

Reach Contact Limited

Annual report and financial statements

Registered number 01226337

For the year ended 31 December 2021



Contents

Strategic Report	1
Directors' Report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	6
Independent auditor's report to the members of Reach Contact Limited	7
Profit and loss account and other comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes	13

Strategic Report

Registered Number 01226337

The directors present their Strategic Report of the Company for the year ended 31 December 2021.

Principal activities

The Company's principal activities are the provision of sales and marketing services.

Results and business review

Overview

Revenue was up by £2.7m from the prior year (2020 – down by £8.3m) and operating profit before depreciation was up £0.9m (2020 – down by £2.2m).

Objectives and strategy

In addition to maintaining existing revenues in the UK, the Company continues to investigate the introduction of new services and products to complement existing sales focused activities. During 2021 the Company continued to invest in the development of data driven tools and technology designed to enhance the efficiency and effectiveness of customers' investment.

As part of achieving this vision the Company has defined objectives for growth in both revenue and profitability. In order to achieve these objectives, channel and industry diversification remains a continuing focus.

Principal risks and uncertainties

The principal risk remains the economic uncertainties facing the Company's customers and the knock-on impact that has on their ability to invest in the Company's services. The Company mitigates this risk by seeking to expand the range of services available, improving the demonstrable return on investment for customers and by working with an increasing number of customers in a range of industry sectors, categories, and channels.

Pricing risk

The Company derives a substantial amount of revenue from a limited number of customers. Input cost challenges in the FMCG sector could become an issue for the Company, creating the risk of diluted revenues and margins. Competition continues to put pressure on the Company's ability to win new and to maintain existing customer contracts. The Directors monitor this closely and ensure that the Company continues to maintain quality, innovative, submissions to tenders and re-tenders.

The Company faces pressure from customers to lower fees, and to the extent they are lowered in the future, revenue may be adversely affected. The Company considers there are strategies available to it such as improving the return on investment for customers and increasing the diversity of customers, industry sectors, products, services, categories, and channels. The Directors continue to monitor the situation carefully.

Pandemic and shopper / consumer behaviours risk

The Company is facing increasing risk from changes in consumer and shopper trends post pandemic which may put pressure on revenues in the longer term. The COVID19 pandemic has accelerated shopper trends, specifically in the online and convenience channels. Throughout the pandemic shopper visits to retailers were lower as a result of the restrictions in movements, heightened safety concerns and the desire to avoid long supermarket queues. More consumers switched their weekly shop to online; ate at home; and increased their "top-up shops" at local convenience stores. It is widely believed that most of these trends will continue after the pandemic, although to what extent is still unknown. A permanent decrease in weekly shops at the large retailers would put pressure on the Company's contractual KPI's and service levels with its customers and therefore put revenue at risk.

The Company also services a large customer in the aviation sector which has seen a dramatic decrease in passenger numbers as a result of the social distancing policies imposed on airports during the pandemic. Passenger numbers are returning slowly, but the length and extent of the recovery could result in a reduced service for a sustained period of time and reduced revenues for the Company as a result.

The Company considers there are strategies available to it to reduce these risks such as increasing the diversity of customers, industry sectors, products, services, categories, and channels. The Directors continue to monitor the situation carefully.

Strategic Report *(continued)*

Credit risk

Trade and other receivables are short-term and are subject to strong credit control processes to mitigate credit risk.

Liquidity & Cash flow risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs through working capital management and existing reserves. The ability of the Company's customers to pay and the payment terms of customer agreements directly affects the Company's liquidity. Management manage payments terms closely and consider it a key point of negotiation with new customers and during the renewal of existing contracts. The Directors will revisit the appropriateness of this policy should the Company significantly change in size and nature.

Markets

The Company operates primarily across the Fast-Moving Consumer Goods ("FMCG") trade sector. It also works within many channels or routes to market on behalf of clients. These include free to buy, independents, convenience (both affiliated and non-affiliated), grocery multiples, foodservice and high street. Services provided include software enabled services, analytics, insight, POS creative, contract sales, field marketing, tele-marketing, channel and consumer activation. The business is continuously looking to strengthen all its service offerings and is keen to provide improved return on investment through the appropriate integration of some or all of these services informed by data driven insight.

