WRITTLE HOLDINGS LIMITED

ANNUAL REPORT 2022

WRITTLE

WRITTLE IS AN INTERNATIONAL MARKETING SERVICES GROUP

CONTENTS

KEY FINANCIAL INFORMATION

TURNOVER

£77.17m

(2021: £67.93m)

HEADLINE PROFIT BEFORE TAX*

£4.39m

(2021: £5.43m)

REPORTED PROFIT BEFORE TAX

£2.31m

(2021: £5.19m)

NET CASH

£11.96m

(2021: £15.13m)

ORDINARY DIVIDEND PER SHARE

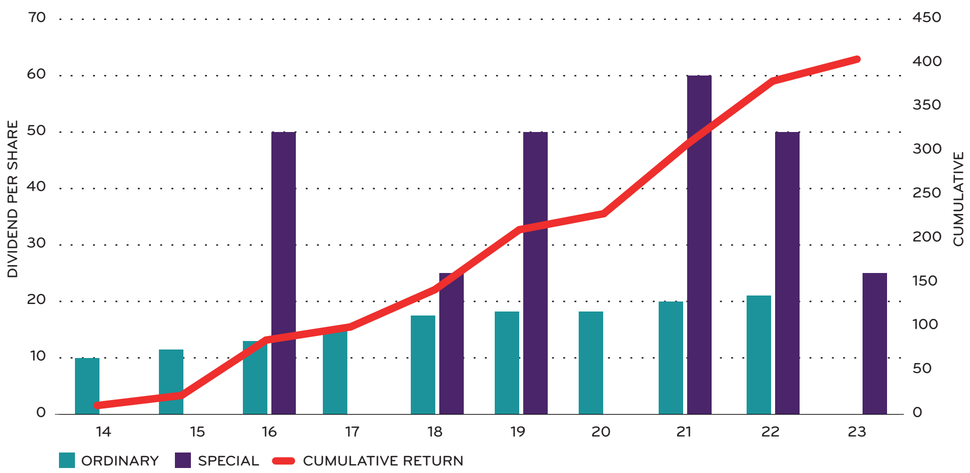
21.00p

(2021: 20.00p)

SPECIAL DIVIDEND PER SHARE

25.00p

10-YEAR DIVIDEND PER SHARE (PENCE)



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

CHAIRMAN'S STATEMENT

I am pleased to report on Writtle's results for 2022.

Following a strong second half, turnover for the year grew by 14% but profitability was held back by well publicised cost increases of staff, materials and latterly energy.

We were nonetheless pleased to finish the year in a strong financial position enabling Writtle to increase its annual dividend and declare a sixth Special Dividend.

RESULTS AND ORDINARY DIVIDENDS

Turnover was £77.17m (2021: £67.93m) and headline profit before tax was £4.39m (2021: £5.43m).

Exceptional costs of £1.37m included a non-cash write down of £1.06m of capitalised software development following an impairment review. The remaining exceptional costs related to restructuring and aborted acquisition costs partially offset by a profit on disposal of a freehold property. After these exceptional items and goodwill amortisation statutory profit before tax was £2.31m (2021: £5.19m)

Net cash at the year-end was £11.96m (2021: £15.13m).

The directors are recommending a final dividend of 14.00p (2021: 13.25p) making total ordinary dividends for the year of 21.00p (2021: 20.00p).

Subject to shareholders' approval, the final dividend will be paid on 26 May 2023 to shareholders on the register at 29 March 2023.

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. Having been frustrated by factors outside our control in pursuing acquisitions over the last two years, we are more actively investing in our own businesses to expand capacity and open new markets this year. The economic downturn continues to present acquisition opportunities and our continued cash generation means we have sufficient financial resources to consider these as well as rewarding shareholders for their ongoing support. We are therefore pleased to declare a Special Dividend of 25.00p per share which will be paid on 28 April 2023 to shareholders on the register at 29 March 2023.

PRINCIPAL ACTIVITIES

Writtle is an international marketing services group.

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

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

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

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

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

REVIEW OF BUSINESS

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

	Turnover		Headline operating profit	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Innovation	**19,201**	18,274	**2,146**	2,584
Implementation	**20,234**	19,280	**988**	1,767
Instore	**37,734**	30,379	**2,462**	2,415
	77,169	67,933	**5,596**	6,766

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

Led by Epoch, our **Innovation** businesses again performed well. Turnover grew by 5% but profit was held back by increased investment in staff as we looked to strengthen our position in our areas of expertise, with particular emphasis on digital transformation.

Our **Implementation** business Branded grew turnover by 5% but suffered a disappointing fall in profits as downward pressure on pricing was applied by clients in an increasingly competitive UK market. The business is therefore undergoing a restructuring in the UK to improve profitability. Allied to this are initiatives to reduce our dependency on the UK market and lower our cost base, primarily by increasing our presence in the US and India respectively. Branded already enjoys revenues from the US but has recently opened a new office in Miami from which to expand its US client base. India has long provided outsource partners for Branded but we are now looking to strengthen our formal relationships and therefore counteract the margin pressures faced on some UK-sourced production.

Our **Instore** business group increased both turnover and profit. Fero continued its upward path to record the highest turnover and profit of any Writtle company and Arken recovered strongly in the second half to turn around its first half losses. Faced with well publicised labour shortages, raw material increases and towards the end of the year escalating energy costs, the performances of both companies were all the more impressive.

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

CORPORATE ACTIVITY

We were considering an IPO at this time last year but a combination of a deterioration in stock market conditions for smaller companies and a worsening economic outlook has persuaded us to postpone our plans. There is little point in bearing the cost of having a quoted share price if there is low appetite from institutions to invest in smaller companies and the resulting illiquidity in our shares would create share price volatility and lessen our ability to use shares for acquisitions or fundraising.

