WRITTLE HOLDINGS LIMITED

ANNUAL REPORT 2023

WRITTLE

WRITTLE HOLDINGS LIMITED | ANNUAL REPORT 2023

WRITTLE IS AN INTERNATIONAL MARKETING SERVICES GROUP

CONTENTS

KEY FINANCIAL INFORMATION

TURNOVER

£73.46m

(2022: £77.17m)

HEADLINE PROFIT BEFORE TAX*

£3.50m

(2022: £4.39m)

REPORTED PROFIT BEFORE TAX

£1.70m

(2022: £2.24m)

NET CASH

£6.60m

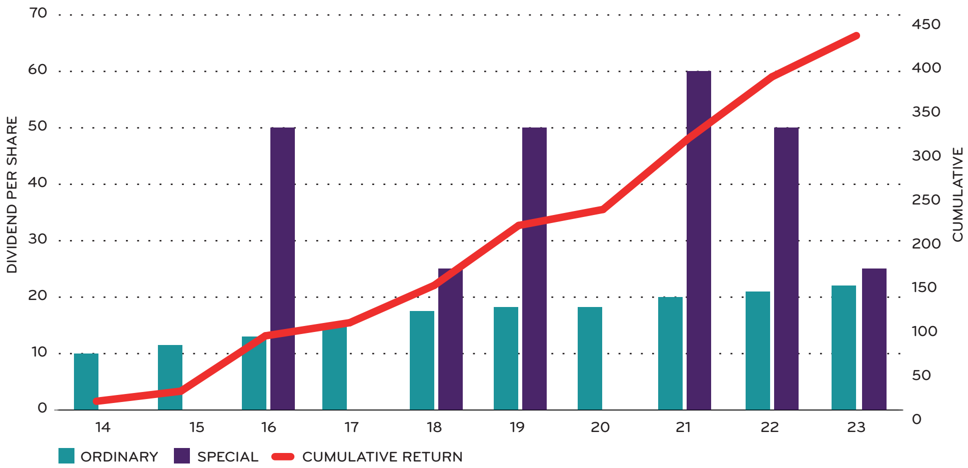
(2022: £11.96m)

ORDINARY DIVIDEND PER SHARE

22.00p

(2022: 21.00p)

10-YEAR DIVIDEND PER SHARE (PENCE)



*Headline measures are defined as being before sale of investments, exceptional items, share-based payment charges and amortisation.

CHAIRMAN'S STATEMENT

I am pleased to report on Writtle's results for 2023.

We saw more difficult trading conditions in the year with economic confidence shaken by inflation and further interest rate rises and Writtle was not immune to the fallout.

Our traditionally stronger second half performance duly materialised but did not fully offset the economic headwinds, most markedly in our Instore business group, and we were not able to match our prior year result. Nonetheless, all but one of our businesses were profitable and we finished the year in a strong financial position and well set to benefit from any economic upturn.

RESULTS AND ORDINARY DIVIDENDS

Turnover was £73.46m (2022: £77.17m) and headline profit before tax was £3.50m (2022: £4.39m).

Exceptional costs of £0.99m related to restructuring costs (£0.43m) as we realigned our cost base across all three business groups in light of the economic downturn, start-up costs (£0.36m) as we set up operations in the US and a final non-cash write down (£0.2m) of capitalised software development following an impairment review. After these exceptional items, share-based payment charges and goodwill amortisation statutory profit before tax was £1.70m (2022: £2.24m).

Net cash at the year-end was £6.60m (2022: £11.96m), the main cash outflows in the year being equity dividend payments of £3.47m, fixed asset purchases of £3.45m and share repurchases of £2.06m.

The directors are recommending a final dividend of 15.00p (2022: 14.00p) per share making total ordinary dividends for the year of 22.00p (2022: 21.00p) per share.

Subject to shareholders' approval, the final dividend will be paid on 31 May 2024 to shareholders on the register at 27 March 2024.

Given the economic climate and potential acquisition opportunities that may arise from it, directors did not consider a special dividend this year.

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 is shown in the following table:

	Turnover		Headline operating profit	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Innovation	**19,387**	19,201	**1,924**	2,146
Implementation	**22,067**	20,234	**1,546**	988
Instore	**32,002**	37,734	**1,018**	2,462
	73,456	77,169	**4,488**	5,596

Headline measures are defined as being before sale of investments, exceptional items, share-based payment charges and amortisation. The above table also excludes central costs.

Our **Innovation** businesses were our best performing business group, with Epoch delivering another outstanding performance as it completed a number of high-profile projects for global FMCG clients. Although overall turnover across the business group was up 1%, profit declined by 10% as inflationary cost pressures reduced margins and both The Team and Seymourpowell incurred restructuring costs addressing this issue.

Our **Implementation** business BRANDED continued its recovery over prior year and grew turnover by 9% and profits by 56% as the benefits from previous restructuring flowed through. BRANDED's creative agency WMH&I led the improvement in performance as its award-winning reputation attracted further UK and international work. BRANDED made a major investment in March by opening a US office in Miami. One year on, the signs are promising with business wins including two Fortune 500 retailers secured so far.