Performance and financial position

The Directors have determined the key performance indicators for the Company are revenue; operating profit before depreciation; net current assets; and cash. The following table compares these KPIs for the current and preceding financial year.

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Revenue	26,522	23,846
Operating (loss) profit before depreciation	1,424	(559)
Net current assets	8,092	7,170
Cash	4,385	3,558

For the year ending 31 December 2021 revenue was up by £2.7m from the prior year (2020 – down by £8.3m).

Although the initial lockdown period in April and May of 2020 was a challenging time for the Company as it navigated the impact of the COVID19 pandemic, the majority of services were resumed for customers shortly thereafter with few subsequent interruptions throughout the remainder of 2020 and 2021. The Company utilized the Coronavirus Job Retention Scheme to provide support where necessary with the heaviest usage in April and May of 2020.

During 2021, the Company's aviation customers continued to experience low passenger numbers and as a result the investment in the Company's services by those customers decreased by £0.7m over the prior year. Conversely, a key client of the Company increased their investment by £2.3m, partially as a result of recovery after the pandemic but also as a result of a new contract which the Company won at competitive pitch. The Company's other customers also began to recover their investment in the Company's services post pandemic throughout 2021 resulting in increased revenue of £1m.

Operating profit before depreciation for the year ended 31 December 2021 was £1.4m (2020 – loss of £0.6m) equating to a 5.4% margin.

In May 2021, the development of the Company's proprietary software reached an important milestone with the go live of a significant enhancement developed by the Company's in house technology teams. Subsequently the ongoing investment was reduced resulting in a reduction in administrative expenses for 2021 of £0.9m compared to the year 2020.

Strategic Report (continued)

Performance and financial position (continued)

Net current assets have increased by £0.9m compared with the prior year (2020 – decreased of £0.7 m), largely as a result of the increase in cash of £0.8m (2020 – decrease of £1.5m) and the increase in working capital of £0.1m (2020 – increase of £0.7m).

Cash has increased by £0.8m over the prior year (2020 – decreased by £1.5m) as a result of the £1.4m generated from operations (2020 – £0.6m required to fund operations) and the increase in working capital of £0.1m (2020 – increase of £0.7m). Cash payments for corporation tax net of receipts were £0.2m in 2021 with no payments or receipts occurring during 2020 and capital asset purchases were £0.2m (2020 - £0.2m).

Future Developments

The Company anticipates a significant recovery in revenues for 2022 in the region of £9m largely as a result of:

- the Company winning a significant new contract with a new key customer at competitive tender
- the plans of the Company's aviation customers to increase investment in the Company's services as passenger numbers slowly recover; and
- the anticipated increase in usage of the Company's services by existing customers

Going Concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

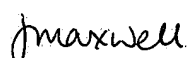
- the Company's agreements with its main customers are typically between 1 and 3 years with the relationships spanning many years;
- the Company's customers are predominantly in the FMCG sector which generally remained strong throughout the pandemic;
- the Company held £4.4m in cash at 31 December 2021 and no long term debt; and
- the Company is part of a wider UK group which has pledged to provide cashflow support where necessary.

The Directors have referred to cash flow forecasts for the group of companies consolidated under Acosta RH Limited (the "Group"), of which the Company is a part, for the period up to 31 December 2023 in order to understand the working capital requirements of the Group. Given the uncertainties resulting from the COVID19 pandemic, a variety of scenarios in respect of this period have also been modelled and reviewed. These scenarios include the following:

- potential non-renewal of any client agreements and relationships considered at risk;
- the impacts of further national lockdowns related to the pandemic on the Group's clients and the ability of the Group's representatives to perform services;
- various possible cost saving initiatives that would partly offset the impact of the above; and
- the likelihood that revenue additive strategic initiatives will occur

In all of these scenarios, the Group would still have significant available cash generated from its own business without the need to request support from its parent. As a result, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis.