Our strong balance sheet, cash balances and track record have not gone unnoticed in our sector, and we are approached by potential vendors of companies on a regular basis. There is however a scarcity of opportunities that fit our criteria of scale and being able to add value through turnaround or investment, but we are actively seeking opportunities.

This healthy cash position has also enabled us to invest in our own businesses. Most of our recent investment has been focussed on Fero with a refurbishment of its premises and several machinery upgrades completed in the year. After extensive trials Fero has recently ordered a high speed single pass digital print machine which will significantly increase their capacity and widen their target markets as the business continues to grow.

Given that there is still no public market for our shares, we will again be offering a share trading opportunity this May and shareholders who wish to participate, either buying or selling, should follow the guidelines in the letter accompanying this report. If there are excess shares available for sale once existing shareholder demand has been satisfied, Writtle may choose to use its Employee Share Ownership Trust (ESOT) to buy shares or offer them to new investors.

CURRENT TRADING

Following a strong finish to 2022 we are expecting a quieter start to the year with the usual seasonal uplift in trading in the second half. We have already secured some impressive projects, particularly in our Innovation businesses, which gives us good visibility for the year ahead.

Robert Essex
Chairman
31 March 2023

OUR COMPANIES

WRITTLE HAS THREE BUSINESS GROUPS, **INNOVATION**, **IMPLEMENTATION** AND **INSTORE**, WHICH BEST DESCRIBES THEIR PRINCIPAL MARKETING FOCUS

OUR **INNOVATION** COMPANIES ARE EPOCH, SEYMOURPOWELL AND THE TEAM

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

EPOCH®

EPOCH IS A BRANDING AND STRATEGIC DESIGN AGENCY SPECIALISING IN BRAND IDENTITY, COMMUNICATIONS AND STRATEGY FOR GLOBAL FMCG BRANDS.

www.epochdesign.co.uk

The rebrand of **Fioravanti** – Equador's most loved and historic soft drink.

2022 was a strong commercial year for Epoch, with a good financial performance across the business despite a backdrop of challenging trading conditions. Our roster of global FMCG clients have entrusted us with delivering some important multi-market initiatives across branding, strategy and communications. The agency has continued to grow in reach and confidence and now operates seamlessly in a variety of international markets, from South America to Asia.

New client wins have ensured the agency stays nimble and focused, with our creative heart beating stronger than ever. With the support of a strong management team and a carefully thought through agency proposition, we remain optimistic, excited and enthusiastic about the opportunities that lie ahead for us in 2023.

seymourpowell

SEYMOURPOWELL IS A GLOBAL STRATEGIC DESIGN AND INNOVATION COMPANY. WE HELP BUSINESSES GROW BY DELIVERING TRANSFORMATIVE BRAND EXPERIENCES THAT PEOPLE LOVE.

www.seymourpowell.com

Nitro Ice Cream Trolly for the **Heston Blumenthal Dinner Restaurant** – Royal Atlantis Hotel, Dubai.

2022 was a successful year for Seymourpowell with a very strong first half performance coming from our core clients. The second half had its challenges but, with some notable wins and new opportunities coming through at the year end, prospects for a strong 2023 are good.

Innovation sits at the heart of Seymourpowell, and our diverse range of global clients and projects demonstrate the strength and depth of our unique bandwidth. Some groundbreaking AR & VR projects lead the way bringing together multi-sensorial experiences.

The continued double-digit growth from our digital user experience and user interface team, combined with a strong performance from our other core offers – foresight; colours, materials and finishes; product experience; and brand design – provided a powerful mix for the year.

Throughout 2022 we created outstanding work for a wide range of clients, including ServiceNow, Bank of Canada, Nestlé, Kingfisher, BT and the Heston Blumenthal Restaurant and Resonance Bar at the Royal Atlantis Hotel, Dubai.

theTeam.

THE TEAM IS A CREATIVE BRAND STRATEGY, EMPLOYEE ENGAGEMENT AND BRAND ACTIVATION BUSINESS THAT CONNECTS CUSTOMERS AND EMPLOYEES WITH SOME OF THE WORLD'S MOST ICONIC BRANDS TO CREATE VALUE, IMPACT AND GROWTH.

www.theteam.co.uk

The **IBM** 'I'm in' campaign was designed to encourage people to become allies for all IBM communities.

The Team celebrated our 40th anniversary in 2022, enjoying a strong year of trading despite many clients being under budgetary pressures.

Our employer brand activity is going from strength to strength, having relaunched the values and behaviours for BP globally, and developed an international Careers Festival for IBM Consulting. We also created the IBM Be Equal campaign, designed to expand, empower and ensure equality for all employees.

It was also our busiest year to-date for our brand activation teams, keeping people safe with memorable campaigns for Gas Safe Register and Network Rail, and inspiring people to travel with campaigns for Southeastern, Go Ahead and Heathrow. Our strong work with NS&I also continues.

Our brand strategy team completed the brand refresh for Dutch premium tomato grower RedStar, launched a new logistics brand in the UK named Egala, and created the future strategy for Imperial College Healthcare NHS Trust.

OUR **IMPLEMENTATION** COMPANY IS BRANDED

BRANDED is a brand creation and implementation agency with operations in the UK, US, Hong Kong and India. Over the course of the past year most of BRANDED's individual agencies have been merged to provide clients with a more streamlined structure with only WMH&I and magLabs retaining separate brands to promote their specific areas of expertise. BRANDED's clients include Amazon, Brompton, John Lewis & Partners, Kingfisher, LG, Marks & Spencer, Morrisons, NBC Universal, Sainsbury's Argos, Tesco and Walmart.

WMH&I
PART OF BRANDED

We supported **Thryve**, the first plant-based food brand rooted in the Middle East.

