saw significant progress in India, where we have grown our studio production capabilities in New Delhi to meet with increased global demand. We could not operate our international network without having world-class technology to underpin our production delivery – thankfully we have both.

Part of **BRANDED**

MagLabs is a global digital asset management, marketing resource and workflow technology provider, supporting businesses and brands worldwide.

www.maglabs.net

MagLabs technology solutions and support teams were integral to the launch of one of the biggest cinema releases in 2021.

MagLabs enjoyed a successful 2021 with strong revenues and activities across longstanding and new clients. The business managed the challenges of Covid and, mid-year, successfully transitioned to a virtual model with no fixed headquarters but a combination of working from home and 'hot-desking' in other group companies' premises.

The re-opening of cinemas saw the return of activity across our entertainment sector clients, with MagLabs playing an integral part in the marketing and publicity of James Bond title No Time To Die. We provided 24-hour support to Universal Pictures' publicity department throughout the international premiere, ensuring live transfer of content to global publications and platforms.

The year also saw the successful launch of the MyBrandstream platform, which we developed in partnership with Magnet Harlequin. This new generation platform helps brands centrally manage their end-to-end multichannel marketing processes and improves production efficiency across our studios.

Part of **BRANDED**

Technik is a creative production agency specialising in food packaging and packaging management.

www.technik.com

We are delighted to have been awarded key supplier status with **Aldi UK**.

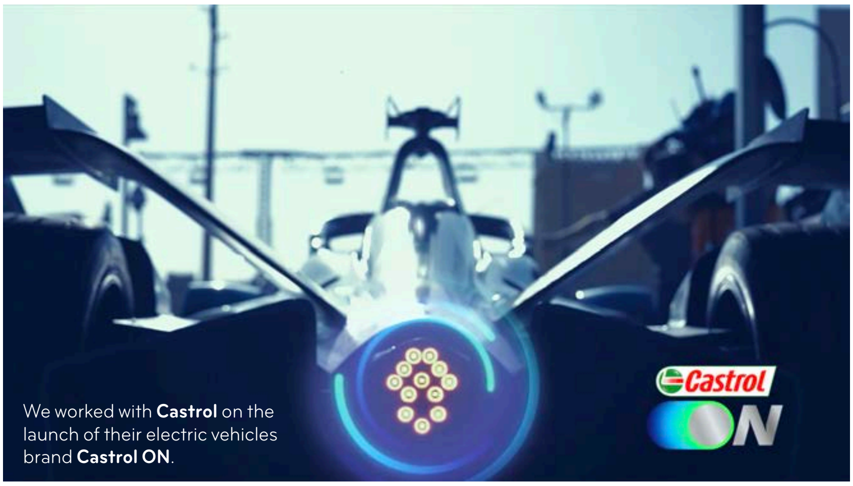
Technik added another of the 'Big 5' food retailers to our client list in 2021, winning a packaging artwork and repro tender for Aldi (UK). The onboarding process is a complex matter, however our experienced change management team worked closely with the client and fellow suppliers to ensure a seamless transition. Every aspect from the design-to-print process, account management and production-to-technology connectivity, was comprehensively tested for an autumn 'Go Live'.

Internal restructuring and a planned reduction in new product launch activity at longstanding client Waitrose & Partners did result in a slight drop in turnover, however Morrisons had high levels of activity across multiple categories which kept our Bradford team busy, as did work from US client Southeastern Grocers.

Our marketing communications and digital print division had a solid year with excellent contributions from The Folio Society, World Duty Free Group, Tesco and John Lewis & Partners.

Part of **BRANDED**

WMH&I



We worked with **Castrol** on the launch of their electric vehicles brand **Castrol ON**.

WMH&I is Branded's multi award winning Tier 1 creative agency.

www.wmh-i.com

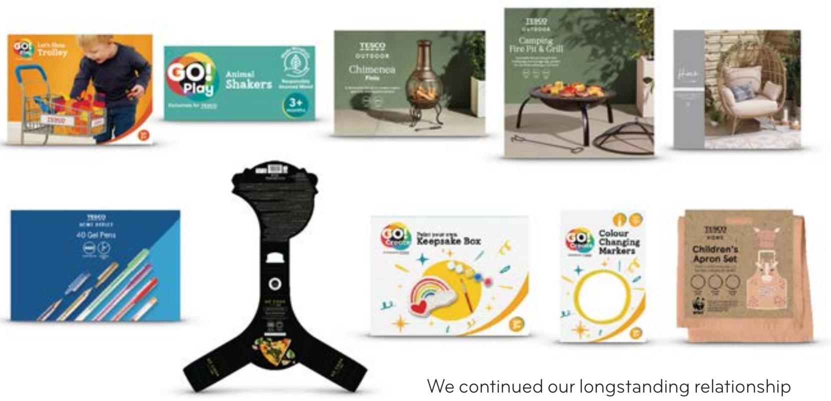
WMH&I is the newly formed agency combining Williams Murray Hamm (WMH) and Identica. Building on our longstanding relationship, we combined our complementary skills to create an exciting new agency, providing clients with branding, communications and design ideas that build exceptional brands.

Together we enjoyed notable new business wins including a brand identity refresh for pet-care products in Europe. We also re-branded Japan's largest logistics company and continued our relationship with Lamb Weston in the US.

Our work with Castrol went from strength to strength, with the launch of their electric vehicles brand Castrol ON, and strategic projects to refocus their business around their service offer. For Pernod Ricard we created the Middleton Craft Collection identity and produced multi-media elements for Glenlivet's new brand home. Additionally, our work with Walmart gathered momentum, leading to exciting private brand and identity projects for 2022.

Part of **BRANDED**

WMH&I
Team Adaptive



We continued our longstanding relationship with **Tesco** and carried out a number of design-led projects for the retailer.