By order of the board, 30 September 2022



J Maxwell
Director

Dukes Court
Duke Street
Woking
Surrey, GU21 5BH

Directors' Report

Registered Number 01226337

The directors present their Directors' Report and financial statements for the year ended 31 December 2021. A description of the principal activities, risks and uncertainties together with an overview of the business, its results and future developments are included within the Strategic Report on page 1.

Dividend

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who held office during the year and to the date of signing were as follows:

T C Johnson

J Maxwell

A J Carr

Employees

Our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on the Company's performance which, together with performance related bonuses, encourages staff involvement. The Company's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

Research and development

Included in administration expenses for the year ending 31 December 2021 is £1.2m (2020 - £1.9m) representing the Company's continued investment in the development of the Company's proprietary cloud-based retail performance management tool. In May 2021, the development of the tool reached an important milestone with the go live of a significant enhancement and subsequently the ongoing investment was reduced.

Future Developments

The Company anticipates a significant recovery in revenues for 2022 largely as a result of:

- the Company winning a significant new contract with a new key customer at competitive tender
- the plans of the Company's aviation customers to increase investment in the Company's services as passenger numbers slowly recover; and
- the anticipated increase in usage of the Company's services by existing customers

A more detailed overview of future developments is included within the Strategic Report on page 1.

Directors' Report *(continued)*

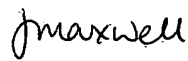
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the board, 30 September 2022



J Maxwell
Director

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Reach Contact Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Reach Contact Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and loss account and other comprehensive income, the balance sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Reach Contact Limited *(continued)*

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- enquiring of management and obtaining and reviewing supporting documentation relating to the company's policies and procedures relating to:
 - compliance with laws and regulations and whether they were aware of any instances of non-compliance or any actual or potential litigation and claims; and

Independent auditor's report to the members of Reach Contact Limited (*continued*)

Extent to which the audit was capable of detecting irregularities, including fraud (*continued*)

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
- discussion within the engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud;
- obtaining an understanding of the legal and regulatory frameworks the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations of the company;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC, if any; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments such as evaluating entries posted with unusual account combinations to revenue, large material journals, Keyword journals, unusual journals posted around financial and bonus year end. This includes evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

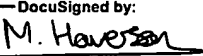
Further, the Company is also subject to various laws and regulations where the consequences of non-compliance could have a material effect on amounts and disclosures in the Financial Statements, for instance through imposition of fines or litigation etc. Auditing standards limit the required audit procedure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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:


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Matthew Haverson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 September 2022

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

Profit and loss account and other comprehensive income
for the year ended 31 December 2021

	<i>Note</i>	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Turnover	2	26,522	23,846
Cost of sales		(19,871)	(19,737)
		<hr/>	<hr/>
Gross profit		6,651	4,109
Administrative expenses		(6,022)	(6,967)
Other Income	6	579	2,092
		<hr/>	<hr/>
Operating profit / (loss)	3	1,208	(766)
Interest payable and similar charges	7	(10)	(16)
		<hr/>	<hr/>
Profit / (loss) on ordinary activities before taxation		1,198	(782)
Tax on profit / (loss) on ordinary activities	8	(262)	12
		<hr/>	<hr/>
Profit / (loss) for the financial year after tax and total comprehensive income		936	(770)
		<hr/> <hr/>	<hr/> <hr/>

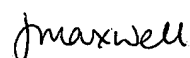
The notes on pages 14 to 24 form an integral part of this profit and loss account.