WMH&I IS BRANDED'S MULTI AWARD-WINNING TIER 1 CREATIVE AGENCY.

www.wmh-i.com

2022 has been a busy year as we implemented senior team changes and had a successful push on new business.

New relationships include Amazon, Essity and Holcim, for whom WMH&I worked on a wide range of pan-European branding projects. November saw the launch of Thryve, the first plant-based food brand rooted in the Middle East, named and created by WMH&I.

We also continued to build strong trusted relationships with existing clients, including several communication projects, notably their ESG initiatives, with Lamb Weston. Hershey returned to us for another product innovation project and Castrol collaborated on even more projects than during the previous year.

With the team set to grow, inspiring new briefs coming in and much of this year's great work entered for forthcoming award competitions, 2023 is set to be an exciting year.

BRANDED

BRIGHT IDEAS, BRILLIANTLY EXECUTED.

BRANDED OFFERS ITS CLIENTS THREE AREAS OF CONNECTED EXPERTISE – BRAND CREATION, BRAND IMPLEMENTATION AND BRAND MANAGEMENT.

www.branded-agency.com

The main strategic initiative in the year was to merge our trading businesses and divisions into a more unified and efficient operation prior to our rebrand and repositioning in early 2023. Margins remained under pressure throughout the year, however our general merchandise (non-food) packaging team enjoyed a solid year with projects from a wide range of clients including Kingfisher, Tesco, Marks & Spencer, John Lewis & Partners, Next and Sainsbury's Argos. Offsetting this, two of our major food retail clients, Waitrose & Partners and Morrisons, were quieter due to restructure and change of ownership, but new business was secured from Aldi which bodes well for the future.

2022 was also our first full year working with Amazon, where in collaboration with magLabs, we made good progress in delivering the client's Own Brand packaging through advanced artwork process and automation via our updated workflow, approvals and reporting platform.

Complementing our core packaging artwork offer, we saw continued growth from both adaptive and compliance/sustainability teams. Noteable adaptive projects in the year included premier ranges for Waitrose & Partners, Southeastern Grocers and Haier. On the sustainability front, we were delighted to help several clients including Tesco where, not only did we save the client money on reworking its pack formats, but through effective design we also saw the full elimination of plastics on certain lines.

Our marketing communications team witnessed solid performances from LG, Brompton, Itsu, Eataly, Asprey, World Duty Free Group, Black Sheep, Concha y Toro and Continental Tyres. New business wins included Red Bull, Grove Hotels, Blank Street and YUGO. Photography and post-production also had another strong year, delivering world-class imagery for a growing list of clients that included Tesco, Just Eat, Marks & Spencer, Costa and new win, Assa Abloy.

Our Asia resources in Hong Kong and India performed well in 2022, with multiple large-scale, complex packaging projects being delivered ahead of schedule for many of our key UK retailer clients. Supporting our growth, we are looking to increase our capacity in the Asia region, India in particular. The US market is the main expansion focus for BRANDED and, underpinned by our ongoing work with Walmart and Southeastern Grocers, we opened a new strategic hub in Miami in February 2023 to complement our existing on-site teams.

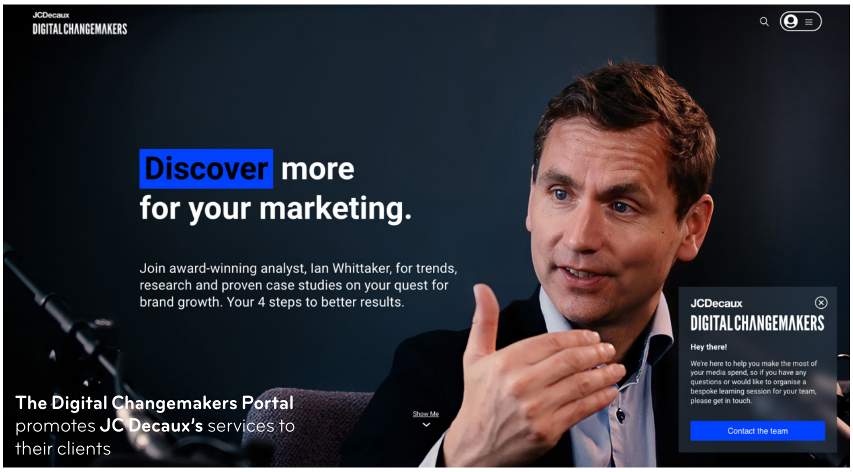
Our environmental, social and governance initiatives all progressed well, our priority being to secure B Corp certification.

Proud to be helping **Amazon** with the rapid roll out of its Own Brand packaging.

magLabs
PART OF BRANDED

MAGLABS PROVIDES BRAND MANAGEMENT THROUGH TECHNOLOGY TO BRANDED'S CLIENTS.

www.maglabs.net



The Digital Changemakers Portal promotes **JC Decaux's** services to their clients.

The business continued to win new clients in 2022 while successfully delivering globally across our longstanding relationships. The development team strived to ensure that our technology and infrastructure remains leading edge, completing several significant upgrades to our hosting and technology platforms.

Our upgraded cloud-based marketing collaboration tool continued to enjoy success with the on-boarding of several global retailers and brand owners.

The year saw the business welcome JC Decaux as a client. The world's largest outdoor advertising corporation engaged with our digital team to successfully deliver a brand education portal for their clients. We are now working with JC Decaux on further expansion of the portal in 2023.

MagLabs also won the contract to support the Great British Bake Off websites. The team will be taking over the management, support and development of three different platforms.

