



Annual Report and Accounts 2020

Writtle is a UK-centred marketing services group with an international client base

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Continuing
turnover

£65.58m

(2019: £75.05m)

Continuing
headline profit
before tax*

£6.28m

(2019: £7.21m)

Continuing
profit before tax

£5.12m

(2019: £5.51m)

Net cash

£14.93m

(2019: £8.28m)

Ordinary dividend
per share

18.25p

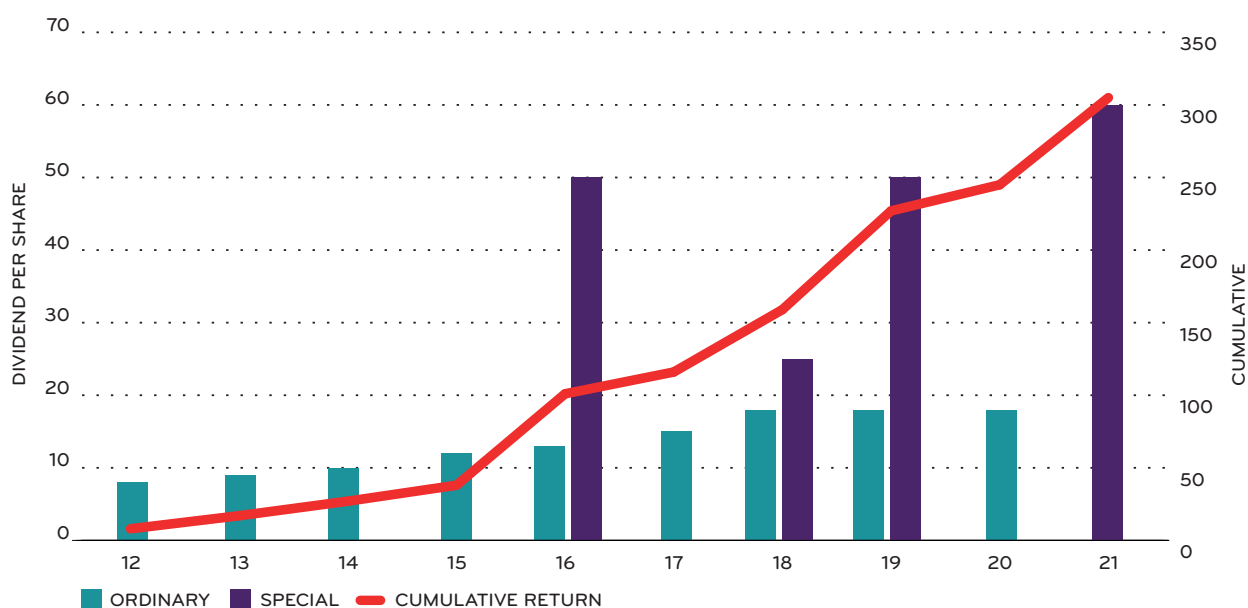
(2019: 18.25p)

Special dividend
per share

60.00p

Key financial information

10-YEAR DIVIDEND PER SHARE (PENCE)



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

Chairman's statement

I am pleased to report a satisfactory performance in 2020, despite the long shadow cast over our lives and livelihoods in the year by the Covid-19 pandemic.

All our businesses were impacted by the economic downturn caused by global government measures to combat the pandemic, but our management teams adapted well and continued to give our clients a first-class service throughout the year. Although we decided that two of our smaller loss-making businesses should leave the group, overall these results are testament to the quality of our ongoing businesses and their people, supported by Writtle's strong balance sheet and prudent cash reserves which enabled us to weather the worst of the storm.

Writtle has emerged from the year stronger than it went in, and we were particularly pleased to have been able to restore shareholder dividends during the year, and now to be in a position to declare our fourth Special Dividend.

Results and Ordinary Dividends

Turnover was £66.89m (2019: £78.41m) and profit before tax was £3.55m (2019: £5.39m).

Excluding our discontinued businesses, continuing turnover was £65.58m (2019: £75.05m) and profit before tax was £5.12m (2019: £5.51m).

Net cash at the year-end was £14.93m (2019: £8.28m) as cash management was prioritised.

The directors are recommending a final dividend of 12.00p (2019: 12.00p) making total ordinary dividends for the year of 18.25p (2019: 18.25p).

Subject to shareholders' approval, the final dividend will be paid on 28 May 2021 to shareholders on the register at 25 March 2021.

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. Last year, these criteria were met but considering the threat posed by the pandemic a Special Dividend was not paid. This year, although we are still living with the effects of the pandemic, we feel confident enough to declare a Special Dividend of 60.00p per share (2019: nil) which will be paid on 30 April 2021 to shareholders on the register at 25 March 2021.

Principal activities

Writtle is a UK-centred marketing services group with an international client base.

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.

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 over the past 10 years bear witness to this.

Review of business

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

	Turnover		Headline operating profit	
	2020 £000	2019 £000	2020 £000	2019 £000
Innovation	20,219	23,593	2,972	2,863
Implementation	17,897	19,720	1,821	2,137
Instore	27,467	31,737	2,334	3,479
	65,583	75,050	7,127	8,479

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

After its first full year within the Writtle group, FERO is now shown in our Instore business group and prior year figures are adjusted accordingly.

Overall, the decline in turnover and headline operating profit caused by the economic downturn were 13% and 16% respectively and although performance differed between the business groups, they all remained profitable.

Our **Innovation** businesses performed best with our two largest agencies, Epoch and Seymourpowell seeing little drop off in demand as their clients increased momentum in digital transformation, with particular emphasis on our virtual and augmented reality capabilities. The Team's strategy and communications offer also performed strongly after a slowdown in the second quarter. The performance of these three agencies largely offset the decline of our smaller branding and design agencies whose clients in hospitality, high street retail, sport and travel cut expenditure sharply. It was decided to divest two small agencies, while another two, Williams Murray Hamm and Identica were merged as one business and saw a recovery in the fourth quarter which has continued into the current year.