Our **Instore** businesses faced several challenges with turnover falling 15% and profits reduced by 59%. Arken recorded a loss over the first half year caused by substantially reduced activity by high street cosmetics retailers. However, activity recovered well in the second half year to return an acceptable profit for the full year and the current year has started strongly. Fero suffered the loss of a major client in the third quarter which adversely impacted the anticipated end of year uplift in trading. Aggressive pricing continues to feature in Fero's sector which is restricting profitability in the short term. Fortunately, Fero is well invested including its recent purchase of a high-speed single pass digital print machine and it has the benefit of a strong balance sheet.

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. Writtle now has four operating companies that have achieved B Corp Certification and others are expected to follow.

CORPORATE ACTIVITY

The current economic climate is presenting acquisition opportunities, but we are highly selective in deciding which ones to pursue. Such opportunities must meet our twin criteria of significant scale (over £10m of turnover) and our being able to add value through turnaround or investment. We are actively reviewing companies identified for acquisition although there is no guarantee that we will complete a transaction. We are keen to replicate our past successes in this area having not completed a significant corporate transaction since 2019. Past acquisitions, divestments and organic growth have rewarded shareholders well through increasing ordinary and special dividends and we are looking to resume this path.

In September one of our two Private Equity shareholders, Abry Partners, notified Writtle that they wished to sell their 11% shareholding. Writtle conducted a successful share placing amongst its shareholders and share option holders and in addition Writtle purchased and cancelled all remaining Abry Partners shares. After this share cancellation, the ownership proportion attributed to each ordinary share increased by 7%.

We will again be offering a share trading opportunity in May and shareholders who wish to participate, either buying or selling, should follow the guidelines in the letter accompanying this report. If there are excess shares available for sale once existing shareholder demand has been satisfied, Writtle may choose to use its Employee Share Ownership Trust (ESOT) to buy shares or offer them to new investors.

CURRENT TRADING

The recent fall in inflation and steadying interest rates have not yet restored demand to previous levels so actions taken by our business groups to align their overheads to lower turnover have been necessary. In the current year two of our businesses are behind our internal targets, but others are trading strongly and ahead of internal targets so I hope to report a satisfactory result at the half year.

Robert Essex
Chairman
28 March 2024

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

When two icons collide. Diet Coke meets Kate Moss.

Who better than Kate Moss to help Diet Coke celebrate unapologetic me-time moments? Epoch were briefed to bring the iconic duo to life on pack; inviting consumers to love what they love and take a Diet Coke break.

We drew inspiration from a selection of classic Diet Coke TV ads, reinterpreting them through a fashion lens and transforming them into unique 'runway-ready' artworks.

Our range of designs were rolled out over the full portfolio of primary and secondary formats before spanning wider touchpoints in the campaign, including shopper, social media, exclusive PR gifts, digital platforms and promotional mechanics.

The campaign reached 96% of Diet Coke loyalists 18 times, drove impressive volume, frequency and revenue lifts and accumulated 58 pieces of press coverage amassing over 5.1bn circulations.

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

Creating the world's first augmented city, transforming the way people can experience a city, utilising geospatial technology – AR smartphone app for Stirling, Scotland.

It was a year of mixed fortunes for Seymourpowell, with a strong first half driven by new client growth led by the successful tender to redesign Amtrak's long-distance rolling stock in the US. The second half of the year presented some challenges, with a drop in revenue from anchor clients and a squeeze on budgets in difficult economic headwinds.

Strong growth in transport design, and digital products and experiences, often in combination, was a notable positive. In addition to our US success, India proved to be a fruitful growth market for our product and industrial design offer.

Some challenges remain as we head into 2024, but with significant prospects in the mix and the business celebrating its 40th anniversary, momentum will build through the year.

Outstanding work was created in 2023 for a wide range of clients including: Amtrak, ServiceNow, Bank of Canada, Triumph Motorcycles, Vodafone, Nestlé, Samsung, Pernod Ricard, Renault and Weleda.

theTeam.

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

www.theteam.co.uk

Securing a prime spot on the ICAEW's preferred supplier roster and winning a Gold award for its annual report highlighted our corporate communications prowess.

The Team navigated a mixed trading landscape in 2023, beginning with strength but experiencing a softer performance later as clients reduced or withdrew budgets in the face of an uncertain economic climate. The business cut its cloth accordingly and remained profitable and well set for the future.

Noteworthy achievements comprised envisioning the future for Frontier Agriculture and orchestrating a vibrant 70th celebration for RedStar in the Netherlands. Our steadfast brand activation campaigns included Gas Safe Register as well as standout initiatives and podcasts for Southeastern Trains.

Securing a coveted spot on the ICAEW's preferred supplier roster and winning a Gold award for its annual report highlighted our corporate communications prowess. Behavioural science projects for The Field Studies Council and Vodafone also added effectiveness to our campaigns.

Pro bono work for Ellies Angels demonstrated our commitment to positive impact and ESG. Our Employee Engagement offer remains resilient, and we continued creating engaging experiences for BP, Colt, NatWest and SBM Offshore, contributing to our diverse and impactful year.

OUR **IMPLEMENTATION** COMPANY IS BRANDED

BRANDED is a Brand Creation and Implementation agency with operations in the UK, US, Hong Kong and India. BRANDED's flexible service proposition delivers bright ideas that are brilliantly executed through three areas of specialism – Brand Creation, Brand Implementation and Brand Management.