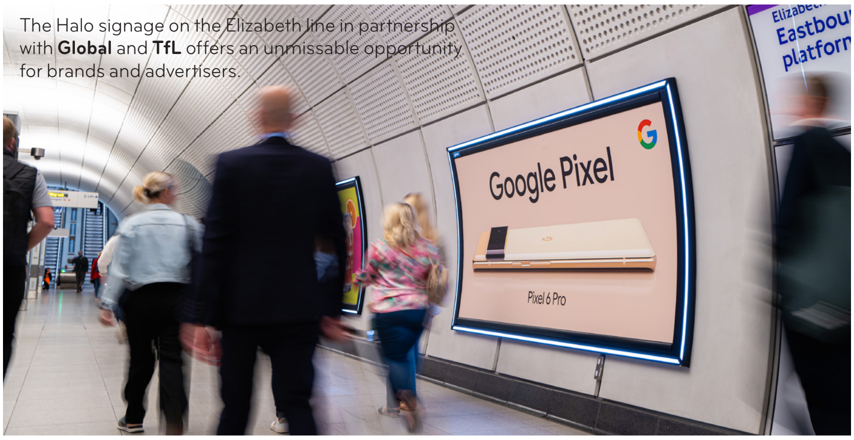
OUR INSTORE COMPANIES ARE ARKEN AND FERO

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

arken
creators of award winning p-o-p

ARKEN IS A CREATIVE-LED DESIGNER AND MANUFACTURER OF IN-STORE RETAIL DISPLAYS, SIGNAGE AND POINT-OF-PURCHASE PRODUCTS.

www.arken-pop.com



The Halo signage on the Elizabeth line in partnership with **Global** and **TfL** offers an unmissable opportunity for brands and advertisers.

Arken has again had an award-winning year, remaining the most recognised company in the retail display sector. We received nine POPAI awards including for our Halo signage on the Elizabeth line, in partnership with outdoor media giant Global and Transport for London (TfL).

Partnering with Global and TfL on this landmark project was a proud moment for everyone. The Halo panels provide a compelling and unmissable opportunity for brands, agencies and advertisers looking for a canvas to truly stand out and reach the estimated 170 million passengers who are expected to use the line each year by 2026.

Manufacturing media panels of this style and size presented many complex challenges requiring a high level of engineering expertise. Close collaboration between our creative design, engineering and development teams, Global, and TfL was essential to meet the strict safety regulations, without compromising the desire for a premium passenger-side media solution.

FERO

FERO IS A POS DESIGN AND PRODUCTION COMPANY THAT PROVIDES CREATIVE, MANUFACTURING AND FULFILMENT SERVICES TO BRANDS WORLDWIDE.

www.teamfero.com

Creating impactful displays for retail.

We have enjoyed another successful year despite the obvious economic and market challenges. Turnover has been strong and our increase in profit reflects our focus on strategic client relationships, as well as our success in driving efficiencies through our operations.

We increased our fulfilment space by 15,000 sq. ft. and implemented automation throughout our manufacturing processes, thereby reducing wastage and increasing capacity. Significant investment was made in our digital print department, and a comprehensive office refurbishment has created a bright, modern and collaborative working environment.

Continuing to build strong client relationships, we gained new contract awards including Boux Avenue, Burt's Snacks, Harry's, JML, Tilda and Urban Eats.

Demonstrating our commitment to holding ourselves to the highest ethical and environmental standards, we became the first business in our industry to achieve B Corp Certification early in 2023, having spent the majority of 2022 working through the process.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

GROUP STRATEGIC REPORT

for the year ended 31 December 2022

INTRODUCTION AND BUSINESS REVIEW

The directors present their group strategic report for Writtle Holdings Limited for the year ended 31 December 2022. See the Chairman's statement on pages 2 to 3.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

Financial – At 31 December 2022, the group had minimal debt in the form of finance leases, and manages its liquidity through cash and working capital. The group imposes credit limits on customers and insures debtor balances where practical to mitigate credit risk. Where possible we will transact in pounds sterling.

GOING CONCERN

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

The directors have prepared monthly cash flow forecasts through until 31 March 2024. With net cash at 31 December 2022 of £11.96m no significant additional risks to the going concern position of the group were identified under any reasonable downturn scenarios.

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

SECTION 172 STATEMENT

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

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

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

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

FINANCIAL KEY PERFORMANCE INDICATORS

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

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

Graeme Harris
Director
31 March 2023

DIRECTORS' REPORT

for the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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 £1,323,000 (2021: £3,304,000).

The directors recommended a final dividend for 2022 of 14.00p per share (2021: 13.25p per share), making a total of 21.00p per share for the year (2021: 20.00p per share). Subject to shareholders' approval, this will be paid on 26 May 2023 to shareholders on the register on 29 March 2023. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2022.

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 25.00p per share (2021: 50.00p per share) will be paid on 28 April 2023 to shareholders on the register on 29 March 2023, 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

R G Saysell was appointed after the year end on 1 January 2023.

POLITICAL CONTRIBUTIONS

The company made no political contributions during the financial year (2021: £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)

No group companies meet the size criteria, and therefore are all outside of the scope of the reporting requirements.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the group or company since the year-end.