Our **Implementation** businesses have a strong presence in food retail which was largely unaffected by the pandemic, and this underpinned a highly creditable year on year result. Other of our clients in travel and high street retail were badly affected with revenues almost disappearing but our management teams did particularly well to redesignate staff in these departments to busier areas whilst awaiting an upturn in their own. The backbone of our Implementation businesses has been the development in recent years of our proprietary technology system 'MyBrandstream'. This system is soon to be installed in several major clients providing a workflow, approvals, digital asset management and reporting tool, which increases both our traction with the client and volume of their work we can undertake.

Our **Instore** businesses, Arken and FERO, were hardest hit by the pandemic. Both have manufacturing businesses with high street retail the primary outlet for their products and the first lockdown in March saw orders and deliveries virtually disappear outside food retail and pharmacy clients. Most of our group businesses used the Coronavirus Job Retention Scheme but none more so than Arken and FERO. Both businesses retained only a small workforce to fulfil the few client orders they had during the first lockdown, with the majority being furloughed until order books improved. While Arken had made a good start to the year and stretched its remaining order book across the rest of the year to remain profitable, FERO had recorded substantial losses in the first half. It was therefore remarkable that FERO was able to bounce back quickly once the first lockdown ended, and the final four months of the year saw FERO cope with high levels of pent-up demand to recover all its losses and move into profit for the year. As order books improved, staff returned from furlough to increase our capacity and over the course of the year there is no doubt that the Coronavirus Job Retention Scheme achieved its aims.

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.

Corporate activity

Writtle had two major transactions under review at the time the pandemic struck. It is too early to say whether either might be resurrected but there are likely to be further opportunities as the economy recovers. Our longstanding aversion to high debt levels and earn outs, combined with our motivational operating structure contributed to a strong performance relative to others in our sector. In addition to organic growth, Writtle is well positioned to expand by acquisition, with focus on larger transactions.

Writtle completed a significant internal corporate restructuring during 2020. Over the past few years, I have reported that several of our Implementation businesses have traded within a new group identity, Branded, to give clients a single point of contact for a wide array of implementation services. This has particularly appealed to larger brands and retailers who have increasingly sought providers of scale with excellent credentials, global reach, and strong finances rather than engaging multiple smaller agencies in each geographic market. This approach has been highly successful in expanding the breadth of services we provide to clients and in winning new clients. We have therefore formalised Branded as a separate trading company within Writtle, and it has acquired the minority shareholdings in most of those companies that have been trading as part of Branded, in exchange for shares in Branded. Our US operations already trade as Branded which, unlike Writtle, is a client facing brand and business. In the review of operating companies following my statement we identify those group companies that are part of Branded, which now includes some of our Innovation and Instore businesses and together they generate annual turnover in excess of £35m.

There will be a share trading opportunity this year (after a pause last year due to the pandemic) 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 third lockdown has inevitably delayed a full recovery across all our group. Demand in our Instore businesses will remain subdued until restrictions on all retailers are lifted, but with costs and overheads reduced last year, and continued use of the furlough scheme where necessary, we have avoided significant losses in these businesses and are well placed to benefit from the predicted economic upturn later in the year. Our Innovation and Implementation businesses have started the year well and we anticipate another good performance.

In summary, Writtle performed ahead of even the most optimistic forecasts at the outset of the pandemic in March 2020. Although some of that success can be attributed to our prudent business approach over many years, most of the accolades must be given to our excellent people who endured personal and professional hardship without compromising client service throughout the most extraordinary of years. I thank them all.

Robert Essex
Chairman
9 April 2021

OUR COMPANIES

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

Innovation companies

Epoch, Identica, Seymourpowell, The Team and Williams Murray Hamm.

Implementation companies

Branded Inc, Maglabs, Magnet Harlequin, Magnet Harlequin Asia, Technik and WMHAdaptive.

Instore companies

Arken POP International and FERRO.

BRANDED is a separate trading group within Writtle which brings together companies from our three business groups to give clients a single point of contact for a wide range of our services. Branded Inc, FERRO, Identica, Maglabs, Magnet Harlequin UK and Asia, Technik, Williams Murray Hamm and WMHAdaptive are part of Branded.

www.branded-agency.com

Our **Innovation** companies are Epoch, Identica, Seymourpowell, The Team and Williams Murray Hamm.



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

www.epochdesign.co.uk

Despite its challenges, 2020 was a very good year across many of our client accounts.

Our FMCG client base has begun investing more in digital, motion graphics, film and animation content. This was a great opportunity for us to



Epoch has grown its content team significantly during the past year, particularly in film and motion graphics.

develop the film and motion side of our business, and we have significantly grown our content team and enjoyed a number of key project wins as a result. Other operational successes included running remote global

design sprints that served as intensive branding events for our clients. Adapting to these remote events has enabled us to continue to help our clients redefine primary brand strategy for packaging and beyond.

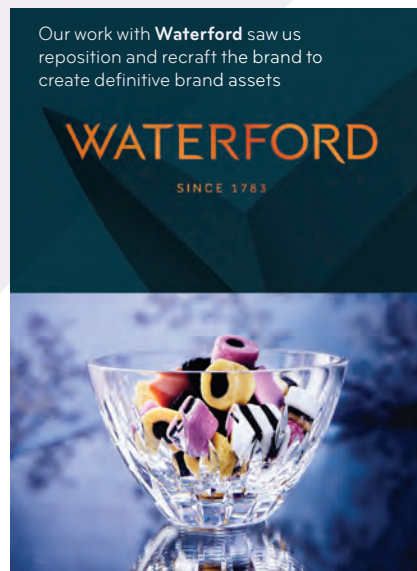
Part of **BRANDED**

IDENTICA

Identica is a branding and design agency that has been creating, restoring and evolving iconic brands for almost 30 years.

www.identica.co.uk

Despite a difficult trading year, we enjoyed some notable wins that will stand us in good stead for the long term. We worked on strategic and branding projects for a number of Walmart's power brands, including Equate and Great Value. This culminated in a strategic review of their most significant brands, and the creation of a private brand



portfolio proposition, which will also help us to develop further opportunities for our own creative and adaptive teams.

Our strong relationship with luxury crystal glass brand Waterford saw us reposition and recraft the brand around the idea of transforming everyday moments. This involved new packaging, photography and

video shoots, creating definitive brand assets for online and in-store.