Balance sheet
as at 31 December 2021

	<i>Note</i>	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	9		336		322
Current assets					
Debtors	11	23,777		23,622	
Cash at bank and in hand		4,385		3,558	
		<u>28,162</u>		<u>27,180</u>	
Creditors: amounts falling due within one year	13	<u>(20,070)</u>		<u>(20,010)</u>	
Net current assets			<u>8,092</u>		<u>7,170</u>
Total assets less current liabilities, being net assets			<u>8,428</u>		<u>7,492</u>
Capital and reserves					
Called up share capital	17		2		2
Share premium account			1		1
Profit and loss account			8,425		7,489
Shareholder's funds			<u>8,428</u>		<u>7,492</u>

The notes on pages 14 to 24 form an integral part of this balance sheet.

These financial statements were approved by the board of directors on 30 September 2022 and were signed on its behalf by:



J Maxwell
Director

Registered number 01226337

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital 2021 £000	Share premium account 2021 £000	Additional paid in capital 2021 £000	Profit & loss account 2021 £000	Total equity 2021 £000
Balance at 1 January 2021	2	1	-	7,489	7,492
Total comprehensive income for the year					
Profit for the year	-	-	-	936	936
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	936	936
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	2	1	-	8,425	8,428
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

for the year ended 31 December 2020

	Called up share capital 2020 £000	Share premium account 2020 £000	Additional paid in capital 2020 £000	Profit & loss account 2020 £000	Total equity 2020 £000
Balance at 1 January 2020	2	1	-	8,259	8,262
Total comprehensive loss for the year					
Loss for the year	-	-	-	(770)	(770)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	-	-	(770)	(770)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	2	1	-	7,489	7,492
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 14 to 24 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Reach Contact Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales.

The Company's registered address is:
Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2015.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There were no judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates which would have a significant risk of material adjustment in the next year.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and on the historical cost basis.

The Company is included in the consolidated financial statements of Acosta RH Limited, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the company financial statements have been applied:

- the reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- no Company Cash Flow Statement with related notes is included;
- key Management Personnel compensation has not been included; and
- the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues.

Notes (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going Concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the Directors have taken into account the following:

- The Company's agreements with its main customers are typically between 1 and 3 years with the relationships spanning many years,
- The Company's customers are predominantly in the FMCG sector which generally remained strong throughout the pandemic,
- The Company held £4.4m in cash at 31 December 2021 and no long term debt, and
- The Company is part of a wider UK group which has pledged to provide cash flow support where necessary.

The Directors have referred to cash flow forecasts for the group of companies consolidated under Acosta RH Limited (the "Group"), of which the Company is a part, for the period up to 31 December 2023 in order to understand the working capital requirements of the Group. Given the uncertainties resulting from the COVID19 pandemic, a variety of scenarios in respect of this period have also been modelled and reviewed. These scenarios include the following:

- Potential non-renewal of any client agreements and relationships considered at risk
- The impacts of further national lockdowns related to the pandemic on the Group's clients and the ability of the Group's representatives to perform services
- Various possible cost saving initiatives that would partly offset the impact of the above
- The likelihood that revenue additive strategic initiatives will occur

In all of these scenarios, the Group would still have significant available cash generated from its own business without the need to request support from its parent. As a result, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover comprises the fair value of the consideration received or receivable, net of VAT and trade discounts, of the sale of goods and services (as described in the Strategic Report), provided to our clients. Revenue is recognised in the month the goods or services are delivered to the client. Deferred and accrued revenue is calculated based on over or underspend in comparison with agreed customer spend and billing schedules.

Government Grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

Notes (continued)

1 Accounting policies (continued)

Operating leases

Costs in respect of operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease. Lease incentives are recognised in profit and loss over the term of the lease as part of the total lease expense.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account to write off the cost of fixed assets to their estimated residual value on a straight-line basis in equal annual instalments over their estimated useful lives as follows

Plant, Fixtures and IT equipment	-	2-10 years
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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Tax differences are not provided for in relation to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Basic financial instruments

Trade and other debtors, accrued income and amounts owed by group undertakings are recognised initially at transaction price less attributable transaction costs. Trade and other creditors, accruals and amounts owed to group undertakings are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and intercompany debtors.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

Notes (continued)

2 Turnover

The Company's sole business activity is the provision of marketing services, with all revenues generated within the UK.