AUDITOR

The auditor, Moore Kingston Smith 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, 31 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WRITTLE HOLDINGS LIMITED

OPINION

We have audited the financial statements of Writtle Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

Our approach was as follows:

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

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

USE OF OUR REPORT

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

Esther Carder
(Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor

31 March 2023

Charlotte Building
17 Gresse Street
London
W1T 1QL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	77,169	67,933
Cost of sales		(35,334)	(28,519)
Gross profit		41,835	39,414
Administrative expenses		(39,556)	(35,021)
Other operating income	5	–	800
Operating profit	5	2,279	5,193
Operating profit before the items listed below		4,356	5,436
Exceptional items	7	(1,373)	465
Goodwill amortisation	14	(704)	(708)
Operating profit	5	2,279	5,193
Net interest receivable/(payable)	11	34	(2)
Profit before taxation		2,313	5,191
Tax on profit	12	(349)	(758)
Profit after taxation		1,964	4,433
Non-controlling interests		(641)	(1,129)
Profit for the financial year		1,323	3,304

There were no recognised gains and losses for 2022 or 2021 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 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	14		6,262		7,809
Tangible assets	15		4,667		4,547
			10,929		12,356
Current assets					
Stocks	17	1,886		1,806	
Debtors	18	19,617		18,096	
Cash and cash equivalents		12,203		15,413	
		33,706		35,315	
Creditors: Amounts falling due within one year	19	(16,490)		(16,136)	
Net current assets			17,216		19,179
Total assets less current liabilities			28,145		31,535
Creditors: Amounts falling due after more than one year	20		(125)		(76)
Provisions for liabilities					
Deferred tax	23		(97)		(298)
Other provisions	24		(781)		(771)
Net assets			27,142		30,390
Capital and reserves					
Share capital	25		7,873		7,587
Share premium account	27		9,024		7,722
Other reserves	27		(1,496)		(1,436)
Retained earnings	27		8,085		13,075
Equity attributable to owners of the parent company			23,486		26,948
Non-controlling interests			3,656		3,442
			27,142		30,390

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

Date: 31 March 2023

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

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	14		1,404		1,561
Tangible assets	15		1		1
Investments	16		15,935		9,351
			17,340		10,913
Current assets					
Debtors	18	7,928		7,222	
Cash and cash equivalents		3,997		6,257	
		11,925		13,479	
Creditors: Amounts falling due within one year	19	(8,530)		(3,829)	
Net current assets			3,395		9,650
Net assets			20,735		20,563
Capital and reserves					
Share capital	25		7,873		7,587
Share premium account	27		9,024		7,722
Other reserves	27		(1,273)		(1,213)
Retained earnings	27		5,111		6,467
			20,735		20,563

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £3,750,000 (2021: £3,223,000).

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

Date: 31 March 2023

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 2022

	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 2022	7,587	7,722	(1,436)	13,075	26,948	3,442	30,390
Comprehensive income for the year							
Profit for the year	–	–	–	1,323	1,323	641	1,964
Other comprehensive income	–	–	–	53	53	–	53
Total comprehensive income for the year	–	–	–	1,376	1,376	641	2,017
Contributions by and distributions to owners							
Dividends	–	–	–	(5,106)	(5,106)	(443)	(5,549)
Shares issued during the year	286	1,302	–	–	1,588	–	1,588
Other movements	–	–	(60)	(1,260)	(1,320)	16	(1,304)
Total contributions by and distributions to owners	286	1,302	(60)	(6,366)	(4,838)	(427)	(5,265)
At 31 December 2022	7,873	9.024	(1,496)	8,085	23,486	3,656	27,142

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent Company £000	Non-controlling interests £000	Total equity £000
At 1 January 2021	7,448	7,326	(1,283)	15,545	29,036	2,995	32,031
Comprehensive income for the year							
Profit for the year	–	–	–	3,304	3,304	1,129	4,433
Total comprehensive income for the year	–	–	–	3,304	3,304	1,129	4,433
Contributions by and distributions to owners							
Dividends	–	–	–	(5,648)	(5,648)	(621)	(6,269)
Shares issued during the year	139	396	–	–	535	–	535
Other movements	–	–	(153)	(126)	(279)	(61)	(340)
Total contributions by and distributions to owners	139	396	(153)	(5,774)	(5,392)	(682)	(6,074)
At 31 December 2021	7,587	7,722	(1,436)	13,075	26,948	3,442	30,390

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 2022

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2022	7,587	7,722	(1,213)	6,467	20,563
Comprehensive income for the year					
Profit for the year	–	–	–	3,750	3,750
Total comprehensive income for the year	–	–	–	3,750	3,750
Contributions by and distributions to owners					
Dividends	–	–	–	(5,106)	(5,106)
Shares issued during the year	286	1,302	–	–	1,588
Other movements	–	–	(60)	–	(60)
Total contributions by and distributions to owners	286	1,302	(60)	(5,106)	(3,578)
At 31 December 2022	7,873	9,024	(1,273)	5,111	20,735

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the financial year	1,964	4,433
Adjustments for:		
Amortisation of goodwill	704	708
Amortisation and impairment of software development	1,848	516
Depreciation of tangible fixed assets	1,323	1,307
Profit on disposal of tangible fixed assets	(167)	(662)
Increase in stocks	(73)	(112)
Net interest (received)/paid	(34)	2
Corporation tax charge	349	758
(Increase)/decrease in debtors	(1,548)	933
Increase/(decrease) in creditors	762	(629)
Corporation tax paid	(790)	(1,044)
Receipt of government grants	–	(800)
Net cash generated from operating activities	4,338	5,410
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,724)	(638)
Investment in software development	(1,005)	(952)
Sale of tangible fixed assets	451	1,552
Sale of subsidiaries	–	527
Cash disposed of with subsidiaries	–	(494)
Repurchase of own shares by subsidiaries	(36)	(37)
Increase in investment in subsidiaries	–	(74)
Net cash used in investing activities	(2,314)	(116)
Cash flows from financing activities		
Issue of ordinary shares	354	535
Waiver of bank loans	–	(15)
New finance lease	126	–
Repayment of finance leases	(160)	(195)
Equity dividends paid	(5,106)	(5,648)
Net interest paid	34	(2)
Dividends paid to non-controlling interests	(443)	(621)
Purchase of own shares by ESOT	(60)	(153)
Receipt of government grants	–	800
Net cash used in financing activities	(5,255)	(5,299)
Net (decrease)/increase in cash and cash equivalents	(3,231)	(5)
Effect of exchange rate fluctuations on cash held	21	–
Cash and cash equivalents at beginning of year	15,413	15,418
Cash and cash equivalents at end of year	12,203	15,413
Cash and cash equivalents	12,203	15,413

	31 Dec 2022 £000	31 Dec 2021 £000
Analysis of net cash		
Cash and cash equivalents	12,203	15,413
Debt:		
Finance leases	(246)	(280)
Net cash	11,957	15,133

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

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention 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.