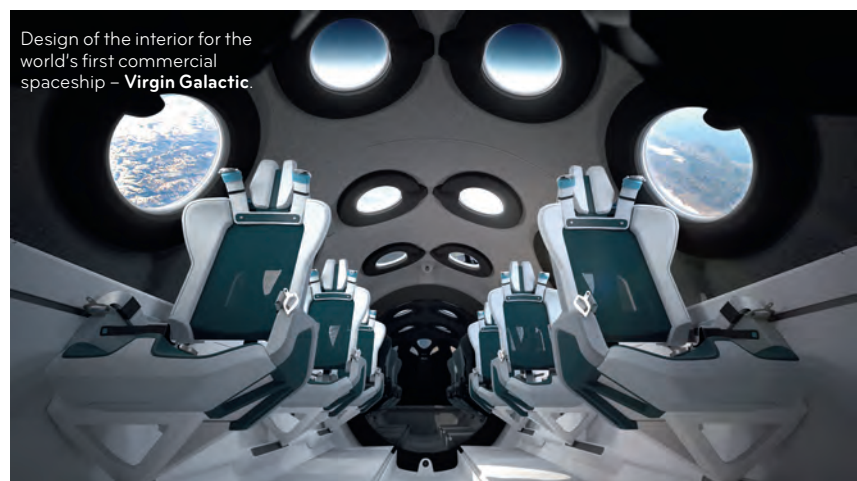
Drinks has remained a strong category, particularly with client Quintessential Brands. We also saw a resurgence in the DIY sector, and worked with Serenata Flowers on a new direct-to-consumer approach, as they amplified their brand presentation and digital content.

seymourpowell

Seymourpowell is a strategic design and innovation company that helps companies plan, create and deliver integrated product and brand experiences.

www.seymourpowell.com

Seymourpowell enjoyed another successful year despite the challenges presented during 2020. Core clients provided a strong platform for the year, with growth across the business, including record revenue numbers from established clients.



We continued to lead the way in innovation with the development of digital products and experiences, which was a key growth driver.

Ground-breaking work included the creation and build of a Virgin Galactic virtual space experience in addition to the creation of their

spaceship interior, including VR, AR and an app to bring the experience to life.

Outstanding work was achieved across a wide range of clients including: Virgin Galactic, Nestlé, ServiceNow, Lucozade Ribena Suntory and Nu Skin.

theTeam.

The Team is a brand strategy and marketing communications business that creates trusted customer and employee communications for some of the world's most iconic brands.

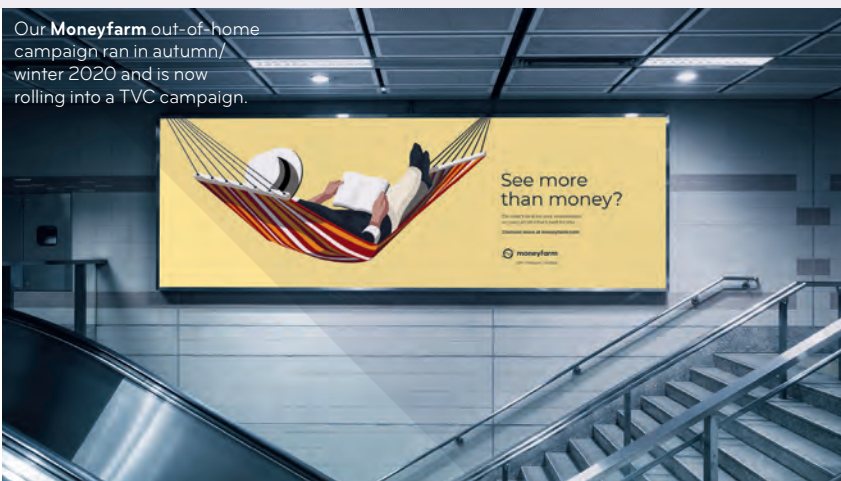
www.theteam.co.uk

Apart from a pandemic-induced downturn in the second quarter, we traded strongly for the remainder of 2020, as many of our existing clients reacted by speeding up their transition to digital services. Notably, we worked with Wolseley and NS&I to expand and improve their digital offering to customers.

New business wins included shaping the customer comms and TV advertising for financial services company Moneyfarm and rebranding the Union offer for Assa Abloy.

Heathrow Airport's 75th anniversary rebrand project enabled us to maintain our

long-established relationship with the UK's largest aviation hub. And our international presence continued to grow with an employee engagement programme for Portuguese food distribution group Jerónimo Martins, as well as a rebrand for Groupe Atlantic's Ideal Heating.



Part of **BRANDED**

Williams Murray Hamm

WMH is a brand strategy, design and innovation agency that invents and re-invents brands.

www.wmhagency.com

Business levels were substantially reduced by the pandemic, but we continued our long-term relationships with clients including Castrol and Network Rail. A key project for Pernod Ricard involved creating a new brand for their portfolio of Irish Whiskies.

We also saw a major win for Chinese tech brand Honor, formerly owned by Huawei.

Most notably, 2020 was one of the highest-grossing award years in the agency's history. We won more than 24 awards for our creativity and effectiveness, including two D&AD

Pencils, and the Grand Prix at the Drum Design Awards. Some of the work recognised was our rebrand of luxury jeweller Hirsh, the creation of Pernod Ricard's Secret Speyside single-malt collection, and the poster design for Afghanistan's first all-female orchestra.



Our **Implementation** companies are Branded Inc, Maglabs, Magnet Harlequin, Magnet Harlequin Asia, Technik and WMHAdaptive.

Part of **BRANDED**

BRANDED INC

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

www.branded-agency.com

We continue to build on our relationship with Southeastern Grocers on their wide range of own-brand products.

The year has also seen the introduction of an important new client in the form of Walmart, the United States' largest retailer.



Purchasing online made easier for **Walmart's** customers by way of improved product messaging.

We have worked closely with Walmart's Bentonville HQ Packaging Team on a new innovation strategy for their private brand portfolio, much of which is currently in research. Alongside strategic work, we are also assisting Walmart online with pack

optimisation, decluttering their pack fronts and simplifying messaging to provide instant clarity to consumers when purchasing online. It is widely accepted that online sales increase where pack optimisation has taken place.