3 Operating profit / (loss)

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
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Included in operating profit / (loss) is the following:

Audit fees payable to the Company auditor	34	25
Tax compliance fees	19	17
Foreign Exchange (credit) / expense	(58)	62

4 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	470	509
Company contributions to money purchase pension schemes	16	18

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £311,008 (2020: £213,306), including Company pension contributions of £10,426 (2020: £7,520) which were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to two directors (2020: two) under money purchase schemes.

The directors of Acosta RH Limited are considered to be the key management of the Company. The emoluments of the directors are disclosed in the Group's consolidated financial statements. As such, no additional key management remuneration disclosures are required. No other transactions with key management personnel occurred during the year.

5 Staff numbers and costs

The average number of persons, including executive directors, employed by the Company during the year was as follows:

	Number of employees	
	2021	2020
Management and administration	59	72
Production and sales	493	534
	552	606

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	19,214	19,804
Social security costs	1,569	1,598
Pensions costs	750	721
	<u>21,533</u>	<u>22,123</u>

6 Other income

Government grants

Grants under the coronavirus job retention scheme of £548,748 (2020 – £2,092,232) are included in other income. There are no unfulfilled conditions or other contingencies attaching to these grants. The company did not benefit directly from any other forms of government assistance. The grants were recognised in the income statement over the period necessary to match them with the costs that they were intended to compensate.

Domain sale

In May 2021 the Group sold a domain that was no longer required and received proceeds of £30,000.

7 Interest payable and similar charges

	2021 £000	2020 £000
On bank loans and overdrafts	10	16
	<u>10</u>	<u>16</u>

8 Taxation

No tax has been recognised in respect of other comprehensive income or other items recognised directly in equity.

Analysis of charge in period

	2021 £000	2021 £000	2020 £000	2020 £000
<i>UK corporation tax</i>				
Current tax on income for the period	251		-	
Adjustment in respect of prior periods	-		-	
	<u></u>		<u></u>	
Total current tax		251		-
<i>Deferred tax (see note 12)</i>				
Origination/reversal of timing differences	11		(12)	
	<u></u>		<u></u>	
Total deferred tax		11		(12)
		<u>262</u>		<u>(12)</u>
Total Tax				

Notes (continued)

8 Taxation (continued)

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the asset is reduced or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Factors affecting the tax charge for the current period

The current tax charge for the period is nil (2020: lower than standard rate of corporation tax in the UK of 19%). The differences are explained below.

Reconciliation of effective tax rate

	2021 £000	2020 £000
<i>Current tax reconciliation</i>		
Profit (loss) on ordinary activities before tax	1,198	(782)
	<hr/>	<hr/>
Current tax charge (recovery) at 19% (2020: 19%)	228	(149)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	34	(2)
Temporary timing differences	-	(11)
Losses surrendered for group relief	-	150
	<hr/>	<hr/>
Total tax expense (recovery) included in profit or loss	262	(12)
	<hr/>	<hr/>

The Finance Bill 2020 which was substantively enacted on 17 March 2020, reversed the proposed reduction in the headline rate of corporation tax from 19% to 17% with effect from 1 April 2020 which was initially set forth in the Finance Act 2016. The Finance Act 2021 which was substantively enacted on 24 May 2021, increased the rate to 25% from 1 April 2023. The deferred tax asset at 31 December 2021 has been calculated based on these rates.

Notes (continued)

9 Tangible fixed assets

	Plant, fixtures & IT equipment £000	Total £000
Cost		
At beginning of year	4,472	4,472
Additions	230	230
At end of year	4,702	4,702
Depreciation		
At beginning of year	4,150	4,150
Charge for the year	216	216
At end of year	4,366	4,366
Net book value		
At 31 December 2021	336	336
At 31 December 2020	322	322

10 Investment in subsidiaries

The Company has a £1 direct interest at the current and prior year as follows:

Subsidiary undertakings	Country of incorporation	Registration number	Registered Office	Principal activity	Class and percentage of shares held
Aspen Marketing Communications Limited (dissolved 9 August 2022)	England and Wales	04230695	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Dormant	Ordinary shares 100%

Aspen Marketing Communications was dissolved on 9 August 2022.