WMH&I Adaptive is an activation expert that combines creative brilliance with state-of-the-art production knowhow.

www.wmh-i.com

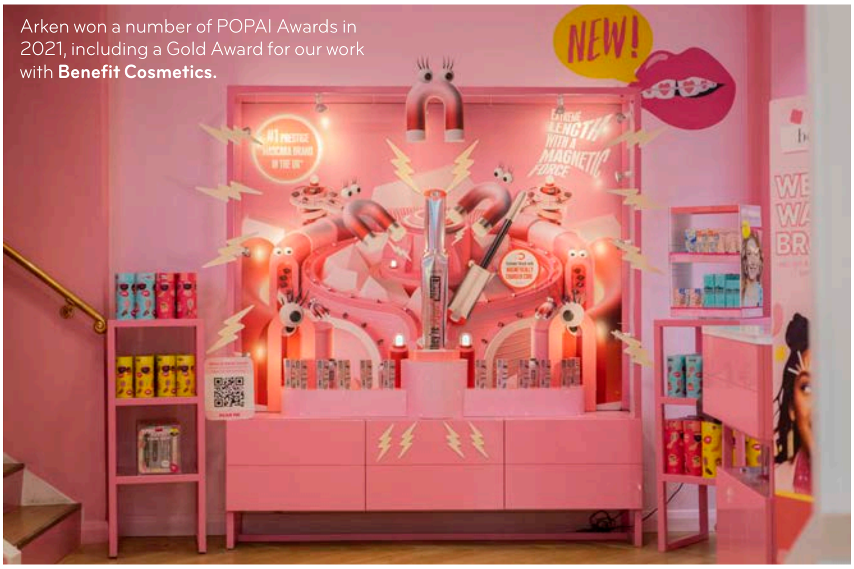
2021 was another solid year for WMH&I Adaptive as we continued our longstanding relationship with retailers Tesco and Southeastern Grocers in the US. Our winning combination of creative expertise and seamless design activation delivery continues to be incredibly valuable to both businesses. Adaptive has also opened up many other opportunities for the agency, including a brand identity refresh for a pet-care brand – with a significant 'sprint' European roll-out programme.

This year saw the Southeastern Grocers team have their busiest year to date, with new categories and plenty of design projects continuing at pace, as well as opening up an invitation to pitch for a strategic design project. The increase in design-led projects for Tesco also continued, following on from the success of the food ranges and general merchandising roll-outs. In addition, we saw new private brand opportunities opening up across different parts of the business – including some exciting F&F brand development work.

Our Instore companies are Arken and FERO

Our Instore businesses work together to provide their clients with a full service in the rapidly evolving physical retail environment, including design, digital signage, promotional and permanent displays, and shop-in-shop builds. Clients include Boots, Fraser Group, L'Oréal, Revolution Beauty, Superdrug and Tesco.

arken
creators of award winning p-o-p



Arken won a number of POPAI Awards in 2021, including a Gold Award for our work with **Benefit Cosmetics.**

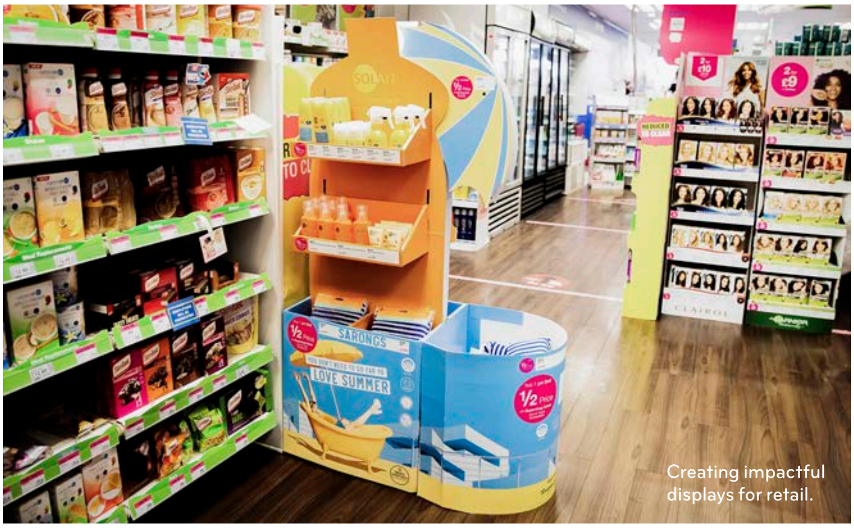
Arken is a creative-led designer and manufacturer of in-store retail displays, signage and point-of-purchase products.

www.arken-pop.com

Arken has continued to build on its success during 2021. We remain the most award-winning company in the retail display sector, winning both POPAI and Creative Retail Awards for our clients, including Revolution Beauty, Benefit Cosmetics, L'Oréal, Nordic Spirit, Intel and PZ Cussons. We have won awards across multiple categories, including sustainable innovation.

As part of our strategic commitment to sustainability we launched aRC – the arken Recycling Code – to assist with in-store recycling at display end-of-life. This has been well received by brands and retailers across multiple sectors, and ensured we received POPAI sustainability standard accreditation in recognition of our environmental efforts.

FERO


Creating impactful displays for retail.

FERO is a POS design and production company that provides creative, manufacturing and fulfilment services to brands worldwide

www.teamfero.com

Despite a challenging environment for retail in 2021, we enjoyed a highly successful year.

We continued to invest in the business to drive ongoing, sustainable growth and deliver the fast turnaround our clients require. Our investment in new production machinery and securing additional fulfilment space has delivered enhanced productivity and profitability.

During the year, we focused on reducing our impact on the planet, developing new products which eliminate the need for plastics, and modernising our printing processes to reduce water consumption and vastly reduce our use of Volatile Organic Compounds containing chemicals that are a part of the platemaking process.

Additionally, we are in a partnership with CarbonQuota to ensure we have an independent benchmark for our carbon footprint, enabling us to set ongoing, meaningful improvement targets.

Our success in securing new contracted clients has been notable, with new client wins including Asahi, Carlsberg, Evans Cycles, HG and Robert Dyas.

Directors' Report and Financial Statements

Contents

Introduction and business review

The directors present their group strategic report for Writtle Holdings Limited for the year ended 31 December 2021. See the Chairman's statement on pages 2 to 3.

Principal risks and uncertainties

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

People – The success of the group's operations depends on recruiting and retaining key management. The group addresses the risk by creating for employees a rewarding work environment and remuneration and incentive structures which reward performance and loyalty. The hiring and retention of skilled employees is not considered to be a material risk due to the nature and location of our businesses.