[magnet harlequin]

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

www.magharl.co.uk

2020 was a successful year for the retail packaging side of our business as we continued supporting existing clients, including Tesco, Brakes, John Lewis & Partners, Marks & Spencer, Next and Sainsbury's Argos. In early 2021 we are pleased to have been named sole supplier of packaging artwork (Europe) for Kingfisher plc for the next two years. The non-retail



We help keep the wheels of Brompton Cycles moving with global project management and print production

packaging side of the business also held up, with good contributions from clients including HAVI, Tetley, Mizkan and Westmill Foods.

Our marketing communications production side saw turnover levels significantly reduced by the pandemic, however, we continued to develop our multi-channel collaborative approach. Working

with clients' creative teams, we helped them enhance their creative concepts and ensure the best delivery to market. Studio4 – our photography, post-production, CGI and film division – was also very busy throughout the year. Standout performers included Costa, Marks & Spencer, Tesco and Just Eat.

[magnet harlequin asia]

Magnet Harlequin Asia, based in Hong Kong, provides cross-media creative production, photography, packaging management, print and brand compliance services.

www.magharl.co.uk



Blooma Outdoor – One of the many brand categories we produce annually for **Kingfisher plc**

Magnet Harlequin Asia enjoyed a good year despite the pandemic and well publicised disruption in Hong Kong. Our team provided significant in-region support and back-up for our UK packaging clients, including Kingfisher, Sainsbury's Argos, Brakes

and Tesco, most of whom have their own sourcing offices close by. In addition, we continued to build on our relationship with local clients CEI and Kenwood.

Confirming our strategy to support our clients globally, we ended the

year by securing a two-year lease at our new home in EGL Tower. The new high-tech premises in a premium location in the Kwun Tong district are far better suited to our clients' needs and greatly enhance our offer in the region.

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 continued its expansion in 2020, gaining new clients and securing additional projects. Using our experience of working with global clients, we overcame the significant challenge of transferring our workshop offering to remote working without losing interactivity and engagement.



MyBrandstream offers a suite of tools to drive project control and collaboration throughout all marketing teams

We have been working in partnership with Magnet Harlequin to develop the cloud-based marketing technology collaboration platform MyBrandstream, and 2021 will see some of the biggest global brands launch on the platform.

We secured our first public-sector clients for a number of years,

delivering projects for the Local Government Social Care Ombudsman and Buckinghamshire Fire and Rescue Service. These projects were technically challenging but successfully delivered and significantly boost our credentials in this sector.

Part of **BRANDED**



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

www.technik.com

Technik had a strong year, with key retail clients Waitrose & Partners and Morrisons relatively unaffected by the pandemic and both continuing to commit to significant projects each month.

Alongside project management, artwork, reproduction and print technical, the year saw Technik



Examples of our adaptive design, technical artwork and repro for key client **Waitrose & Partners**

supporting both clients for the first time with adaptive roll-out projects, work that historically would have been produced by their strategic design agencies.

Our marketing communications division also had a number of sizeable projects, and long-standing client The Folio Society was a

particularly strong performer. The mix of work included photography, post-production, repro and proofing.

The digital print division maintained steady levels of work with a number of clients, including John Lewis & Partners' range cards and point-of-sale work for World Duty Free Group and Itsu.

WMHAdaptive

WMHAdaptive are activation experts who combine creative brilliance with state-of-the-art production knowhow.

www.wmhadaptive.com

2020 was another impressive year for WMHAdaptive, building on strong collaboration with Tesco in the UK and Southeastern Grocers in the US.

Our Tesco relationship is now in its fifth year. The winning combination of creative expertise and seamless design adaptation delivery



We worked closely with **Tesco** to create new pack designs for their food ranges.

continues to be held up as best in class by senior stakeholders across the business. The pack designs for the food ranges continued at pace, which included an increase in design-led projects and an uplift in photography art direction. The year also saw a major win in our appointment to work on all pack

activation across the core range of Tesco's general merchandise business.

The work in the US with Southeastern Grocers flourished and took us into new categories, opening up additional private brand opportunities.

Our **Instore** companies are Arken POP International and FERRO.

arken

creators of award winning p-o-p

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

www.arken-pop.com

Lockdown and store closures reduced turnover from April onwards, but Arken adapted quickly and focused on the health and beauty sector, where clients continued to launch new products online, supported by in-store campaigns. Our biggest client,



Cosmetic displays for Revolution Beauty's XX brand were implemented in Boots stores across the UK.

Revolution Beauty, launched its new XX brand to bridge the gap between masstige and prestige cosmetics. We designed and manufactured more than 400 cosmetic displays for the launch, to be implemented in Boots stores across the UK.

On the consumer electronics side, we worked with Intel to design next-generation retail displays featuring digital screens to communicate product USPs to shoppers. These were dispatched to key retailers across Europe.

Part of **BRANDED**

FERRO

FERRO is a point-of-sale design, manufacturing, and fulfilment company.

www.teamferro.com

Sales suffered alongside the closing of much of the UK's retail estate and this accelerated our restructuring plans. We relocated one production site to more cost-effective and efficient premises in Sandy and built additional storage space on our main Letchworth site. We also renovated our manufacturing operation with



We created 3D point-of-sale displays to promote new product launches for Superdrug.

new plant and machinery to better suit our clients' product mix. These actions reduced our overheads and increased our operational flexibility, and we were able to benefit from the return of demand in the second half when stores re-opened.

New business wins were consolidated, and we secured new clients across

various sectors, including a significant project win for Asahi UK. Our relationship with Superdrug saw us create 3D displays across many of their product categories, and we also began working with Hallmark Cards across their retail estate.

Directors' Report and Financial Statements

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Introduction and business review

The directors present their group strategic report for Writtle Holdings Limited for the year ended 31 December 2020. 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:

Covid-19 – The uncertainty around the global trading environment is closely monitored and our broad range of services and robust client relationships has helped to mitigate revenue risk. The group has also made use of government support in the form of the Coronavirus Job Retention Scheme which has allowed us to furlough staff where appropriate to do so.

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.