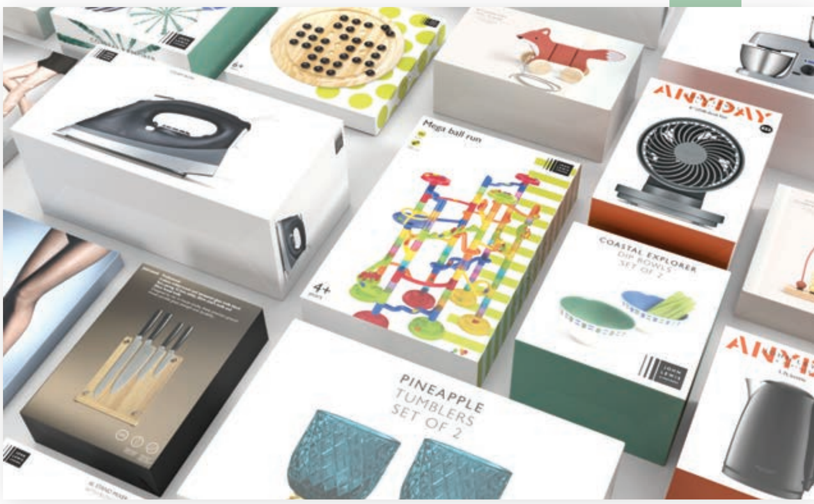
An agency boasting over 350 awards to date with a diverse client portfolio that includes: Marks & Spencer, Red Bull, John Lewis & Partners, Brompton, Tesco, LG, Castrol, ALDI, NBC Universal and Walmart to name a few.

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



BRANDED's automation journey continues to gather pace, benefiting John Lewis & Partners by accelerating time-to-market, reducing costs associated with manual design iterations and corrections whilst maintaining accuracy.

2023 was a standout year for BRANDED on a number of fronts. Firstly, a rebrand delivered by our creative team WMH&I brought a fresh new identity and simplified message to market. 'Bright Ideas, Brilliantly Executed' encompasses our award-winning strategic and creative talent, backed by our industry leading brand management and implementation specialists.

The year also saw expansion into new territories following the opening of our first US studio based in Miami, Florida. This provides a strategic gateway for expanding operations, fostering growth and embracing the new opportunities the American market has to offer.

Closer to home there has been plenty to celebrate, with multiple key contract extension wins across our brand and retail clients. One of these is John Lewis & Partners, with our relationship spanning more than 20 years of continual and consistent delivery in Brand Implementation services, including adaptive design, packaging artwork automation, photography, brand compliance and tech provision.

maglabs
PART OF BRANDED

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

www.maglabs.net

Maglabs' robust business critical technology underpins NBC Universal's ability to release award winning titles such as Oppenheimer effectively and efficiently to theatres globally.

Continuing our tradition of great client relationships in the entertainment sector, 2023 saw Maglabs successfully pitch to redevelop the Portal for Universal Marketing Assets (PUMA) application for NBC Universal. Launched in 2007, PUMA is integral to NBC Universal's global end-to-end theatrical marketing process.

PUMA is hugely popular with its users. It hosts, distributes and manages all marketing assets needed to launch a theatrical title using intuitive digital asset management, localisation, watermarking and workflow tools. The PUMA technology, alongside Maglabs' 24/7, 365 days-a-year in-house support team, was intrinsic to the successful launch of global titles such as Oppenheimer last summer.

This redevelopment project has enabled Maglabs to migrate the solution to a scalable, robust cloud infrastructure, future-proofing PUMA for years to come. 2024 will see us complete a full user experience and interface overhaul that will enhance and drive efficiency through every user journey.

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

www.wmh-i.com

Seeing is feeling. The invisible suffering of Ehlers-Danlos Syndrome patients made visible.

WMH&I created the 'Super Flexible Not Superhuman' campaign to highlight the symptoms of Ehlers-Danlos Syndromes (EDS) and help sufferers get diagnosed.

Joint hypermobility and skin hyperextensibility are two of the most common tissue connectivity disorders under the EDS umbrella. While a flexible body is often considered a gift, for people with EDS it leads to chronic pain, regular joint dislocation, skin scarring and organ frangibility. EDS is also not as widely known in the medical profession, with diagnosis times averaging 12 years.

We created a striking campaign to illustrate these experiences, which ran across UK-wide out-of-home and social media. A Christmas charity single by TEM-PLE was launched with a live performance at Piccadilly Lights. The agency also created the single vinyl sleeve design. WMH&I and all our partners carried out the work pro bono.

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., 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

First and Second Place , POPAI 2023 Award Winners.

It was a quieter trading year for Arken, with no major realignment of cosmetics carcasses in either Boots or Superdrug for the first time in many years, resulting in lower turnover for our health and beauty division and the business as a whole.

The highlights of the year were the creative accolades we won. As designers and manufacturers of award-winning POP, Arken has now broken all records by winning 10 awards at the latest POPAI ceremony, including both Gold and Silver Awards for Display of the Year. These awards recognise creativity, innovation and excellence in store, and are judged by a distinguished panel of 19 brand and retailer marketers.