Client retention – The loss or significant reduction in revenue from a key client relationship could impact the group's operating profit and financial performance. The group maintains a broad spread of clients and values long-term client relationships as well as new business, ensuring that experienced account management is in place to manage these relationships.

General economic and business conditions – Economic uncertainty tends to make clients more cautious, especially with the timing of projects, however the demand for innovation and creativity remains high. The group's broad spread of clients operate in a variety of industry sectors, which reduces exposure to cyclical downturns.

Financial – At 31 December 2021, the group had minimal bank borrowing and finance leases, and manages its liquidity through cash and working capital. The group imposes credit limits on customers and insures debtor balances where practical to mitigate credit risk. Where possible we will transact in pounds sterling.

Covid-19 – The ongoing uncertainty around the global trading environment caused by Covid-19 is receding but is closely monitored. Our broad range of services, robust client relationships and recent management experience helps to mitigate revenue risk.

Going Concern

The group financial statements have been prepared on a going concern basis, reflecting the directors' view that the group will be able to meet its liabilities as they fall due for at least 12 months from the date of the signing of these group financial statements.

The directors have prepared monthly cash flow forcasts through until 31 December 2023. With net cash at 31 December 2021 of £15.13m no significant additional risks to the going concern position of the group were identified under any reasonable downturn scenarios.

Based on this assessment, the directors consider that the group has adequate resources to operate for the foreseeable future.

Section 172 Statement

The directors acknowledge their responsibilities to consider broader stakeholder interests when performing their duty under Section 172 of the Companies Act 2006 to promote the success of the group for the benefit of its members as a whole.

The group chooses to prepare annual and interim reports which are sent to shareholders and published on its website, and which provide an update on our companies' performance and any key decisions taken during the year. Key decisions are also identified and reported separately in the 'News' section of the website.

Our priority is the health and wellbeing of all our employees. Whether our employees are working from company premises or working from home, we continue to hold company meetings, reviews, surveys, and consultations with flexibility for participation online.

Group representation on subsidiary boards ensures that key management are engaged with the group and that Environment, Social and Governance (ESG) are considered at every meeting. Writtle is supporting its operating companies achieve B Corp certification.

We aim to work responsibly with our suppliers. During the year, the directors reviewed the group's arrangements and approved Writtle's Modern Slavery Act Statement, which sets out the steps taken to prevent modern slavery and human trafficking in our business and supply chains.

Financial key performance indicators

The company considers turnover, profit before tax and net cash to be the key performance indicators; these are set out in the 'Results and ordinary dividends' section of the Chairman's statement on pages 2 to 3.

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

Graeme Harris
Director
14 April 2022

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities

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). 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 judgments 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;
- 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.

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

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £3,304,000 (2020: £1,634,000).

The directors recommended a final dividend for 2021 of 13.25p per share (2020: 12.00p per share), making a total of 20.00p per share for the year (2020: 18.25p per share). Subject to shareholders' approval, this will be paid on 27 May 2022 to shareholders on the register on 31 March 2022. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2021.

In keeping with the directors' decision to distribute cash balances above £5m for which the company has no immediate investment or acquisition use, a special dividend of 50.00p per share (2020: 60.00p per share) will be paid on 29 April 2022 to shareholders on the register on 31 March 2022, subject to shareholders' approval.

Directors

The directors who served during the year were:

R T T Essex	A W Lucas	A Sutcliffe
M J Gilmore	D H Powell	A Wright
G R Harris	T E Scutt	

Political contributions

The company made no political contributions during the financial year (2020: £nil).

Future developments

See the 'Corporate activity' section in the Chairman's statement on pages 2 to 3.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units.

Disabled employees

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Directors indemnity insurance

As permitted by Section 234 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.

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.

Streamlined Energy and Carbon Report (SECR)

None of our group companies meet the size criteria and therefore we are outside of the scope of the reporting requirements.

Auditor

The auditor, Moore Kingston Smith LLP, replaced BDO LLP during the year and 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.

Graeme Harris
Director
14 April 2022

Independent auditor's report to the members of Writtle Holdings Limited

Opinion

We have audited the financial statements of Writtle Holding Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 state of the group's and the parent company's affairs as at 31 December 2021 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's and parent 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, 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, 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 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.

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

For and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor
Charlotte Building
17 Gresse Street
London
W1T 1QL

Consolidated statement of comprehensive income for the year ended 31 December 2021

	Note	Total 2021 £000	Total 2020 £000
Turnover	4	67,933	66,891
Cost of sales		(28,519)	(26,516)
Gross profit		39,414	40,375
Administrative expenses		(35,021)	(38,981)
Other operating income	5	800	2,179
Operating profit	5	5,193	3,573
Operating profit before the items listed below		5,436	5,756
Loss on sale of investments	28	–	(281)
Impairment of goodwill		–	(596)
Exceptional items	7	465	(513)
Goodwill amortisation		(708)	(793)
Operating profit	5	5,193	3,573
Net interest payable	11	(2)	(20)
Profit before taxation		5,191	3,553
Tax on profit	12	(758)	(1,029)
Profit after taxation		4,433	2,524
Non controlling interests		(1,129)	(890)
Profit for the financial year		3,304	1,634

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 24 to 39 form part of these financial statements.

Consolidated statement of financial position as at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	14		7,809		8,131
Tangible assets	15		4,547		5,401
			12,356		13,532
Current assets					
Stocks	17	1,806		1,694	
Debtors	18	18,096		18,850	
Cash at bank and in hand		15,413		15,418	
		35,315		35,962	
Creditors: Amounts falling due within one year	19	(16,136)		(16,950)	
Net current assets			19,179		19,012
Total assets less current liabilities			31,535		32,544
Creditors: Amounts falling due after more than one year	20		(76)		(280)
Provisions for liabilities					
Deferred tax	23		(298)		(133)
Other provisions	24		(771)		(100)
Net assets			30,390		32,031
Capital and reserves					
Share capital	25		7,587		7,448
Share premium account	27		7,722		7,326
Other reserves	27		(1,436)		(1,283)
Retained earnings	27, 29		13,075		15,545
Equity attributable to owners of the parent company			26,948		29,036
Non-controlling interests			3,442		2,995
			30,390		32,031

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

Robert Essex
Director

Graeme Harris
Director

14 April 2022

The notes on pages 24 to 39 form part of these financial statements.