Financial – At 31 December 2020, the group had minimal bank borrowing and minimal 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. Exchange rate volatility has been more evident during the year but where possible we will transact in pounds sterling.

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 2022. With net cash at 31 December 2020 of £14.93m 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, and as such, have adopted the going concern basis for preparing these group financial statements.

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. At the time of lockdown in March 2020, we were in the latter stages of our 2019 audit but chose to bring forward the publication of our 2019 accounts in unaudited format so that we could update shareholders on our group reaction to the threat, and our underlying financial strength. In addition to our usual shareholder communications, we also issued a trading update letter on 1 July 2020.

Our immediate priority was the health and wellbeing of all our employees. With most of our employees working from home, company meetings, reviews, surveys, and consultations all had to take place online. We also supported a number of charitable staff activities to support mental wellbeing during lockdown.

To ensure the long-term success and prosperity of the group the board had to make some challenging decisions around furlough, temporary pay cuts and redundancies. These decisions protected jobs for many of the group's employees.

Some group reorganisation has taken place as we divested two of our smaller agencies, Beyond Communications Limited and 20/20 Limited. With a lack of scale and greater exposure to hospitality, travel and high street retail, these tough decisions allowed these companies to focus on their own clients and staff, and the group to focus its support on the remaining businesses.

Group representation on subsidiary boards ensures that key management are engaged with the group and that Environment, Social and Governance (ESG) continued to be considered at every meeting.

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

9 April 2021

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

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 £1,634,000 (2019: £3,722,000).

The directors recommended a final dividend for 2020 of 12.00p per share (2019: 12.00p per share), making a total of 18.25p per share for the year (2019: 18.25p per share). Subject to shareholders' approval, this will be paid on 28 May 2021 to shareholders on the register on 25 March 2021. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2020.

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 60.00p per share (2019: nil) will be paid on 30 April 2021 to shareholders on the register on 25 March 2021, subject to shareholders' approval.

Directors

The directors who served during the year were:

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

Political contributions

The company made no political contributions during the financial year (2019: £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.

Post balance sheet events

On 19 January 2021, the group completed the disposal of 20/20 Limited (note 33).

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

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

Graeme Harris

Director

9 April 2021

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

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Writtle Holdings Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the chairman's statement, the group strategic report and director's report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Directors

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

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our testing included, but was not limited to:

- testing the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be of greater risk of susceptibility to fraud;
- performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, for example credit entries to revenue without a corresponding entry to trade receivables, accrued income or deferred income; and
- critically assessing areas of the financial statements, which include judgement and estimates, as set out in note 3 of the financial statements.

These procedures are designed to address the risk of material misstatements in respect of irregularities, including fraud, but do not provide absolute assurance as to the non-existence of any such misstatements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Andrew Viner

(Senior Statutory Auditor)
For and on behalf of BDO LLP,
statutory auditor
London, UK

9 April 2021

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

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	4	66,891	78,413
Cost of sales		(26,516)	(32,468)
Gross profit		40,375	45,945
Administrative expenses		(38,981)	(40,436)
Other operating income	5	2,179	-
Operating profit	5	3,573	5,509
Operating profit before the items listed below		5,756	7,376
Loss on sale of investments	28	(281)	-
Impairment of goodwill	33	(596)	-
Exceptional items	7	(513)	(953)
Goodwill amortisation		(793)	(914)
Operating profit	5	3,573	5,509
Net interest payable	11	(20)	(123)
Profit before taxation		3,553	5,386
Tax on profit	12	(1,029)	(1,012)
Profit after taxation		2,524	4,374
Non controlling interests		(890)	(652)
Profit for the financial year		1,634	3,722

There were no recognised gains and losses for 2020 or 2019 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 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	8,131	9,381
Tangible assets	15	5,401	6,329
		13,532	15,710
Current assets			
Stocks	17	1,694	1,952
Debtors	18	18,850	23,534
Cash at bank and in hand		15,418	8,942
		35,962	34,428
Creditors: Amounts falling due within one year	19	(16,950)	(18,278)
Net current assets		19,012	16,150
Total assets less current liabilities		32,544	31,860
Creditors: Amounts falling due after more than one year	20	(280)	(476)
Provisions for liabilities			
Deferred tax	23	(133)	(55)
Other provisions	24	(100)	(80)
Net assets		32,031	31,249
Capital and reserves			
Share capital	25	7,448	7,400
Share premium account	27	7,326	7,197
Other reserves	27	(1,283)	(1,283)
Retained earnings	27	14,905	14,878
Equity attributable to owners of the parent company		28,396	28,192
Non controlling interests		3,635	3,057
		32,031	31,249

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

9 April 2021

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

Company statement of financial position as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	15	3	3
Investments	16	11,683	14,407
		11,686	14,410
Current assets			
Debtors	18	8,547	5,462
Cash at bank and in hand		8,520	3,859
		17,067	9,321
Creditors: Amounts falling due within one year	19	(3,430)	(3,617)
Net current assets		13,637	5,704
Net assets		25,323	20,114
Capital and reserves			
Share capital	25	7,448	7,400
Share premium account	27	7,326	7,197
Other reserves	27	1,657	1,657
Retained earnings	27	8,892	3,860
		25,323	20,114

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 £6,324,000 (2019: £5,902,000).

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

Robert Essex

Director

9 April 2021

Graeme Harris

Director

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)	14,878	28,192	3,057	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)	14,905	(28,396)	3,635	32,031

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 2019

	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 2019	7,347	7,037	(1,102)	15,970	29,252	2,512	31,764
Comprehensive income for the year							
Profit for the year	-	-	-	3,722	3,722	652	4,374
Total comprehensive income for the year	-	-	-	3,722	3,722	652	4,374
Contributions by and distributions to owners							
Dividends	-	-	-	(4,826)	(4,826)	(338)	(5,164)
Shares issued during the year	53	160	-	-	213	-	213
Other movements	-	-	(181)	12	(169)	231	62
Total contributions by and distributions to owners	53	160	(181)	(4,814)	(4,782)	(107)	(4,889)
At 31 December 2019	7,400	7,197	(1,283)	14,878	28,192	3,057	31,249

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	1,657	3,860	20,114
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	1,657	8,892	25,323