Arken also became the first permanent POP business in the UK to become B Corp certified, which awards high standards in social and environmental practices.

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

www.teamfero.com

3D apples and giant letters brought Crew Clothing's Autumn window display to life.

Although 2023 was a challenging year for our clients, resulting in flat turnover against prior year, we remain confident in the future and invested significantly with the installation of an EFI Nozomi 18000+ LED single-pass digital printer. This was only the third installation globally of the machine, which is designed specifically for the display graphics market, and enables us to transform the way we work with our clients thanks to its speed and quality. We held Open Days in July to highlight the machine's capabilities, which were well attended by existing and prospective clients.

We were also the first company in our sector to attain B Corp Certification. This is just the first step in our ongoing journey to deliver more for our community, clients, colleagues, and suppliers.

Building on our strong client service ethos, we secured a sole supply contract with Burger King alongside other new business wins including B&Q, Huel, Ryman and Scholl.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

GROUP STRATEGIC REPORT

for the year ended 31 December 2023

INTRODUCTION AND BUSINESS REVIEW

The directors present their group strategic report for Writtle Holdings Limited for the year ended 31 December 2023. 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 2023, 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 December 2025. With net cash at 31 December 2023 of £6.60m 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 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
28 March 2024

DIRECTORS' REPORT

for the year ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

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 £687,000 (2022: £1,250,000).

The directors recommended a final dividend for 2023 of 15.00p per share (2022: 14.00p per share), making a total of 22.00p per share for the year (2022: 21.00p per share). Subject to shareholders' approval, this will be paid on 31 May 2024 to shareholders on the register on 27 March 2024. The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2023.

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	R G Saysell	T E Scutt	A Sutcliffe
A Wright			

POLITICAL CONTRIBUTIONS

The company made no political contributions during the financial year (2022: £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
28 March 2024

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 2023 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 2023 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 judgment 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

28 March 2024

Charlotte Building
17 Gresse Street
London
W1T 1QL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Turnover	4	73,456	77,169
Cost of sales		(33,164)	(35,334)
Gross profit		40,292	41,835
Administrative expenses		(38,698)	(39,629)
Operating profit	5	1,594	2,206
Operating profit before the items listed below		3,391	4,356
Exceptional items	7	(994)	(1,373)
Share-based payment charge	25	(99)	(73)
Goodwill amortisation	14	(704)	(704)
Operating profit	5	1,594	2,206
Net interest receivable	11	110	34
Profit before taxation		1,704	2,240
Tax on profit	12	(646)	(349)
Profit after taxation		1,058	1,891
Non-controlling interests		(371)	(641)
Profit for the financial year		687	1,250

There were no recognised gains and losses for 2023 or 2022 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 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible assets	14		5,236		6,262
Tangible assets	15		6,592		4,667
			11,828		10,929
Current assets					
Stocks	17	1,818		1,886	
Debtors	18	18,933		19,617	
Cash and cash equivalents		6,942		12,203	
		27,693		33,706	
Creditors: Amounts falling due within one year	19	(15,916)		(16,490)	
Net current assets			11,777		17,216
Total assets less current liabilities			23,605		28,145
Creditors: Amounts falling due after more than one year	20		(166)		(125)
Provisions for liabilities					
Deferred tax	23		(48)		(97)
Other provisions	24		(651)		(781)
Net assets			22,740		27,142
Capital and reserves					
Share capital	25		7,417		7,873
Share premium account	27		9,222		9,024
Other reserves	27		(279)		(893)
Retained earnings	27		3,127		7,482
Equity attributable to owners of the parent company			19,487		23,486
Non-controlling interests			3,253		3,656
			22,740		27,142

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

28 March 2024

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

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible assets	14		1,248		1,404
Tangible assets	15		2		1
Investments	16		16,510		16,426
			17,760		17,831
Current assets					
Debtors	18	6,877		7,928	
Cash and cash equivalents		2,297		3,997	
		9,174		11,925	
Creditors: Amounts falling due within one year	19	(9,005)		(8,530)	
Net current assets			169		3,395
Net assets			17,929		21,226
Capital and reserves					
Share capital	25		7,417		7,873
Share premium account	27		9,222		9,024
Other reserves	27		(56)		(670)
Retained earnings	27		1,346		4,999
			17,929		21,226

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 £1,874,000 (2022: £3,740,000).

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

28 March 2024

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 2023

	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 2023	7,873	9,024	(893)	7,482	23,486	3,656	27,142
Comprehensive income for the year							
Profit for the year	–	–	–	687	687	371	1,058
Other comprehensive income	–	–	–	(64)	(64)	–	(64)
Total comprehensive income for the year	–	–	–	623	623	371	994
Contributions by and distributions to owners							
Dividends	–	–	–	(3,467)	(3,467)	(406)	(3,873)
Shares issued during the year	59	198	–	–	257	–	257
Shares repurchased during the year (note 25)	(515)	–	515	(2,060)	(2,060)	–	(2,060)
Other movements	–	–	99	549	648	(368)	280
Total contributions by and distributions to owners	(456)	198	614	(4,978)	(4,622)	(774)	(5,396)
At 31 December 2023	7,417	9,222	(279)	3,127	19,487	3,253	22,740