Company statement of financial position as at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	14		1,561		–
Tangible assets	15		1		3
Investments	16		9,351		11,683
			10,913		11,686
Current assets					
Debtors	18	7,222		7,173	
Cash at bank and in hand		6,257		8,520	
		13,479		15,693	
Creditors: Amounts falling due within one year	19	(3,829)		(3,430)	
Net current assets			9,650		12,263
Net assets			20,563		23,949
Capital and reserves					
Share capital	25		7,587		7,448
Share premium account	27		7,722		7,326
Other reserves	27, 29		(1,213)		283
Retained earnings	27		6,467		8,892
			20,563		23,949

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 profit after tax of the parent company for the year was £3,223,000 (2020: £6,324,000).

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

Robert Essex
Director

Graeme Harris
Director

14 April 2022

The notes on pages 24 to 39 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent Company £000	Non–controlling interests £000	Total equity £000
At 1 January 2021	7,448	7,326	(1,283)	15,545	29,036	2,995	32,031
Comprehensive income for the year							
Profit for the year	–	–	–	3,304	3,304	1,129	4,433
Total comprehensive income for the year	–	–	–	3,304	3,304	1,129	4,433
Contributions by and distributions to owners							
Dividends	–	–	–	(5,648)	(5,648)	(621)	(6,269)
Shares issued during the year	139	396	–	–	535	–	535
Other movements	–	–	(153)	(126)	(279)	(61)	(340)
Total contributions by and distributions to owners	139	396	(153)	(5,774)	(5,392)	(682)	(6,074)
At 31 December 2021	7,587	7,722	(1,436)	13,075	26,948	3,442	30,290

The notes on pages 24 to 39 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2020

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent Company £000	Non–controlling interests £000	Total equity £000
At 1 January 2020	7,400	7,197	(1,283)	15,518	28,832	2,417	31,249
Comprehensive income for the year							
Profit for the year	–	–	–	1,634	1,634	890	2,524
Total comprehensive income for the year	–	–	–	1,634	1,634	890	2,524
Contributions by and distributions to owners							
Dividends	–	–	–	(1,292)	(1,292)	(297)	(1,589)
Shares issued during the year	48	129	–	–	177	–	177
Other movements	–	–	–	(315)	(315)	(15)	(330)
Total contributions by and distributions to owners	48	129	–	(1,607)	(1,430)	(312)	(1,742)
At 31 December 2020	7,448	7,326	(1,283)	15,545	29,036	2,995	32,031

The notes on pages 24 to 39 form part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2021

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2021	7,448	7,326	283	8,892	23,949
Comprehensive income for the year					
Profit for the year	–	–	–	3,223	3,223
Total comprehensive income for the year	–	–	–	3,223	3,223
Contributions by and distributions to owners					
Dividends	–	–	–	(5,648)	(5,648)
Shares issued during the year	139	396	–	–	535
Other movements	–	–	(1,496)	–	(1,496)
Total contributions by and distributions to owners	139	396	(1,496)	(5,648)	(6,609)
At 31 December 2021	7,587	7,722	(1,213)	6,467	20,563

The notes on pages 24 to 39 form part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2020

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2020	7,400	7,197	283	3,860	18,740
Comprehensive income for the year					
Profit for the year	–	–	–	6,324	6,324
Total comprehensive income for the year	–	–	–	6,324	6,324
Contributions by and distributions to owners					
Dividends	–	–	–	(1,292)	(1,292)
Shares issued during the year	48	129	–	–	177
Total contributions by and distributions to owners	48	129	–	(1,292)	(1,115)
At 31 December 2020	7,448	7,326	283	8,892	23,949

The notes on pages 24 to 39 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	4,433	2,524
Adjustments for:		
Amortisation of goodwill	708	793
Amortisation of software development	516	346
Depreciation of tangible fixed assets	1,307	1,467
Profit on disposal of tangible fixed assets	(662)	(112)
(Increase)/decrease in stocks	(112)	106
Net interest paid	2	20
Corporation tax charge	758	1,029
Decrease in debtors	933	4,390
Decrease in creditors	(629)	(966)
Corporation tax paid	(1,044)	(995)
Receipt of government grants	(800)	(2,179)
Loss on sale of subsidiaries	–	281
Impairment of goodwill	–	596
Net cash generated from operating activities	5,410	7,300
Cash flows from investing activities		
Purchase of tangible fixed assets	(638)	(849)
Investment in software development	(952)	(613)
Sale of tangible fixed assets	1,552	196
Sale of subsidiaries	527	393
Cash disposed of with subsidiaries	(494)	(285)
Repurchase of own shares by subsidiaries	(37)	–
Increase in investment in subsidiaries	(74)	(122)
Net cash used in investing activities	(116)	(1,280)
Cash flows from financing activities		
Issue of ordinary shares	535	177
New bank loans	–	15
Waiver of bank loans	(15)	–
Repayment of finance leases	(195)	(188)
Equity dividends paid	(5,648)	(1,292)
Net interest paid	(2)	(20)
Dividends paid to non-controlling interests	(621)	(415)
Purchase of own shares by ESOT	(153)	–
Receipt of government grants	800	2,179
Net cash (used in)/generated from financing activities	(5,299)	456
Net (decrease)/increase in cash and cash equivalents	(5)	6,476
Cash and cash equivalents at beginning of year	15,418	8,942
Cash and cash equivalents at end of year	15,413	15,418
Cash at bank and in hand	15,413	15,418

	31 Dec 2021 £000	31 Dec 2020 £000
Analysis of net cash		
Cash at bank and in hand	15,413	15,418
Debt:		
Finance leases	(280)	(475)
Debts due within one year	–	(15)
Debts falling due after more than one year	–	–
Net cash	15,133	14,928

The notes on pages 24 to 39 form part of these financial statements.