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 2019

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2019	7,347	7,037	1,657	2,784	18,825
Comprehensive income for the year					
Profit for the year	-	-	-	5,902	5,902
Total comprehensive income for the year	-	-	-	5,902	5,902
Contributions by and distributions to owners					
Dividends	-	-	-	(4,826)	(4,826)
Shares issued during the year	53	160	-	-	213
Total contributions by and distributions to owners	53	160	-	(4,826)	(4,613)
At 31 December 2019	7,400	7,197	1,657	3,860	20,114

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

Consolidated statement of cash flows for the year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit for the financial year	2,524	4,374
Adjustments for:		
Amortisation of goodwill	793	914
Amortisation of software development	346	172
Depreciation of tangible fixed assets	1,467	1,407
Disposal of unlisted investment	–	220
(Profit)/loss on disposal of tangible fixed assets	(112)	7
Decrease/(increase) in stocks	106	664
Net interest paid	20	123
Corporation tax charge	1,029	1,012
Decrease/(increase) in debtors	4,390	(123)
Decrease in creditors	(966)	(1,211)
Corporation tax paid	(995)	(1,136)
Receipt of government grants	(2,179)	–
Loss on sale of subsidiaries	281	–
Impairment of goodwill	596	–
Net cash generated from operating activities	7,300	6,423
Cash flows from investing activities		
Purchase of tangible fixed assets	(849)	(1,247)
Investment in software development	(613)	(248)
Sale of tangible fixed assets	196	82
Sale/(purchase) of subsidiaries	393	(100)
Cash (disposed of)/acquired with subsidiaries	(285)	146
Increase in investment in subsidiaries	(122)	(271)
Net cash used in investing activities	(1,280)	(1,638)
Cash flows from financing activities		
Issue of ordinary shares	177	213
Issue of ordinary shares to non-controlling interests	–	1,191
New bank loans	15	–
Repayment of loans	–	(1,273)
Repayment of finance leases	(188)	(136)
Movements on invoice discounting	–	(2,268)
Equity dividends paid	(1,292)	(4,826)
Interest (paid)/received	(20)	(123)
Dividends paid to non controlling interests	(415)	(675)
Purchase of shares by ESOT	–	(182)
Receipt of government grants	2,179	–
Net cash generated from/(used in) financing activities	456	(8,079)
Net increase/(decrease) in cash and cash equivalents	6,476	(3,294)
Cash and cash equivalents at beginning of year	8,942	12,236
Cash and cash equivalents at end of year	15,418	8,942
Cash at bank and in hand	15,418	8,942
	31 Dec 2020 £000	31 Dec 2019 £000
Analysis of net cash		
Cash at bank and in hand	15,418	8,942
Debt:		
Finance leases	(475)	(663)
Debts due within one year	(15)	–
Debts falling due after more than one year	–	–
Net cash	14,928	8,279

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 a UK-centred marketing services group with an international client base 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 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 2022. With net cash at 31 December 2020 of £14.93m 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 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:

	2020 £000	2019 £000
United Kingdom	55,581	65,464
Rest of the world	11,310	12,949
	66,891	78,413

£27,836,000 (2019: £31,833,000) of turnover during the year related to the provision of goods and £39,055,000 (2019: £46,580,000) of turnover during the year related to the provision of services.

5. Operating profit

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

	Note	2020 £000	2019 £000
Depreciation of tangible fixed assets	15	1,467	1,407
Amortisation of goodwill	14	793	751
Amortisation of software development	14	346	172
Exchange differences		36	53
Operating lease rentals		2,155	2,573
Loss on liquidation of unlisted investment		–	220
(Profit)/loss on sale of tangible fixed assets		(19)	7
Impairment of goodwill	33	596	–
Loss on disposal of subsidiary	28	281	–
Government grants – CJRS		(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 2020						
Turnover	20,219	17,897	27,467	65,583	1,308	66,891
Headline operating profit	2,972	1,821	2,334	7,127	(545)	6,582
Central costs				(826)		(826)
Continuing headline operating profit				6,301		5,756
Net interest payable				(20)		(20)
Headline profit before tax				6,281		5,736
For the year ended 31 December 2019						
Turnover	23,593	19,720	31,737	75,050	3,363	78,413
Headline operating profit	2,863	2,137	3,479	8,479	46	8,525
Central costs				(1,149)		(1,149)
Headline operating profit				7,330		7,376
Net interest payable				(123)		(123)
Headline profit before tax				7,207		7,253

Headline measures are defined as being before exceptional items and amortisation.

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

The results of FERO Retail Marketing Limited are now included within Instore, and the prior year has been restated to reflect this change.

7. Exceptional items

	2020 £000	2019 £000
Disposal of fixed asset investments	–	220
Restructuring costs	513	733
	513	953

Exceptional items relates to the restructuring of certain operations through headcount reduction and property reorganisation. The prior year charge relates to restructuring costs and the loss on liquidation of an unlisted investment.

8. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the group's auditor for the audit of the company's annual accounts	22	21
Fees payable to the group's auditor in respect of:		
– the audit of the company's subsidiaries' annual accounts	183	216
– taxation compliance services	48	53
– all other services	–	19
	232	288

9. Employees

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	28,077	29,334	836	1,052
Social security costs	3,061	3,273	111	133
Defined contribution pension scheme	969	1,081	27	26
	32,107	33,688	974	1,211

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

	2020 No.	2019 No.
Directors of trading entities	56	49
Office and management	298	267
Production	343	368
	697	684

The average number of company employees, including the directors, during the year was nine (2019: nine), comprised of four directors (2019: four) and five senior management (2019: five).

10. Directors' remuneration

During the year retirement benefits were accruing to six directors (2019: nine) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £262,000 (2019: £362,000).

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 (2019: £6,000).

The highest paid director had options over 16,500 (2019: 28,910) shares.

During the year two (2019: two) directors exercised share options over 7,950 (2019: 20,550) shares with an exercise price between £4.00 and £4.25 (2019: £4.00) per share.