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	(905)	12,544	26,948	3,442	30,390
Comprehensive income for the year							
Profit for the year	–	–	–	1,250	1,250	641	1,891
Other comprehensive income	–	–	–	53	53	–	53
Total comprehensive income for the year	–	–	–	1,303	1,303	641	1,944
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	–	–	12	(1,259)	(1,247)	16	(1,231)
Total contributions by and distributions to owners	286	1,302	12	(6,365)	(4,765)	(427)	(5,192)
At 31 December 2022	7,873	9,024	(893)	7,482	23,486	3,656	27,142

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 2023

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 January 2023	7,873	9,024	(670)	4,999	21,226
Comprehensive income for the year					
Profit for the year	–	–	–	1,874	1,874
Total comprehensive income for the year	–	–	–	1,874	1,874
Contributions by and distributions to owners					
Dividends	–	–	–	(3,467)	(3,467)
Shares issued during the year	59	198	–	–	257
Shares repurchased during the year (note 25)	(515)	–	515	(2,060)	(2,060)
Other movements	–	–	99	–	99
Total contributions by and distributions to owners	(456)	198	614	(5,527)	(5,171)
At 31 December 2023	7,417	9,222	(56)	1,346	17,929

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	(682)	6,365	20,992
Comprehensive income for the year					
Profit for the year	–	–	–	3,740	3,740
Total comprehensive income for the year	–	–	–	3,740	3,740
Contributions by and distributions to owners					
Dividends	–	–	–	(5,106)	(5,106)
Shares issued during the year	286	1,302	–	–	1,588
Other movements	–	–	12	–	12
Total contributions by and distributions to owners	286	1,302	12	(5,106)	(3,506)
At 31 December 2022	7,873	9,024	(670)	4,999	21,226

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the financial year	1,058	1,891
Adjustments for:		
Amortisation of goodwill	704	704
Amortisation and impairment of software development	365	1,848
Depreciation of tangible fixed assets	1,399	1,323
Share-based payment charge	99	73
Profit on disposal of tangible fixed assets	(4)	(167)
Decrease/(increase) in stocks	68	(73)
Net interest received	(110)	(34)
Corporation tax charge	646	349
Decrease/(increase) in debtors	527	(1,548)
(Decrease)/increase in creditors	(885)	762
Corporation tax paid	(452)	(790)
Net cash generated from operating activities	3,415	4,338
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,454)	(1,724)
Investment in software development	(43)	(1,005)
Sale of tangible fixed assets	134	451
Repurchase of own shares by subsidiaries	–	(36)
Sale of equity in subsidiaries	195	–
Net cash used in investing activities	(3,168)	(2,314)
Cash flows from financing activities		
Issue of ordinary shares	257	354
New finance lease	314	126
Repayment of finance leases	(220)	(160)
Equity dividends paid	(3,467)	(5,106)
Net interest received	110	34
Dividends paid to non-controlling interests	(406)	(443)
Repurchase of own shares	(2,060)	–
Purchase of own shares by ESOT	–	(60)
Net cash used in financing activities	(5,472)	(5,255)
Net decrease in cash and cash equivalents	(5,225)	(3,231)
Effect of exchange rate fluctuations on cash held	(36)	21
Cash and cash equivalents at beginning of year	12,203	15,413
Cash and cash equivalents at end of year	6,942	12,203
Cash and cash equivalents	6,942	12,203

	31 December 2023 £000	31 December 2022 £000
Analysis of net cash		
Cash and cash equivalents	6,942	12,203
Debt:		
Finance leases	(340)	(246)
Net cash	6,602	11,957

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 December 2025. With net cash at 31 December 2023 of £6.60m no significant additional risks to the going concern position of the group were identified under any reasonable downturn scenarios. On the basis of this assessment, the directors consider that the group has adequate resources to operate for the foreseeable future, and as such, have adopted the going concern basis for preparing these group financial statements.

2.4 TURNOVER

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

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

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

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

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

2.5 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 for companies purchased pre conversion to FRS 102 and 10 years after conversion to FRS 102. A useful economic life under 20 years was still considered relevant for those companies purchased pre transition 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.

2.6 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.

2.7 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.

2.8 LEASED ASSETS: LESSEE

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

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

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

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

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

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

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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:

	2023 £000	2022 £000
United Kingdom	60,023	65,687
Rest of the world	13,433	11,482
	73,456	77,169

£32,216,000 (2022: £37,734,000) of turnover during the year related to the provision of goods and £41,240,000 (2022: £39,435,000) of turnover during the year related to the provision of services.

5. OPERATING PROFIT

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

	Note	2023 £000	2022 £000
Depreciation of tangible fixed assets	15	1,399	1,323
Amortisation of goodwill	14	704	704
Amortisation and impairment of software development	14	365	1,848
Exchange differences		31	(289)
Operating lease rentals		2,208	2,120
Profit on sale of tangible fixed assets		(4)	(167)

6. BUSINESS GROUP ANALYSIS

	Innovation £000	Implementation £000	Instore £000	Group £000
For the year ended 31 December 2023				
Turnover	19,387	22,067	32,002	73,456
Headline operating profit	1,924	1,546	1,018	4,488
Central costs				(1,097)
Headline operating profit				3,391
Net interest receivable				110
Headline profit before tax				3,501

	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 receivable				34
Headline profit before tax				4,390

Headline measures are defined as being before sale of investments, exceptional items, share-based payment charges and amortisation.

