

**Acosta RH Limited**

**Annual report and consolidated  
financial statements**

**Registered number 10589849**

**For the year ended 31 December 2022**

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## Strategic Report

Registered Number 10589849

The directors present their Strategic Report of the Group for the year ended 31 December 2022.

### Principal activities

The Company's principal activity is a holding company.

The Group's main geographical locations are the UK, Ireland, USA and Germany. The Group's principal activities cover three areas:

- the provision of sales and marketing software enabled services, supported by in-store execution;
- near to store experiential activation; and
- in-store retail display creation and implementation.

The directors expect the general level of activity of the Group to continue.

### Results and business review

#### Overview

2022 has been a satisfactory year for the Group. As a result revenue was up by £14m from the prior year and operating profit before amortisation, depreciation and impairment was up £2.7m.

#### Objectives and strategy

The Group aims to follow several routes of strategic expansion, namely through the provision of new products and services to existing clients and through the development of new customer relationships through competitive tender and business development activities. The Group seeks to diversify its customer base by developing relationships with customers operating in industries new to the Group. The Group seeks to expand existing customer relationships by increasing the number of channels and categories and by introducing new products and services.

As part of achieving its vision the Group has defined financial objectives for growth in both sales and profitability. There are also supporting non-financial objectives included for continued international development and for continued improvements in added value.

#### Principal risks and uncertainties

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

#### Pricing risk

The Group derives a substantial amount of revenue from a limited number of customers, and if it becomes unable to maintain these customer relationships or attract additional customers, revenue would be adversely affected. Competition continues to put pressure on the Group's ability to win new and to maintain existing customer contracts.

The Group's management monitor this closely and ensure that the Group continues to maintain quality submissions to tenders.

The Group faces pressure from customers to lower fees, and to the extent they are lowered in the future, revenue may be adversely affected. The Group 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.

## **Strategic Report (continued)**

### **Results and business review (continued)**

#### ***Brexit risk***

Taking account of the Group's current position and principal risks, the directors continue to monitor the impact of Brexit on the Group. This involves monitoring customers, suppliers, employees, financing, regulation and exposure to consumer confidence. Based on this ongoing assessment, the main risk of Brexit on the Group continued to be the impact on consumer confidence leading to a tightening of customer budgets. The Group has plans in place to mitigate this risk and continues to focus on new client acquisition and a longer term strategic plan in order to ensure the best products and services as well as return for customers.

In addition, the Group's customers continue to face pricing pressures related to import tariffs and other costs associated with the introduction of a border post Brexit. This puts pressure on customer margins and in turn on the size of investment in the Group's services. The Group mitigates this risk by ensuring return on investment and other contractual KPI's are continuously improved.

#### ***Shopper / consumer behaviours risk***

The Group 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. A permanent decrease in weekly shops at the large retailers would put pressure on the Group's contractual KPI's and service levels with its customers and therefore put revenue at risk.

The Group also services a large customer in the aviation sector which saw a dramatic decrease in passenger numbers as a result of the social distancing policies imposed on airports during the pandemic. With passenger numbers for 2023 expected to largely return to their 2019 levels the Group is anticipating that the associated service levels for this customer will also return to pre pandemic levels.

The Group 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.

#### ***Interest rate cash flow risk***

The Group's liabilities are interest free and include trade creditors, accruals and deferred revenue, other creditors and short-term amounts owed to group undertakings. The Group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs. The Directors will revisit the appropriateness of this policy should the Group significantly change in size and nature.

#### ***Credit risk***

Trade and other receivables are short-term and without undue concentration and are subject to strong credit control processes to mitigate credit risk.

#### ***Liquidity risk***

The ability of the Group's customers to pay and the payment terms of customer agreements directly affects the Group's liquidity. Management monitors payments terms closely and consider it a key point of negotiation with new customers and during the renewal of existing contracts.

#### ***Foreign currency risk***

Foreign currency risk is mitigated by matching revenues and costs within foreign geographies

## Strategic Report *(continued)*

### Results and business review *(continued)*

#### **Markets**

The Group operates in several trade sectors (digital appliances, FMCG and communications). It also works within many channels or routes to market on behalf of our customers. 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 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**

2022 has been a satisfactory year for the Group. The business generated £57.6m of revenue during the year ending 31 December 2022, (2021: £43.6m), an increase of £14.0m (2021: an increase of £5.1m).

The Group performed well in 2022 winning two significant contracts with new clients which contributed £8m to the increase in revenue from the prior year in addition to existing clients who collectively increased their investments by £4m. The Group's aviation customers experienced an increase in passenger numbers throughout 2022 and as a result the investment in the Group's services by those customers increased by £2m over the prior year.