11. Net interest payable

	2020 £000	2019 £000
Bank interest payable/(receivable)	(4)	101
Finance leases and hire purchase contracts	24	22
	20	123

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	882	1,222
Adjustments in respect of prior periods	(15)	(322)
Foreign tax on income for the year	6	2
Foreign tax in respect of prior periods	8	23
Total current tax	881	925
Deferred tax		
Origination and reversal of timing differences	115	103
Changes to tax rates	–	(36)
Adjustment in respect of prior periods	33	20
Total deferred tax	148	87
Taxation on profit on ordinary activities	1,029	1,012

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	3,553	5,386
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	675	1,023
Effects of:		
Expenses not deductible for tax purposes	435	256
Fixed asset differences	177	18
Adjustments to tax charge in respect of prior periods	27	(279)
Non-taxable income	(21)	(11)
Deferred tax not recognised	(228)	–
Other differences leading to a (decrease)/increase in the tax charge	(36)	5
Total tax charge for the year	1,029	1,012

Factors that may affect future tax charges

Deferred tax rate:

Deferred tax has been calculated at 17% which is the rate which has been enacted to apply from 1 April 2020.

13. Dividends

	2020 £000	2019 £000
Final dividend for the prior year of 12.00p per share (2019: 12.00p per share)	850	849
Interim dividend of 6.25p per share (2019: 6.25p per share)	442	441
Special dividend of nil (2019: 50.00p per share)	–	3,536
	1,292	4,826
Final dividend proposed for the year of 12.00p per share (2019: 12.00p per share)	860	850
Special dividend proposed of 60.00p per share (2019: nil)	4,301	–
	5,161	850

The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2020.

14. Intangible assets

	Goodwill £000	Software Development £000	Total £000
Group			
Cost			
At 1 January 2020	14,752	652	15,404
Transfer from plant and machinery*	-	308	308
Additions	10	613	623
Disposals	(699)	-	(699)
At 31 December 2020	14,063	1,573	15,636
Amortisation			
At 1 January 2020	5,716	307	6,023
Transfer from plant and machinery*	-	94	94
Charge for the year	793	346	1,139
Impairment	596	-	596
On disposals	(347)	-	(347)
At 31 December 2020	6,758	747	7,505
Net book value			
At 31 December 2020	7,305	826	8,131
At 31 December 2019	9,036	345	9,381

*As software development costs have become increasingly significant, they have been transferred from computer equipment (see note 15) and reported separately within intangible assets.

Additions of £613,000 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.

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 2020	4,178	8,082	4,790	17,050
Transfer to intangible assets**	-	-	(308)	(308)
Additions	159	513	177	849
Disposals	(837)	(841)	(725)	(2,403)
Disposal of subsidiary	(69)	-	106	(175)
At 31 December 2020	3,431	7,754	3,828	15,013
Depreciation				
At 1 January 2020	1,853	5,081	3,787	10,721
Transfer to intangible assets**	-	-	(94)	(94)
Charge for the year	337	743	387	1,467
Disposals	(837)	(765)	(718)	(2,320)
Disposal of subsidiary	(67)	-	(95)	(162)
At 31 December 2020	1,286	5,059	3,267	9,612
Net book value				
At 31 December 2020	2,145	2,695	561	5,401
At 31 December 2019	2,325	3,001	1,003	6,329

**As software development costs have become increasingly significant, they have been reported separately within intangible assets (see note 14).

15. Tangible fixed assets continued

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

	2020 £000	2019 £000
Freehold land and buildings	1,164	1,193
Leasehold improvements	981	1,132
	2,145	2,325

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2020	19
Additions	-
At 31 December 2020	19
Depreciation	
At 1 January 2020	16
Charge for the year	-
At 31 December 2020	16
Net book value	
At 31 December 2020	3
At 31 December 2019	3

16. Fixed asset investments

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2020	16,362
Additions	-
Disposal	(1,066)
At 31 December 2020	15,296
Impairment	
At 1 January 2020	1,955
Charge for the year	1,658
At 31 December 2020	3,613
Net book value	
At 31 December 2020	11,683
At 31 December 2019	14,407

On 8 September 2020, the group disposed of Beyond Communications Limited (note 28).

17. Stocks

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Raw materials	979	980	-	-
Work in progress	672	784	-	-
Finished goods and goods for resale	43	188	-	-
	1,694	1,952	-	-

18. Debtors

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due after more than one year				
Other debtors	–	4	–	–
Due within one year				
Trade debtors	15,454	19,605	–	–
Amounts owed by group undertakings	–	–	8,169	5,225
Other debtors	293	436	192	149
Prepayments and accrued income	2,631	2,997	138	88
Deferred taxation	237	319	–	–
Corporation tax recoverable	235	173	48	–
	18,850	23,534	8,547	5,462

Included within trade debtors is a provision for bad debts of £100,000 (2019: £203,000).

See note 23 for further details on deferred tax.

19. Creditors: Amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loans and overdrafts	15	–	–	–
Net obligations under finance leases	195	187	–	–
Trade creditors	5,222	6,857	39	63
Amounts owed to group undertakings	–	–	3,089	2,846
Corporation tax	507	641	–	3
Other taxation and social security	4,449	3,066	98	282
Other creditors	436	436	53	52
Accruals and deferred income	6,126	7,091	151	371
	16,950	18,278	3,430	3,617

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Net obligations under finance leases	280	476	–	–
	280	476	–	–

21. Commitments under finance leases

At 31 December 2020, the group had minimum lease payments under finance leases as follows:

	Group 2020 £000	Group 2019 £000
Within one year	195	187
Between two and five years	280	195
After more than five years	–	281
Total	475	663

22. Financial instruments

	Group 2020 £000	Group 2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	–	–
Financial assets that are debt instruments measured at amortised cost	32,674	30,036
	32,674	30,036
Financial liabilities		
Financial liabilities measured at amortised cost	11,784	14,385

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

	2020 £000	2019 £000
Group		
At beginning of year	264	351
Charged to the Consolidated statement of comprehensive income	(148)	(87)
Disposal of subsidiary	(12)	–
At end of year	104	264

The deferred tax balance is made up as follows:

	Group 2020 £000	Group 2019 £000
Accelerated capital allowances	62	173
Tax losses carried forward	18	68
Short-term timing differences	24	23
	104	264
Comprising:		
Asset – due within one year (note 18)	237	319
Liability	(133)	(55)
	104	264

24. Provisions

	Provision for dilapidations £000
At 1 January 2020	80
Additional provision made during the year	20
At 31 December 2020	100

25. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
7,448,039 (2019: 7,400,164) Ordinary shares of £1 each	7,448	7,400

During the year 47,891 Ordinary shares of £1 each were allotted, called up and fully paid in cash for between £2.00 to £4.25 per share. These share issues resulted in an increase to share capital of £47,891 and an increase to the share premium reserve of £129,008.