1. General information

Writtle Holdings Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. Writtle is an international marketing services group, and the address of the registered office is given on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, including prior year restatement disclosed in note 29, 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.

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 judgment in applying the group's accounting policies (see note 3).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

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 own 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 financial statements have been prepared on a going concern basis, reflecting the directors' view that the group will be able to meet its liabilities as they fall due for at least 12 months from the date of the signing of these group financial statements.

Given the unprecedented global economic environment as a result of Covid-19, the directors have prepared monthly cash flow forecasts through until 31 December 2023. With net cash at 31 December 2021 of £15.13m no significant additional risks to the going concern position of the group were identified under any reasonable downturn scenarios.

On the basis of this assessment, the directors consider that the group has adequate resources to operate for the foreseeable future, and as such, have adopted the going concern basis for preparing these group financial statements.

2.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Any income received relating to incomplete projects is deferred to the extent that the proportion of that project is incomplete at the year end.

Any turnover relating to 'bill and hold' arrangements is recognised when the goods are available for call by the customer.

In respect of contracts for ongoing services, turnover represents the value of work done in the year and is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover in respect of such contracts is recognised by reference to the stage of completion.

Where it is not considered probable that economic benefit will flow to the company and the turnover cannot be reliably measured, the costs incurred to date are recognised in work in progress and a credit taken to Cost of Sales.

2.5 Government Grants

Grants of a revenue nature are recognised in 'other income' within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme (CJRS). The group has not directly benefited from any other forms of government assistance.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life, which is considered to be 20 years (10 years on acquisitions after conversion to FRS 102) due to the fact that the investments in which goodwill was created are all well-established, have traded profitably for a number of years and have long-term client relationships which include well known brands.

Software Development

Costs associated with the development of identifiable software products where it is probable that the economic benefits will exceed the costs of development are recognised as intangible assets. These assets are carried at cost less accumulated amortisation and are amortised over 3 years. Amortisation of software development costs is included within administrative expenses.

2.7 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated statement of comprehensive income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Freehold buildings	1% – 2% straight line
Leasehold improvements	over the period of the lease
Plant and machinery	10% – 33% straight line
Fixtures, fittings and equipment	10% – 33% straight line

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 within administrative expenses in the Consolidated statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each year end. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Consolidated statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Consolidated statement of comprehensive income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Consolidated statement of comprehensive income on a straight line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to the Consolidated statement of comprehensive income over the term of the lease.

Where the group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from wear and tear, the provision is accrued as the wear and tear occurs.

2.10 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 (CGU's). 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.

2.11 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each year end, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

Work in progress includes third party billable costs incurred on client work that have not been recharged to clients at the year-end or deferred costs relating to projects where the work is recognised in future periods in line with the group's revenue recognition policy.

2.12 Cash and cash equivalents

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

2.13 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 from banks and other third parties, loans to and from related parties and accrued expenses.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, 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 financed at a rate of interest that is not a market rate or in the case of short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

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 year end.

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.

2.14 Employee share ownership trust (ESOT)

The cost of the group's shares held by the ESOT is deducted from equity in the Consolidated and Company statement of financial position. Any cash received on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOT (including borrowings) are recognised as assets and liabilities of the group.

2.15 Foreign currency translation

Functional and presentational currency

The group's functional and presentational currency is pounds sterling.

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 Consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within administrative expenses.

On consolidation, the results of overseas operations are translated into the functional currency 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.

2.16 Finance costs

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

2.17 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.

2.18 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 the Consolidated statement of comprehensive income 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.

2.19 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 year end 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 year end, 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 year end.

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

In preparing these financial statements, the directors have made the following judgments:

- Determining 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.
- Determining 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 the most appropriate valuation method in ascertaining the fair value of the share options.
- Tangible fixed assets, other than investment properties, 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. 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.
- Determining the stage of completion in respect of ongoing services. Factors considered include milestone achievements and level of staff time incurred per project as a proportion of the total expected time.
- Evaluating whether there are any conditions or events that raise substantial doubt about a subsidiary's ability to continue as a going concern.

4. Turnover

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	57,015	55,581
Rest of the world	10,918	11,310
	67,933	66,891

£30,567,000 (2020: £27,836,000) of turnover during the year related to the provision of goods and £37,366,000 (2020: £39,055,000) of turnover during the year related to the provision of services.

5. Operating profit

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

	Note	2021 £000	2020 £000
Depreciation of tangible fixed assets	15	1,307	1,467
Amortisation of goodwill	14	708	793
Amortisation of software development	14	516	346
Exchange differences		87	36
Operating lease rentals		1,959	2,155
Profit on sale of tangible fixed assets		(662)	(19)
Impairment of goodwill		–	596
Loss on disposal of subsidiary	28	–	281
Government grants – CJRS		(800)	(2,179)

6. Business group analysis

	Innovation £000	Implementation £000	Instore £000	Ongoing total £000	Adjusting items £000	Group £000
For the year ended 31 December 2021						
Turnover	18,274	19,280	30,379	67,933	–	67,933
Headline operating profit	2,584	1,767	2,415	6,766	–	6,766
Central costs				(1,330)		(1,330)
Headline operating profit				5,436		5,436
Net interest payable				(2)		(2)
Headline profit before tax				5,434		5,434

	Innovation £000	Implementation £000	Instore £000	Ongoing total £000	Adjusting items £000	Group £000
For the year ended 31 December 2020						
Turnover	18,665	19,451	27,467	65,583	1,308	66,891
Headline operating profit	2,961	1,832	2,334	7,127	(545)	6,582
Central costs				(826)		(826)
Headline operating profit				6,301		5,756
Net interest payable				(20)		(20)
Headline profit before tax				6,281		5,736

Headline measures are defined as being before sale of investments, exceptional items and amortisation.

Adjusting items includes the results for Beyond Communications Ltd and 20/20 Limited which were disposed of on 8 September 2020 and 19 January 2021 respectively.

The results of Williams Murray Hamm Ltd are now reported within the Implementation group, and the prior year numbers have been restated accordingly.