7. EXCEPTIONAL ITEMS

	2023 £000	2022 £000
Profit on disposal of freehold land and buildings	–	(167)
Restructuring costs	434	379
Cost of aborted acquisition	–	97
Impairment of software development	200	1,064
Start-up costs	360	–
	994	1,373

Restructuring costs relate to headcount reductions.

8. AUDITOR'S REMUNERATION

	2023 £000	2022 £000
Fees payable to the group's auditor for the audit of the company's annual accounts	25	24
Fees payable to the group's auditor in respect of:		
– the audit of the company's subsidiaries' annual accounts	147	168
– taxation compliance services	60	54
	207	222

9. EMPLOYEES

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	30,561	30,572	907	1,007
Social security costs	3,253	3,488	115	129
Defined contribution pension scheme	1,103	982	29	30
	34,917	35,042	1,051	1,166

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

	2023 No.	2022 No.
Innovation	190	195
Implementation	311	257
Instore	255	250
Central	9	9
	765	711

The average number of company employees, including the directors, during the year was nine (2022: nine), including four directors (2022: four).

10. DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Directors' emoluments	1,363	1,379
Company contributions to defined contribution pension schemes	59	47
	1,422	1,426

During the year retirement benefits were accruing to nine directors (2022: six) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £233,000 (2022: £322,000).

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 (2022: £14,000).

The highest paid director had options over 26,000 (2022: 22,000) shares.

During the year four (2022: five) directors exercised share options over 26,000 (2022: 30,710) shares with an exercise price between £4.00 and £5.00 (2022: £2.81 and £5.00) per share.

11. NET INTEREST (RECEIVABLE)/PAYABLE

	2023 £000	2022 £000
Bank interest receivable	(127)	(46)
Finance leases and hire purchase contracts	17	12
	(110)	(34)

12. TAXATION

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	601	476
Adjustments in respect of prior periods	(91)	(38)
Double taxation relief	(23)	(25)
Foreign taxation	48	51
Total current tax	535	464
Deferred tax		
Origination and reversal of timing differences	15	(74)
Adjustments in respect of prior periods	96	(18)
Effects of changes in tax rates	–	(23)
Total deferred tax	111	(115)
Taxation on profit on ordinary activities	646	349

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	1,704	2,240
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	401	423
Effects of:		
Expenses not deductible for tax purposes	179	147
Fixed asset differences	86	(93)
Capital gains	–	12
Foreign tax credits	25	5
Losses carried back	4	–
Adjustments in respect of prior periods	(75)	(40)
Adjustments in respect of prior periods (deferred tax)	94	(16)
Non-taxable income	(33)	(21)
Remeasurement of deferred tax for changes in tax rates	18	(23)
Movement in deferred tax not recognised	8	(8)
Other differences leading to a decrease in the tax charge	(61)	(37)
Total tax charge for the year	646	349

13. DIVIDENDS

	2023 £000	2022 £000
Final dividend for the prior year of 14.00p per share (2022: 13.25p per share)	1,054	961
Interim dividend of 7.00p per share (2022: 7.00p per share)	530	517
Special dividend of 25.00p per share (2022: 50.00p per share)	1,883	3,628
	3,467	5,106
Final dividend proposed for the year of 15.00p per share (2022: 14.00p per share)	1,058	1,052
Special dividend proposed of nil per share (2022: 25.00p per share)	–	1,879
	1,058	2,931

The dividends paid, as disclosed in the financial statements, are not inclusive of the final dividend for 2023.

14. INTANGIBLE ASSETS

	Goodwill £000	Software development £000	Total £000
Group			
Cost			
At 1 January 2023	12,751	3,530	16,281
Additions	–	43	43
At 31 December 2023	12,751	3,573	16,324
Amortisation			
At 1 January 2023	6,908	3,111	10,019
Charge for the year	704	165	869
Impairment	–	200	200
At 31 December 2023	7,612	3,476	11,088
Net book value			
At 31 December 2023	5,139	97	5,236
At 31 December 2022	5,843	419	6,262

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 £200,000 (2022: £1,064,000) has been charged to the statement of comprehensive income accordingly.

	Goodwill £000
Company	
Cost	
At 1 January 2023	1,567
At 31 December 2023	1,567
Amortisation	
At 1 January 2023	163
Charge for the year	156
At 31 December 2023	319
Net book value	
At 31 December 2023	1,248
At 31 December 2022	1,404

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 2023	3,130	8,204	3,712	512	15,558
Reclassification of completed assets	–	512	–	(512)	–
Additions	208	3,034	212	–	3,454
Disposals	(261)	(909)	(177)	–	(1,347)
Exchange adjustments	–	(8)	(1)	–	(9)
At 31 December 2023	3,077	10,833	3,746	–	17,656
Depreciation					
At 1 January 2023	1,664	6,043	3,184	–	10,891
Charge for the year	299	804	296	–	1,399
Disposals	(261)	(791)	(165)	–	(1,217)
Exchange adjustments	–	(8)	(1)	–	(9)
At 31 December 2023	1,702	6,048	3,314	–	11,064
Net book value					
At 31 December 2023	1,375	4,785	432	–	6,592
At 31 December 2022	1,466	2,161	528	512	4,667

Included within plant and machinery are assets held under finance lease with a net book value at the year end of £484,000 (2022: £404,000).