The company introduced a share option plan (CSOP) in 2010. 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 2020, the company had options outstanding for subscription of 720,116 (2019: 706,063) Ordinary shares.

Details of outstanding options are as follows:

Grant Date	Exercise price	Options outstanding at 31 Dec 2019	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 Dec 2020
October 2011	£2.00	15,000	–	5,000	–	10,000
October 2012	£2.81	39,997	–	6,441	–	33,556
December 2013	£4.00	78,000	–	7,500	12,500	58,000
January 2015	£4.00	7,500	–	–	–	7,500
November 2015	£4.00	97,500	–	7,500	12,500	77,500
November 2016	£4.00	111,950	–	9,450	15,000	87,500
December 2017	£4.25	131,616	–	12,000	13,056	106,560
November 2018	£4.50	88,500	–	–	9,000	79,500
November 2019	£5.00	136,000	–	–	10,000	126,000
October 2020	£5.00	–	134,000	–	–	134,000
		706,063	134,000	47,891	72,056	720,116

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 2020 the ESOT owned 322,801 (2019: 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 £1,373,555 (2019: £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 8 September 2020, the group disposed of Beyond Communications Limited. The loss on disposal of £281,000 has been calculated as follows:

	£000	£000
Cash proceeds		393
Net assets disposed of:		
Tangible fixed assets	13	
Debtors	367	
Cash	285	
Creditors	(243)	
	<u>422</u>	
Group share of net assets disposed of		(322)
		<u>71</u>
Goodwill written off on disposal		(352)
Loss on disposal		<u>281</u>

29. 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.

30. Pension commitments

The group operates defined contributions pension schemes and contributes to certain employees' SPPs. 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 £969,000 (2019: £1,081,000). Contributions totalling £165,000 (2019: £168,000) were payable to the funds at the year end and are included in creditors.

31. Commitments under operating leases

At 31 December 2020 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000
Within one year	1,346	2,098
Between two and five years	3,460	3,589
After more than five years	1,889	1,595
Total	6,695	7,282

32. 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. Rent of £317,000 (2019: £305,000) was paid by the group to these SIPPs.

The total remuneration paid to key management personnel during the year was £1,296,000 (2019: £1,940,000).

The directors received dividends in aggregate on the same terms as other shareholders of £381,000 (2019: £1,343,000).

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

	2020 £000	2019 £000
20/20 Limited	29	17
Branded Limited	10	-
Epoch Design Limited	62	76
Identica Limited	-	72
Maglabs Limited	5	5
Magnet Harlequin Limited	64	35
Seymour-Powell Limited	20	44
FERO Retail Marketing Limited	1,375	2,371
Technik Limited	28	8
The Team Brand Communication Consultants Limited	13	14
Williams Murray Hamm Limited	757	703

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

	2020 £000	2019 £000
20/20 Limited	(83)	(94)
20/20 Limited	-	17
Branded Inc.	(3)	-
Epoch Design Limited	(300)	(274)
Epoch Design Limited	-	1
Identica Limited	(33)	(71)
Maglabs Limited	(93)	(106)
Magnet Harlequin Limited	(219)	(241)
Magnet Harlequin Limited	-	5
Seymour-Powell Limited	(327)	(305)
FERO Retail Marketing Limited	(172)	(61)
Technik Limited	(76)	(86)
The Team Brand Communication Consultants Limited	(287)	(287)
The Team Brand Communication Consultants Limited	79	86
Williams Murray Hamm Limited	(194)	(165)
Williams Murray Hamm Limited	-	6

33. Post balance sheet events

On 19 January 2021, the group disposed of 20/20 Limited for £527,000. The investment value has been written down in 2020 to the proceeds value and the goodwill has been written down to the net proceeds value therefore the full loss on disposal of £596,000 has been recognised in these accounts as an impairment of goodwill.

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
20/20 Limited (W)	United Kingdom	85.83%	Design and strategy consultants
Arken POP International Limited (W)	United Kingdom	100.00%	Manufacturing of point-of-sale and graphic display stands
Bosham Holdings Limited (A)	United Kingdom	100.00%	Non trading
Branded Inc (C)	USA	100.00%	Design, creative services and digital pre-press
Branded Limited (W)	United Kingdom	87.95%	Holding company
Epoch Design Limited (B)	United Kingdom	87.50%	Point-of-sale experts and brand designers
Identica Limited (D)	United Kingdom	100.00%	Non trading
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 campaign, and large-format print
Loewy Group Limited (W)	United Kingdom	100.00%	Holding company
Maglabs (Holdings) Limited (C)	United Kingdom	100.00%	Non trading
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
Showcard Print Limited (E)	United Kingdom	100.00%	Non trading
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%	Holding company
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 (C) Branded Limited (E) FERO Holdings Limited
(B) Loewy Group Limited (D) Williams Murray Hamm Limited (W) Writtle Holdings Limited

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

The following subsidiaries share the same registered office as Writtle Holdings Limited which is shown on the company information page: 20/20 Limited; Arken POP International Limited; Branded Limited; Epoch Design Limited; FERO Holdings Limited; FERO Retail Marketing Limited; Identica Limited; Loewy Group Limited; Maglabs (Holdings) Limited; Maglabs Limited; Seymour-Powell Limited; Showcard Print Limited; The Team Brand Communication Consultants Limited; Williams Murray Hamm Limited; Writtle Limited; Writtle Property Limited; Radius London Limited; Loewy Limited; Raymond Loewy Limited; Showcard Print Limited.

The registered office of Bosham Holdings Limited, 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.

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

Company number

05226380

Registered office

30 Park Street
London
SE1 9EQ

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

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30 PARK STREET
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REGISTERED NUMBER: 5226380