Notes (continued)

11 Debtors

	2021 £000	2020 £000
Trade debtors	6,336	8,125
Amounts owed by group undertakings	16,772	14,492
Other debtors	95	144
Prepayments and accrued income	539	652
UK corporation tax	-	163
Deferred taxation	35	46
	<u>23,777</u>	<u>23,622</u>

The amounts owed by group undertakings are non-interest bearing, unsecured, intra-group loans, which are receivable on demand.

12 Deferred Tax

The elements of deferred taxation are as follows:

	2021 £000	2020 £000
Other timing differences	35	46
Deferred tax asset	<u>35</u>	<u>46</u>

The movement in the deferred tax balance during the year is as follows:

	2021 £000
Opening balance	46
P&L debit relating to timing differences	(11)
Closing balance	<u>35</u>

Notes (continued)

13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	659	349
Amounts owed to group undertakings	12,867	12,270
Taxation and social security	1,148	1,148
UK corporation tax	88	-
Accruals and deferred income	5,308	6,243
	<u>20,070</u>	<u>20,010</u>

14 Financial instruments

<i>Carrying amount of financial instruments</i>	2021 £000	2020 £000
The carrying amounts of the financial assets and financial liabilities include:		
Assets measured at cost less impairment	23,313	22,950
Liabilities measured at amortised cost	16,140	14,425
	<u> </u>	<u> </u>

Financial assets are the Company's trade debtors, amounts owed by group undertakings, accrued income and other debtors. Financial liabilities are the Company's trade creditors, other creditors, accruals and amounts owed to group undertakings.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £000	2020 £000
Less than one year	1,216	1,393
Between one and five years	1,027	1,537
	<u>2,243</u>	<u>2,930</u>

During the year £2,100,433 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £2,000,920).

16 Pension scheme

The Company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Company to the scheme and amounted to £750,211 (2020: £721,371).

There were £125,250 of outstanding contributions at the beginning of the financial year and £109,513 of outstanding contributions at end of the financial year (which were paid in January 2022).

Notes (continued)

17 Share Capital and reserves

	2021 £000	2020 £000
Allotted, called up and fully paid capital: 1,848 ordinary shares of £1 each	2	2

Retained earnings represent the cumulative net gains and losses recognised in the Statement of comprehensive income, net of dividends paid.

Share premium represents the excess of amounts paid for shares above the nominal value.

18 Ultimate parent company and parent undertaking of larger group of which the Company is a member

Elliott International LP, incorporated in the United States of America, became the ultimate controlling interest on 31 December 2019. Prior to this the ultimate controlling interest since 3 February 2017 was Carlyle Partners VI Holdings, L.P. which is incorporated in the United States of America.

The Company is a subsidiary undertaking of Awesomecorp Limited, a company incorporated in England and Wales.

The largest group in which the results of the Company are consolidated and publicly available is that headed by Acosta RH Limited, an intermediate parent company incorporated in England and Wales. The consolidated financial statements of the Group may be obtained from the Company Secretary at Dukes Court, Duke Street, Woking, Surrey GU21 5BH.

19 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with members of the group headed by Acosta RH Limited on the grounds that 100% of the voting rights in the Company are controlled within that group and the Company is included in consolidated financial statements.

There were £83,861 expenses paid by an intermediate parent, Acosta Inc, on behalf of the Company during the year ending 31 December 2021 (2020: £46,628). There were £345,065 in expenses paid by the Company on behalf of Acosta Inc, during the year ending 31 December 2021 (2020: £nil). In addition, £1,500,000 of cash was transferred to Acosta Inc, which carries no interest and is repayable on demand (2020 – £nil). The amount owed by Acosta Inc at 31 December 2021 was £2,748,926 (2020: £987,722).