7. Exceptional items

	2021 £000	2020 £000
Profit on disposal of freehold land and buildings	(662)	–
Restructuring costs	197	513
	(465)	513

Restructuring costs relate to headcount reduction and property reorganisation.

8. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the group's auditor for the audit of the company's annual accounts	20	22
Fees payable to the group's auditor in respect of:		
– the audit of the company's subsidiaries' annual accounts	165	183
– taxation compliance services	44	49
	209	232

9. Employees

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

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Wages and salaries	28,393	28,077	1,163	836
Social security costs	3,018	3,061	146	111
Defined contribution pension scheme	930	969	28	27
	32,341	32,107	1,337	974

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

	2021 No.	2020 No.
Innovation	173	170
Implementation	250	268
Instore	235	250
Central	9	9
	667	697

The average number of company employees, including the directors, during the year was nine (2020: nine), including four directors (2020: four).

10. Directors' remuneration

During the year retirement benefits were accruing to six directors (2020: six) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £397,000 (2020: £262,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2020: £13,000).

The highest paid director had options over 17,000 (2020: 16,500) shares.

During the year six (2020: two) directors exercised share options over 59,616 (2020: 7,950) shares with an exercise price between £2.00 and £4.50 (2020: £4.00 and £4.25) per share.

11. Net interest payable

	2021 £000	2020 £000
Bank interest receivable	(14)	(4)
Finance leases and hire purchase contracts	16	24
	2	20

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	803	882
Adjustments in respect of prior periods	3	(15)
Foreign tax on income for the year	8	6
Foreign tax in respect of prior periods	–	8
Total current tax	814	881
Deferred tax		
Origination and reversal of timing differences	(37)	115
Changes to tax rates	(19)	–
Adjustment in respect of prior periods	–	33
Total deferred tax	(56)	148
Taxation on profit on ordinary activities	758	1,029

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	5,191	3,553
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	996	675
Effects of:		
Expenses not deductible for tax purposes	107	435
Fixed asset differences	(18)	177
Capital gains	89	–
Adjustments to tax charge in respect of prior periods	(18)	27
Non-taxable income	(92)	(21)
Remeasurement of deferred tax for changes in tax rates	(90)	–
Movement in deferred tax not recognised	(173)	(228)
Other differences leading to a decrease in the tax charge	(43)	(36)
Total tax charge for the year	758	1,029

Factors that may affect future tax charges

Tax legislation has been substantively enacted on 24 May 2021 that sets the main rate of corporation tax at 25% from 1 April 2023.

The deferred tax rate applied to UK companies in the group is 25% as it is expected that the deferred tax asset, or liability, is expected to unwind after that date.

13. Dividends

	2021 £000	2020 £000
Final dividend for the prior year of 12.00p per share (2020: 12.00p per share)	860	850
Interim dividend of 6.75p per share (2020: 6.25p per share)	487	442
Special dividend of 60.00p (2020: nil)	4,301	–
	5,648	1,292
Final dividend proposed for the year of 13.25p per share (2020: 12.00p per share)	961	860
Special dividend proposed of 50.00p per share (2020: 60.00p)	3,627	4,301
	4,588	5,161

The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2021.

14. Intangible assets

	Goodwill £000	Software Development £000	Total £000
Group			
Cost			
At 1 January 2021	14,063	1,573	15,636
Additions	4	952	956
Disposals	(1,316)	–	(1,316)
At 31 December 2021	12,751	2,525	15,276
Amortisation			
At 1 January 2021	6,758	747	7,505
Charge for the year	708	516	1,224
On disposals	(1,262)	–	(1,262)
At 31 December 2021	6,204	1,263	7,467
Net book value			
At 31 December 2021	6,547	1,262	7,809
At 31 December 2020	7,305	826	8,131

Additions of £952,000 in the year include costs associated with the development of identifiable software products that are expected to generate economic benefits in excess of the costs of development.

	Goodwill £000
Company	
Cost	
Additions	1,567
At 31 December 2021	1,567
Amortisation	
Charge for the year	6
At 31 December 2021	6
Net book value	
At 31 December 2021	1,561

During the year, the net assets of Writtle Limited were transferred to the company via a dividend in specie. The goodwill element has therefore been transferred from investments to intangible assets and will be written off over a period of 5 years from the date of transfer.

15. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Group				
Cost or valuation				
At 1 January 2021	3,431	7,754	3,828	15,013
Additions	734	361	254	1,349
Disposals	(1,063)	(393)	(143)	(1,599)
Disposal of subsidiary	–	–	(281)	(281)
At 31 December 2021	3,102	7,722	3,658	14,482
Depreciation				
At 1 January 2021	1,286	5,059	3,267	9,612
Charge for the year	319	656	332	1,307
Disposals	(193)	(376)	(141)	(710)
Disposal of subsidiary	–	–	(274)	(274)
At 31 December 2021	1,412	5,339	3,184	9,935
Net book value				
At 31 December 2021	1,690	2,383	474	4,547
At 31 December 2020	2,145	2,695	561	5,401

The net book value of land and buildings may be further analysed as follows:

	2021 £000	2020 £000
Freehold land and buildings	285	1,164
Leasehold improvements	1,405	981
	1,690	2,145

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2021	19
Additions	–
At 31 December 2021	19
Depreciation	
At 1 January 2021	16
Charge for the year	2
At 31 December 2021	18
Net book value	
At 31 December 2021	1
At 31 December 2020	3

16. Fixed asset investments

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2021	15,296
Additions	1,198
Disposal	(3,380)
At 31 December 2021	13,114
Impairment	
At 1 January 2021	3,613
On disposal	150
At 31 December 2021	3,763
Net book value	
At 31 December 2021	9,351
At 31 December 2020	11,683

On 19 January 2021, the group disposed of 20/20 Limited (note 28).

17. Stocks

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Raw materials	1,232	979	–	–
Work in progress	563	672	–	–
Finished goods and goods for resale	11	43	–	–
	1,806	1,694	–	–

18. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	14,654	15,454	–	–
Amounts owed by group undertakings	–	–	6,665	6,795
Other debtors	650	293	365	192
Prepayments and accrued income	2,195	2,631	137	138
Deferred taxation	427	237	–	–
Corporation tax recoverable	170	235	55	48
	18,096	18,850	7,222	7,173

Included within trade debtors is a provision for bad debts of £15,000 (2020: £100,000).