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

	2023 £000	2022 £000
Leasehold improvements	1,375	1,466
	1,375	1,466

	Fixtures, fittings and equipment £000
Company	
Cost or valuation	
At 1 January 2023	21
Additions	2
At 31 December 2023	23
Depreciation	
At 1 January 2023	20
Charge for the year	1
At 31 December 2023	21
Net book value	
At 31 December 2023	2
At 31 December 2022	1

16. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Company	
Cost or valuation	
At 1 January 2023	20,689
Additions	84
At 31 December 2023	20,773
Impairment	
At 1 January 2023	4,263
At 31 December 2023	4,263
Net book value	
At 31 December 2023	16,510
At 31 December 2022	16,426

An addition of £84,000 has been recognised in the year in relation to share options awarded to employees of subsidiary companies.

17. STOCKS

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Raw materials	1,200	1,133	–	–
Work in progress	598	731	–	–
Finished goods and goods for resale	20	22	–	–
	1,818	1,886	–	–

18. DEBTORS

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	15,498	15,513	–	–
Amounts owed by group undertakings	–	–	6,451	7,337
Other debtors	292	621	243	288
Prepayments and accrued income	2,573	2,222	63	153
Deferred taxation	181	341	1	48
Corporation tax recoverable	389	920	119	102
	18,933	19,617	6,877	7,928

Included within trade debtors is a provision for bad debts of £4,000 (2022: £1,000).

See note 23 for further details on deferred tax.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Net obligations under finance leases	174	121	–	–
Trade creditors	5,743	6,385	44	25
Amounts owed to group undertakings	–	–	8,655	8,103
Corporation tax	93	9	–	–
Other taxation and social security	2,963	3,241	105	63
Other creditors	526	762	93	65
Accruals and deferred income	6,417	5,972	108	274
	15,916	16,490	9,005	8,530

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

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Net obligations under finance leases	166	125	–	–
	166	125	–	–

21. COMMITMENTS UNDER FINANCE LEASES

At 31 December 2023, the group had minimum lease payments under finance leases as follows:

	Group 2023 £000	Group 2022 £000
Within one year	174	121
Between two and five years	166	125
After more than five years	–	–
Total	340	246

22. FINANCIAL INSTRUMENTS

	Group 2023 £000	Group 2022 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	23,850	30,166
Financial liabilities		
Financial liabilities measured at amortised cost	12,687	13,120

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

	2023 £000	2022 £000
Group		
At beginning of year	244	129
Charged to the Consolidated statement of comprehensive income	(111)	115
At end of year	133	244

The deferred tax balance is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	(572)	146
Short-term timing differences	69	98
Losses and other deductions	636	–
	133	244
Comprising:		
Asset – due within one year (note 18)	181	341
Liability	(48)	(97)
	133	244

24. PROVISIONS

	Provision for dilapidations £000
At 1 January 2023	781
Release of provision during the year	(130)
At 31 December 2023	651

25. SHARE CAPITAL

	2023 £000	2022 £000
Allotted, called up and fully paid		
7,417,414 (2022: 7,873,044) Ordinary shares of £1 each	7,417	7,873

During the year 59,352 Ordinary shares of £1 each were allotted, called up and fully paid in cash for between £4.00 and £5.00 per share. These share issues resulted in an increase to share capital of £59,253 and an increase to the share premium reserve of £197,894.

On 26 October 2023, 514,982 shares were repurchased out of reserves at a total cost of £2,060,000, and cancelled.

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 and expensed on a straight-line basis over the vesting period. The group recognised a charge of £99,000 (2022: £73,000) in the year.

At 31 December 2023, the company had options outstanding for subscription of 900,605 (2022: 693,013) Ordinary shares.

Details of outstanding options are as follows:

	Exercise price	Options outstanding at 31 December 2022	Awarded during the year	Exercised during the year	Lapsed during the year	Options outstanding at 31 December 2023
Grant Date						
December 2013	£4.00	22,500	–	15,000	7,500	–
January 2015	£4.00	2,500	–	2,500	–	–
November 2015	£4.00	37,500	–	4,500	–	33,000
November 2016	£4.00	50,000	–	7,500	–	42,500
December 2017	£4.25	60,927	–	8,352	–	52,575
November 2018	£4.50	51,056	–	7,500	–	43,556
November 2019	£5.00	104,000	–	14,000	6,000	84,000
October 2020	£5.00	118,000	–	–	8,000	110,000
December 2021	£5.75	121,730	–	–	6,956	114,774
October 2022	£6.25	124,800	–	–	9,600	115,200
November 2023	£4.00	–	305,000	–	–	305,000
		693,013	305,000	59,352	38,056	900,605

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 2023 the ESOT owned 361,904 (2022: 361,904) 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 (2022: £1,586,253).

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, 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, and a share-based payment reserve which is the accumulated charge for the issue of equity-settled share options.