The directors' have prepared monthly cash flow forecasts through until 31 March 2024. With net cash at 31 December 2022 of £11.96m 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 oreseeable 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.

2.9 LEASED ASSETS: LESSEE CONTINUED

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

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

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

2.10 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

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

2.11 STOCKS AND WORK IN PROGRESS

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

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

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

2.12 CASH AND CASH EQUIVALENTS

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

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

2.13 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

2.14 EMPLOYEE SHARE OWNERSHIP TRUST (ESOT)

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

2.15 FOREIGN CURRENCY TRANSLATION

Functional and presentational currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income.

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

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

2.16 FINANCE COSTS

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

2.17 DIVIDENDS

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

2.18 PENSIONS

Defined contribution pension plan

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

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

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the year end, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end.

2.20 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

When payments are eventually made, they are charged to the provision carried in the year.

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 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:

	2022 £000	2021 £000
United Kingdom	65,687	57,015
Rest of the world	11,482	10,918
	77,169	67,933

£37,734,000 (2021: £30,567,000) of turnover during the year related to the provision of goods and £39,435,000 (2021: £37,366,000) of turnover during the year related to the provision of services.

5. OPERATING PROFIT

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

	Note	2022 £000	2021 £000
Depreciation of tangible fixed assets	15	1,323	1,307
Amortisation of goodwill	14	704	708
Amortisation and impairment of software development	14	1,848	516
Exchange differences		(289)	87
Operating lease rentals		2,120	1,959
Profit on sale of tangible fixed assets		(167)	(662)
Government grants – CJRS		–	(800)

6. BUSINESS GROUP ANALYSIS

	Innovation £000	Implementation £000	Instore £000	Group £000
For the year ended 31 December 2022				
Turnover	19,201	20,234	37,734	77,169
Headline operating profit	2,146	988	2,462	5,596
Central costs				(1,240)
Headline operating profit				4,356
Net interest payable				34
Headline profit before tax				4,390

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

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

7. EXCEPTIONAL ITEMS

	2022 £000	2021 £000
Profit on disposal of freehold land and buildings	(167)	(662)
Restructuring costs	379	197
Cost of aborted acquisition	97	–
Impairment of software development	1,064	–
	1,373	(465)

Restructuring costs relate to headcount reduction.

8. AUDITOR'S REMUNERATION

	2022 £000	2021 £000
Fees payable to the group's auditor for the audit of the company's annual accounts	24	20
Fees payable to the group's auditor in respect of:		
– the audit of the company's subsidiaries' annual accounts	168	165
– taxation compliance services	54	44
	222	209

9. EMPLOYEES

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	30,572	28,393	1,007	1,163
Social security costs	3,488	3,018	129	146
Defined contribution pension scheme	982	930	30	28
	35,042	32,341	1,166	1,337

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

	2022 No.	2021 No.
Innovation	195	173
Implementation	257	250
Instore	250	235
Central	9	9
	711	667

The average number of company employees, including the directors, during the year was nine (2021: nine), including four directors (2021: four).

10. DIRECTORS' REMUNERATION

During the year retirement benefits were accruing to six directors (2021: six) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £322,000 (2021: £397,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,000 (2021: £13,000).

The highest paid director had options over 22,000 (2021: 17,000) shares.

During the year five (2021: six) directors exercised share options over 30,710 (2021: 59,616) shares with an exercise price between £2.81 and £5.00 (2021: £2.00 and £4.55) per share.

11. NET INTEREST (RECEIVABLE)/PAYABLE

	2022 £000	2021 £000
Bank interest receivable	(46)	(14)
Finance leases and hire purchase contracts	12	16
	(34)	2

12. TAXATION

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	476	803
Adjustments in respect of prior periods	(38)	3
Double taxation relief	(25)	–
Foreign taxation	51	8
Total current tax	464	814
Deferred tax		
Origination and reversal of timing differences	(74)	(37)
Adjustments in respect of prior periods	(18)	–
Effects of changes in tax rates	(23)	(19)
Total deferred tax	(115)	(56)
Taxation on profit on ordinary activities	349	758

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	2,313	5,191
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	437	996
Effects of:		
Expenses not deductible for tax purposes	133	107
Fixed asset differences	(93)	(18)
Capital gains	12	89
Foreign tax credits	5	–
Adjustments in respect of prior periods	(40)	(18)
Adjustments in respect of prior periods (deferred tax)	(16)	–
Non-taxable income	(21)	(92)
Remeasurement of deferred tax for changes in tax rates	(23)	(90)
Movement in deferred tax not recognised	(8)	(173)
Other differences leading to a decrease in the tax charge	(37)	(43)
Total tax charge for the year	349	758

Factors that may affect future tax charges

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

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

13. DIVIDENDS

	2022 £000	2021 £000
Final dividend for the prior year of 13.25p per share (2021: 12.00p per share)	961	860
Interim dividend of 7.00p per share (2021: 6.75p per share)	517	487
Special dividend of 50.00p per share (2021: 60.00p per share)	3,628	4,301
	5,106	5,648
Final dividend proposed for the year of 14.00p per share (2021: 13.25p per share)	1,052	961
Special dividend proposed of 25.00p per share (2021: 50.00p per share)	1,879	3,627
	2,931	4,588

The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2022.