See note 23 for further details on deferred tax.

19. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans and overdrafts	–	15	–	–
Net obligations under finance leases	204	195	–	–
Trade creditors	5,972	5,222	32	39
Amounts owed to group undertakings	–	–	3,244	3,089
Corporation tax	313	507	–	–
Other taxation and social security	2,914	4,449	48	98
Other creditors	544	436	56	53
Accruals and deferred income	6,189	6,126	449	151
	16,136	16,950	3,829	3,430

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

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Net obligations under finance leases	76	280	–	–
	76	280	–	–

21. Commitments under finance leases

At 31 December 2021, the group had minimum lease payments under finance leases as follows:

	Group 2021 £000	Group 2020 £000
Within one year	204	195
Between two and five years	76	280
After more than five years	–	–
Total	280	475

22. Financial instruments

	Group 2021 £000	Group 2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	–	–
Financial assets that are debt instruments measured at amortised cost	31,196	32,674
	31,196	32,674
Financial liabilities		
Financial liabilities measured at amortised cost	12,752	11,784

Financial assets measured at fair value through profit or loss comprise unlisted investments.

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals and deferred income.

23. Deferred taxation

	2021 £000	2020 £000
Group		
At beginning of year	104	264
Charged to the Consolidated statement of comprehensive income	56	(148)
Disposal of subsidiary	(31)	(12)
At end of year	129	104

The deferred tax balance is made up as follows:

	Group 2021 £000	Group 2020 £000
Accelerated capital allowances	70	62
Tax losses carried forward	–	18
Short-term timing differences	59	–
	129	104
Comprising:		
Asset – due within one year (note 18)	427	237
Liability	(298)	(133)
	129	104

24. Provisions

	Provision for dilapidations £000
At 1 January 2021	100
Additional provision made during the year	721
Release of provision during the year	(50)
At 31 December 2021	**771**

Additional provision made during the year relates to a long-term dilapidations provision on a new 10-year property lease.

25. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
7,587,251 (2020: 7,448,055) Ordinary shares of £1 each	7,587	7,448

During the year 139,196 Ordinary shares of £1 each were allotted, called up and fully paid in cash for between £2.00 to £5.00 per share. These share issues resulted in an increase to share capital of £139,196 and an increase to the share premium reserve of £395,518.

The company first introduced a share option plan (CSOP) in 2010 and a new scheme was adopted in 2021 on similar terms. Grant dates and exercise prices are listed in the table below. All options are for Ordinary shares and may be exercised after three years from date of grant, at a specified exit event or earlier at the discretion of the board. Options lapse on the tenth anniversary of the date of grant, on the option holder ceasing to be a director or employee, or at another specified event. Options are valued using the binomial option-pricing model. At 31 December 2021, the company had options outstanding for subscription of 661,424 (2020: 720,116) Ordinary shares.

Details of outstanding options are as follows:

	Exercise price	Options outstanding at 31 Dec 2020	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 Dec 2021
Grant Date						
October 2011	£2.00	10,000	–	10,000	–	–
October 2012	£2.81	33,556	–	14,232	–	19,324
December 2013	£4.00	58,000	–	23,000	2,500	32,500
January 2015	£4.00	7,500	–	2,500	–	5,000
November 2015	£4.00	77,500	–	25,000	5,000	47,500
November 2016	£4.00	87,500	–	27,500	5,000	55,000
December 2017	£4.25	106,560	–	22,464	4,704	79,392
November 2018	£4.50	79,500	–	10,500	7,500	61,500
November 2019	£5.00	126,000	–	2,000	10,000	114,000
October 2020	£5.00	134,000	–	2,000	10,000	122,000
December 2021	£5.75	–	125,208	–	–	125,208
		720,116	125,208	139,196	44,704	661,424

26. Employee share ownership trust (ESOT)

The Writtle Holdings Limited Employee Share Ownership Trust (ESOT) provides benefits to employees, primarily by acquiring shares that are made available to employees in satisfaction of share option schemes. Writtle Holdings Limited provides interest-free funding to the ESOT for share purchases and pays all administrative costs of the ESOT. At 31 December 2021 the ESOT owned 352,313 (2020: 322,801) Ordinary shares in Writtle Holdings Limited, all of which the ESOT has agreed to make available in satisfaction of share options granted to employees.

The value of the ESOT reserve at the year end was £1,526,010 (2020: £1,373,555).

27. Reserves

Share premium account

The share premium account comprises the amount subscribed for share capital in excess of nominal value.

Other reserves

Other reserves consist of an Employee Share Ownership Trust (ESOT) which provides for the issue of shares to group employees under share option schemes, and a merger reserve, being the difference between the nominal value of new shares issued by the parent company for the acquisition of the shares of a subsidiary and the subsidiary's own share capital and share premium account.

Profit and loss account

The profit and loss account comprises all other net gains and losses and transactions with owners not recognised elsewhere.

28. Disposals

On 19 January 2021, the group disposed of 20/20 Limited. There was no profit or loss on disposal:

	£000	£000
Cash proceeds		527
Net assets disposed of:		
Tangible fixed assets	7	
Debtors	258	
Cash	494	
Creditors	(207)	
	552	
Group share of net assets disposed of		(474)
		53
Goodwill written off on disposal		(53)
Profit on disposal		–

29. Prior year adjustment

Group

In the prior year, opening and closing retained earnings had been understated by £640,000 and non-controlling interests had been overstated by the same amount. An adjustment has been made to the comparative figures presented in these accounts. There is no impact on profit or net assets.

Company

In the prior year, the Employee Share Ownership Trust reserve of £1,374,000 was not included in the Company statement of financial position. An adjustment has been made to the comparative figures presented in these accounts with a corresponding reduction to amounts owing from group undertakings in note 18 as the directors believe that the trust is under the effective control of the company. There is no impact on profit or net assets.

30. Contingent liabilities

A joint overdraft facility with a right of offset exists between certain companies within the group and this is reported net of credit balances.