Retained earnings

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

28. PRIOR YEAR ADJUSTMENT

Group

In the prior year, opening other reserves have been increased to show £530,000 accumulated share-based payment charges separately from retained earnings, which has been reduced by the same amount. A share-based payment charge of £73,000 has been recorded in the prior year Consolidated statement of comprehensive income for share options issued during the year, with closing other reserves increasing by £603,000 and retained earnings being reduced by the same amount.

Company

In the prior year, opening investments have been adjusted to show £429,000 additional cost of investment for the issue of share options to subsidiary employees. Opening other reserves have been increased to show £530,000 accumulated share-based payment charges separately from retained earnings, which has been reduced by £102,000. A share-based payment charge of £10,000 has been recorded in the prior year Company statement of comprehensive income and £72,000 additional investment for share options issued during the year, with other reserves increasing by £603,000 and retained earnings being reduced by £112,000.

29. CONTINGENT LIABILITIES

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

30. PENSION COMMITMENTS

The group operates defined contributions pension schemes and contributes to certain employees' SIPPs. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £1,091,000 (2022: £982,000). Contributions totalling £180,000 (2022: £170,000) were payable to the funds at the year end and are included in creditors.

31. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £000	Group 2022 £000
Within one year	2,092	1,965
Between two and five years	6,968	5,121
After more than five years	3,187	4,214
Total	12,247	11,300

32. RELATED PARTY TRANSACTIONS

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

Directors 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 £183,000 (2022: £158,000) was paid by the group in relation to these properties.

The directors received dividends in aggregate on the same terms as other shareholders of £845,000 (2022: £1,265,000).

Included within other debtors at the year end was £245,000 (2022: £232,000) 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:

	2023 £000	2022 £000
Branded Agency Group Limited (formerly Branded Limited)	(5,731)	(5,665)
Branded Limited (formerly Magnet Harlequin Limited)	(918)	26
Epoch Design Limited	35	67
FERO Retail Marketing Limited	25	12
Maglabs Limited	(96)	5
Seymour-Powell Limited	42	38
Technik Limited	–	9
The Team Brand Communication Consultants Limited	31	28
Williams Murray Hamm Limited	516	582

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

	2023 £000	2022 £000
Branded Agency Group Limited (formerly Branded Limited)	(36)	(164)
Branded Agency Group Limited (formerly Branded Limited)	–	23
Branded Inc	(5)	(4)
Branded Limited (formerly Magnet Harlequin Limited)	(389)	(254)
Branded Limited (formerly Magnet Harlequin Limited)	4	–
Epoch Design Limited	(533)	(551)
FERO Retail Marketing Limited	(243)	(187)
FERO Retail Marketing Limited	–	11
Maglabs Limited	(95)	(106)
Maglabs Limited	16	22
Seymour-Powell Limited	(592)	(505)
Seymour-Powell Limited	10	2
Technik Limited	(75)	(99)
Technik Limited	–	5
The Team Brand Communication Consultants Limited	(479)	(444)
The Team Brand Communication Consultants Limited	85	77
Williams Murray Hamm Limited	(180)	(205)
Williams Murray Hamm Limited	10	20

33. 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.

34. 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 Agency Group Limited (formerly Branded Limited) (W)	United Kingdom	97.09%	Holding company
Branded Asia Limited (formerly Magnet Harlequin Asia Limited) (A)	Hong Kong	100.00%	Creative services and digital pre-press
Branded Limited (formerly Magnet Harlequin Limited) (C)	United Kingdom	100.00%	Creative services and digital pre-press
Branded Inc (C)	USA	100.00%	Design, creative services and digital pre-press
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
Maglabs Limited (C)	United Kingdom	100.00%	Consultancy, technology and managed services throughout the marketing process
Magnet Harlequin Limited (formerly Writtle Limited) (W)	United Kingdom	100.00%	Non-trading
Seymour-Powell Limited (B)	United Kingdom	83.31%	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 (formerly Loewy Group Limited) (W)	United Kingdom	100.00%	Holding company
Writtle Property Limited (W)	United Kingdom	100.00%	Non-trading

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) Branded Limited (formerly Magnet Harlequin Limited)
(B) Writtle Limited (formerly Loewy Group Limited)
(C) Branded Agency Group Limited (formerly 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 Agency Group Limited (formerly Branded Limited); Epoch Design Limited; FERO Holdings Limited; FERO Retail Marketing Limited; Writtle Limited (formerly Loewy Group Limited); Maglabs Limited; Seymour-Powell Limited; The Team Brand Communication Consultants Limited; Williams Murray Hamm Limited; Magnet Harlequin Limited (formerly Writtle Limited); Writtle Property Limited; Identica Limited; Loewy Limited; Raymond Loewy Limited.

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

The registered office of Branded Asia Limited (formerly 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: Arken POP International Limited, Branded Agency Group Limited (formerly Magnet Harlequin Limited), Epoch Design Limited, FERO Holdings Limited, Maglabs Limited, Magnet Harlequin Limited (formerly Writtle Limited), Seymour-Powell Limited, Technik Limited, The Team Brand Communication Consultants Limited, Williams Murray Hamm Limited, Writtle Limited (formerly Loewy Group Limited), and Writtle Property Limited.

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A W Lucas
D H Powell
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