14. INTANGIBLE ASSETS

	Goodwill £000	Software Development £000	Total £000
Group			
Cost			
At 1 January 2022	12,751	2,525	15,276
Additions	–	1,005	1,005
At 31 December 2022	12,751	3,530	16,281
Amortisation			
At 1 January 2022	6,204	1,263	7,467
Charge for the year	704	784	1,488
Impairment	–	1,064	1,064
At 31 December 2022	6,908	3,111	10,019
Net book value			
At 31 December 2022	5,843	419	6,262
At 31 December 2021	6,547	1,262	7,809

At the year end, certain internally generated software was assessed by the directors to have a carrying value in excess of the recoverable amount, and an impairment charge of £1,064,000 has been charged to the statement of comprehensive income accordingly.

	Goodwill £000
Company	
Cost	
At 1 January 2022	1,567
At 31 December 2022	1,567
Amortisation	
At 1 January 2022	6
Charge for the year	157
At 31 December 2022	163
Net book value	
At 31 December 2022	1,404
At 31 December 2021	1,561

15. TANGIBLE FIXED ASSETS

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Under construction £000	Total £000
Group					
Cost or valuation					
At 1 January 2022	3,102	7,722	3,658	–	14,482
Additions	373	488	351	512	1,724
Disposals	(345)	(23)	(300)	–	(668)
Exchange adjustments	–	17	3	–	20
At 31 December 2022	3,130	8,204	3,712	512	15,558
Depreciation					
At 1 January 2022	1,412	5,339	3,184	–	9,935
Charge for the year	315	711	297	–	1,323
Disposals	(63)	(23)	(300)	–	(386)
Exchange adjustments	–	16	3	–	19
At 31 December 2022	1,664	6,043	3,184	–	10,891
Net book value					
At 31 December 2022	1,466	2,161	528	512	4,667
At 31 December 2021	1,690	2,383	474	–	4,547

Included within plant and machinery are assets held under finance lease with a net book value at the year end of £404,000 (2021: £440,000).

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

	2022 £000	2021 £000
Freehold land and buildings	–	285
Leasehold improvements	1,466	1,405
	1,466	1,690

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2022	20
Additions	1
At 31 December 2022	21
Depreciation	
At 1 January 2022	19
Charge for the year	1
At 31 December 2022	20
Net book value	
At 31 December 2022	1
At 31 December 2021	1

16. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2022	13,114
Additions	7,084
At 31 December 2022	20,198
Impairment	
At 1 January 2022	3,763
Charge for the year	500
At 31 December 2022	4,263
Net book value	
At 31 December 2022	15,935
At 31 December 2021	9,351

17. STOCKS

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Raw materials	1,133	1,232	–	–
Work in progress	731	563	–	–
Finished goods and goods for resale	22	11	–	–
	1,886	1,806	–	–

18. DEBTORS

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	15,513	14,654	–	–
Amounts owed by group undertakings	–	–	7,337	6,665
Other debtors	621	650	288	365
Prepayments and accrued income	2,222	2,195	153	137
Deferred taxation	341	427	48	–
Corporation tax recoverable	920	170	102	55
	19,617	18,096	7,928	7,222

Included within trade debtors is a provision for bad debts of £1,000 (2021: £15,000).

See note 23 for further details on deferred tax.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Net obligations under finance leases	121	204	–	–
Trade creditors	6,385	5,972	25	32
Amounts owed to group undertakings	–	–	8,103	3,244
Corporation tax	9	313	–	–
Other taxation and social security	3,241	2,914	63	48
Other creditors	762	544	65	56
Accruals and deferred income	5,972	6,189	274	449
	16,490	16,136	8,530	3,829

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Net obligations under finance leases	125	76	–	–
	125	76	–	–

21. COMMITMENTS UNDER FINANCE LEASES

At 31 December 2022, the group had minimum lease payments under finance leases as follows:

	Group 2022 £000	Group 2021 £000
Within one year	121	204
Between two and five years	125	76
After more than five years	–	–
Total	246	280

22. FINANCIAL INSTRUMENTS

	Group 2022 £000	Group 2021 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	30,166	31,196
	30,166	31,196
Financial liabilities		
Financial liabilities measured at amortised cost	13,120	12,752

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

	2022 £000	2021 £000
Group		
At beginning of year	129	104
Charged to the Consolidated statement of comprehensive income	115	56
Disposal of subsidiary	–	(31)
At end of year	244	129

The deferred tax balance is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	146	70
Short-term timing differences	98	59
	244	129
Comprising:		
Asset – due within one year (note 18)	341	427
Liability	(97)	(298)
	244	129

24. PROVISIONS

	Provision for dilapidations £000
At 1 January 2022	771
Additional provision made during the year	10
At 31 December 2022	781

25. SHARE CAPITAL

	2022 £000	2021 £000
Allotted, called up and fully paid		
7,873,044 (2021: 7,587,251) Ordinary shares of £1 each	7,837	7,587

During the year 285,793 Ordinary shares of £1 each were allotted, called up and fully paid in cash for between £2.81 to £6.25 per share. These share issues resulted in an increase to share capital of £285,793 and an increase to the share premium reserve of £1,302,618.

The company first introduced a share option plan (CSOP) in 2010 and a new scheme was adopted in 2021 on similar terms. Grant dates and exercise prices are listed in the table below. All options are for Ordinary shares and may be exercised after three years from date of grant, at a specified exit event or earlier at the discretion of the board. Options lapse on the tenth anniversary of the date of grant, on the option holder ceasing to be a director or employee, or at another specified event. Options are valued using the binomial option-pricing model. At 31 December 2022, the company had options outstanding for subscription of 693,013 (2021: 661,424) Ordinary shares.