31. Pension commitments

The group operates defined contributions pension schemes and contributes to certain employees' SIPPs. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £1,094,000 (2020: £969,000). Contributions totalling £163,000 (2020: £165,000) were payable to the funds at the year end and are included in creditors.

32. Commitments under operating leases

At 31 December 2021 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £000	Group 2020 £000
Within one year	1,932	1,346
Between two and five years	4,298	3,460
After more than five years	3,245	1,889
Total	9,475	6,695

33. Related party transactions

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

Directors R T T Essex, A Lucas, T Scutt and A Sutcliffe are beneficiaries of SIPP arrangements that jointly own property rented to companies in the group on an arm's length basis. Rent of £141,000 (2020: £317,000) was paid by the group to these SIPPs.

The total remuneration paid to key management personnel during the year was £1,622,000 (2020: £1,296,000).

The directors received dividends in aggregate on the same terms as other shareholders of £1,200,000 (2020: £381,000).

At the year end, the company had balances outstanding from/(to) fellow members of the Writtle Holdings Limited group as follows:

	2021 £000	2020 £000
Branded Limited	46	10
Epoch Design Limited	89	62
FERO Retail Marketing Limited	(178)	1,375
Maglabs Limited	11	5
Magnet Harlequin Limited	27	64
Seymour-Powell Limited	20	20
Technik Limited	10	28
The Team Brand Communication Consultants Limited	12	13
Williams Murray Hamm Limited	644	757

During the year, the company had the following purchase/(sale) transactions with fellow members of the Writtle Holdings Limited group:

	2021 £000	2020 £000
Branded Inc	(4)	(3)
Branded Limited	(36)	–
Epoch Design Limited	(363)	(300)
FERO Retail Marketing Limited	(215)	(172)
Maglabs Limited	(110)	(93)
Magnet Harlequin Limited	(227)	(219)
Seymour-Powell Limited	(334)	(327)
Technik Limited	(99)	(76)
Technik Limited	4	–
The Team Brand Communication Consultants Limited	(293)	(287)
The Team Brand Communication Consultants Limited	86	79
Williams Murray Hamm Limited	(161)	(194)

34. Controlling party

Writtle Holdings Limited is the largest and smallest group for which group accounts are prepared. The company is registered at 30 Park Street, London, SE1 9EQ.

The directors consider that the company has no individual controlling party.

35. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Holding	Principal activity
Arken POP International Limited (W)	United Kingdom	100.00%	Manufacturing of point of sale and graphic display stands
Arken POP International B.V. (F)	The Netherlands	100.00%	Non-trading
Branded Inc (C)	USA	100.00%	Design, creative services and digital pre-press
Branded Limited (W)	United Kingdom	88.30%	Holding company
Epoch Design Limited (B)	United Kingdom	87.50%	Point of sale experts and brand designers
FERO Holdings Limited (C)	United Kingdom	66.59%	Holding company
FERO Retail Marketing Limited (E)	United Kingdom	100.00%	Design, project management and production of tactical POP campaigns, and large-format print
Loewy Group Limited (W)	United Kingdom	100.00%	Holding company
Maglabs Limited (C)	United Kingdom	100.00%	Consultancy, technology and managed services throughout the marketing process
Magnet Harlequin Asia Limited (A)	Hong Kong	100.00%	Creative services and digital pre-press
Magnet Harlequin Limited (C)	United Kingdom	100.00%	Creative services and digital pre-press
Seymour-Powell Limited (B)	United Kingdom	89.38%	Design and innovation consultancy
Technik Limited (A)	United Kingdom	100.00%	Creative and packaging management services
The Team Brand Communication Consultants Limited (B)	United Kingdom	75.50%	Through-the-line communications consultancy
Williams Murray Hamm Limited (C)	United Kingdom	100.00%	Design and new product development consultants
Williams Murray Hamm Inc (D)	USA	100.00%	Design and new product development consultants
Writtle Limited (W)	United Kingdom	100.00%	Non-trading
Writtle Property Limited (W)	United Kingdom	100.00%	Property investment

All subsidiary undertakings have the same year end as Writtle Holdings Limited, are included in the consolidation and are holdings of ordinary shares. The companies listed above include all those which materially affect the amount of profit and the assets of the group.

The above percentage is the shareholding being held through:

(A) Magnet Harlequin Limited
(B) Loewy Group Limited
(C) Branded Limited
(D) Williams Murray Hamm Limited
(E) FERO Holdings Limited
(F) Arken POP International Limited
(W) Writtle Holdings Limited

The following subsidiaries are registered in the United Kingdom, 100% owned dormant companies: Loewy Limited; Identica Limited; Raymond Loewy Limited.

The following subsidiaries share the same registered office as Writtle Holdings Limited which is shown on the company information page: Arken POP International Limited; Branded Limited; Epoch Design Limited; FERO Holdings Limited; FERO Retail Marketing Limited; Loewy Group Limited; Maglabs Limited; Seymour-Powell Limited; The Team Brand Communication Consultants Limited; Williams Murray Hamm Limited; Writtle Limited; Writtle Property Limited; Identica Limited; Loewy Limited; Raymond Loewy Limited;.

The registered office of Technik Limited and Magnet Harlequin Limited is Unit F Tomo Estate, Packet Boat Lane, Uxbridge, Middlesex, UB8 2JP.

The registered office of Magnet Harlequin Asia Limited is Unit D, 23/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The registered office of Williams Murray Hamm Inc is 70 West Madison Street, Suite 5750, Chicago, IL 60602.

The registered office of Branded Inc is 251 Little Falls Drive, Wilmington, DE 19808.

The registered office of Arken POP International B.V. is Joop Geesinkweg 701, 2e verdieping, 1114AB, Amsterdam-Duivendrecht

The following subsidiaries are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Writtle Holdings Limited has guaranteed the subsidiary company under Section 479C of the Act: Loewy Group Limited, Writtle Limited, and Writtle Property Limited.

Company information

Directors

R T T Essex
M J Gilmore
G R Harris
A W Lucas
D H Powell
T E Scutt
A Sutcliffe
A Wright

Company secretary

M J Gilmore

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