Details of outstanding options are as follows:

	Exercise price	Options outstanding at 31 Dec 2021	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 Dec 2022
Grant Date						
October 2012	£2.81	19,324	–	19,324	–	–
December 2013	£4.00	32,500	–	10,000	–	22,500
January 2015	£4.00	5,000	–	2,500	–	2,500
November 2015	£4.00	47,500	–	10,000	–	37,500
November 2016	£4.00	55,000	–	5,000	–	50,000
December 2017	£4.25	79,392	–	18,465	–	60,927
November 2018	£4.50	61,500	–	10,444	–	51,056
November 2019	£5.00	114,000	–	8,000	2,000	104,000
October 2020	£5.00	122,000	–	2,000	2,000	118,000
December 2021	£5.75	125,208	–	3,478	–	121,730
October 2022	£6.25	–	124,800	–	–	124,800
		661,424	124,800	89,211	4,000	693,013

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 2022 the ESOT owned 361,904 (2021: 352,313) 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 £1,586,253 (2021: £1,526,010).

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.

Retained earnings

The retained earnings comprises all other net gains and losses and transactions with owners not recognised elsewhere.

28. 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.

29. PENSION COMMITMENTS

The group operates defined contributions pension schemes and contributes to certain employees' SIPPs. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £982,000 (2021: £1,094,000). Contributions totalling £170,000 (2021: £163,000) were payable to the funds at the year end and are included in creditors.

30. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £000	Group 2021 £000
Within one year	1,965	1,932
Between two and five years	5,121	4,298
After more than five years	4,214	3,245
Total	11,300	9,475

31. 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 G R Harris, A Lucas and A Wright are owners or part owners of property rented to companies in the group on an arm's length basis. Rent of £158,000 (2021: £141,000) was paid by the group in relation to these properties.

The total remuneration paid to key management personnel during the year was £1,426,000 (2021: £1,622,000).

The directors received dividends in aggregate on the same terms as other shareholders of £1,265,000 (2021: £1,200,000).

Included within other debtors at the year end was £232,000 (2021: £268,000) owed by employees and directors of subsidiary companies in relation to loans for the purchase of shares in those companies.

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

	2022 £000	2021 £000
Branded Limited	(5,665)	46
Epoch Design Limited	67	89
FERO Retail Marketing Limited	12	(178)
Maglabs Limited	5	11
Magnet Harlequin Limited	26	27
Seymour-Powell Limited	38	20
Technik Limited	9	10
The Team Brand Communication Consultants Limited	28	12
Williams Murray Hamm Limited	582	644

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

	2022 £000	2021 £000
Branded Inc	(4)	(4)
Branded Limited	(164)	(36)
Branded Limited	23	–
Epoch Design Limited	(551)	(363)
FERO Retail Marketing Limited	(187)	(215)
FERO Retail Marketing Limited	11	–
Maglabs Limited	(106)	(110)
Maglabs Limited	22	–
Magnet Harlequin Limited	(254)	(227)
Seymour-Powell Limited	(505)	(334)
Seymour-Powell Limited	2	–
Technik Limited	(99)	(99)
Technik Limited	5	4
The Team Brand Communication Consultants Limited	(444)	(293)
The Team Brand Communication Consultants Limited	77	86
Williams Murray Hamm Limited	(205)	(161)
Williams Murray Hamm Limited	20	–

32. 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.

33. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Holding	Principal activity
Arken POP International Limited (W)	United Kingdom	100.00%	Manufacturing of point-of-sale and graphic display stands
Arken POP International B.V. (F)	The Netherlands	100.00%	Non-trading
Branded Inc (C)	USA	100.00%	Design, creative services and digital pre-press
Branded Limited (W)	United Kingdom	97.09%	Holding company
Epoch Design Limited (B)	United Kingdom	86.16%	Point-of-sale experts and brand designers
FERO Holdings Limited (W)	United Kingdom	66.59%	Holding company
FERO Retail Marketing Limited (E)	United Kingdom	100.00%	Design, project management and production of tactical POP campaigns, and large-format print
Loewy Group Limited (W)	United Kingdom	100.00%	Holding company
Maglabs Limited (C)	United Kingdom	100.00%	Consultancy, technology and managed services throughout the marketing process
Magnet Harlequin Asia Limited (A)	Hong Kong	100.00%	Creative services and digital pre-press
Magnet Harlequin Limited (C)	United Kingdom	100.00%	Creative services and digital pre-press
Seymour-Powell Limited (B)	United Kingdom	89.38%	Design and innovation consultancy
Technik Limited (A)	United Kingdom	100.00%	Creative and packaging management services
The Team Brand Communication Consultants Limited (B)	United Kingdom	75.50%	Through-the-line communications consultancy
Williams Murray Hamm Limited (C)	United Kingdom	100.00%	Design and new product development consultants
Williams Murray Hamm Inc (D)	USA	100.00%	Design and new product development consultants
Writtle Limited (W)	United Kingdom	100.00%	Non-trading
Writtle Property Limited (W)	United Kingdom	100.00%	Property investment

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

The above percentage is the shareholding being held through:

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

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

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

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

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

The registered office of Williams Murray Hamm Inc is 2711 Centreville Road, Suite 400, Wilmington, DE 19808.

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

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

The following subsidiaries are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Writtle Holdings Limited has guaranteed the subsidiary companies under Section 479C of the Act: Branded Limited, FERO Holdings Limited, Loewy Group Limited, Maglabs Limited, Magnet Harlequin Limited, Seymour-Powell Limited, Technik Limited, The Team Brand Communication Consultants Limited, Williams Murray Hamm Limited, Writtle Limited, and Writtle Property Limited.

Directors

R T T Essex

M J Gilmore

G R Harris

A W Lucas

D H Powell

R G Saysell

T E Scutt

A Sutcliffe

A Wright

Company secretary

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