Operating profit before depreciation, amortisation and impairment was £7.0m for the year ending 31 December 2022, (2021: £4.4m), resulting in a margin increase of 2% to 12% (2021: increase of 5.2% to 10%). This was largely due to the change in mix of services over 2021 and 2022 coupled with the careful build back of the Group's fixed costs after the pandemic.

In addition, 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 2022 of £1.0m compared to the year 2021.

The following table compares these KPIs for the current and preceding financial year.

	<b>31 December 2022 £000</b>	31 December 2021 £000
Revenue	<b>57,548</b>	43,550
Operating Profit before amortisation, depreciation & impairment	<b>7,035</b>	4,355
Margin %	<b>12%</b>	10%
Net assets	<b>37,922</b>	36,006

The Group's net assets have risen by £1.9m (2021 – fallen by £1m) from the prior year primarily as a result of the ongoing amortisation of goodwill of £3.5m (2021: £3.5m) and depreciation on software of £0.8m (2021: £0.8m) offset by a rise in working capital of £6.2m (2021: rise of £3.3m).

Cash was £11.6m at 31 December 2022 (2021: £11.0m), a net cash inflow of £0.6m over the prior year (2021: increase of £ nil) driven by the cash generated from operations of £2.6m (2021: generated from operations of £2.6m), offset by £0.2m of capital asset purchases (2021: £0.2m) and an increase in borrowings by the Group's intermediate parent of £1.8m (2021: increase of £2.4m).

The Directors remain satisfied with the Group's performance.

## **Strategic Report (continued)**

### **Results and business review (continued)**

#### **Performance and financial position (continued)**

##### **Future Developments**

The Group anticipates growth in revenues for 2023 largely as a result of:

- the Group winning a significant new contract with a new key customer at competitive tender
- the Group winning several other contracts at competitive tender with few contract losses
- the plans of the Group's aviation customers to increase investment in the Group's services as passenger numbers slowly recover; and
- the anticipated increase in usage of the Group'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 Group's agreements with its main customers are typically 1-3 years with the relationships spanning many years;
- the Group's customers are predominantly in the FMCG sector which generally remained strong throughout the pandemic; and
- the Group held £11.6 million in cash at 31 December 2022 and no long term external debt.

The Directors have referred to cash flow forecasts for the period up to 31 December 2024 in order to understand the working capital requirements of the Group. 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 customer 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. As a result, the Directors have a reasonable expectation that the Group 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.

##### **Section 172 Statement**

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on employees, customers, suppliers, shareholders and the Group's reputation when making decisions. Acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its stakeholders in the long term.

The Directors regularly review principal stakeholders and how we engage with them. The Group's employees, customers, suppliers and shareholders are considered the primary stakeholders.

The Directors recognise that employees are fundamental and core to our business and delivery of our strategic ambitions. We aim to remain a responsible employer, from pay and benefits to health, safety and workplace environment. The Group performs regular benchmarking reviews to ensure salaries remain competitive and employs professional services firms to advise on other benefit schemes. The Group's policies concerning employee relations, such as disciplinary and grievance are continuously monitored to ensure they remain appropriate and fair.

## **Strategic Report** *(continued)*

### **Section 172 Statement** *(continued)*

The needs of the Group's customers and our ability to meet those needs is continuously monitored. We consider near term demand as well as how customers' priorities might change over a longer period of time. Products and service offerings are developed in collaboration with customers.

The Directors continuously monitor the Group's relationship with suppliers. We follow a regular review cycle to keep key policies such as anti-bribery, anti-corruption, equal opportunities and whistleblowing up to date. We make regular payruns to suppliers and monitor centralised supplier focussed e mail inboxes to deal with queries in a timely manner. Where larger supplier contracts are due for renewal or where we are considering a new service or product, for example with any suppliers connected with our fleet, we follow a tender process to ensure consideration is fairly given to each supplier.

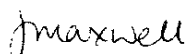
The Directors make decisions with consideration to the overall strategy, policies and governance of the Group's immediate and ultimate shareholders. We ensure that decisions taken appropriately reflect the ethos, mission and values of the shareholders and that they act in harmony with their wider strategic direction. Communication between Directors and the shareholders is achieved through a series of regular meetings covering all areas of the business.

Key decisions made impacting stakeholders during 2022 are set out below:

#### *Closure of subsidiaries*

Having already closed a subsidiary in Spain in April 2021 and in Turkey in November 2021, management concluded the dissolution of Aspen Marketing Communications Limited, a UK subsidiary, on 9<sup>th</sup> August 2022. All three entities had no employees and no active customer contracts and the decision to close was taken in conjunction with the wider shareholder strategy to reduce geographic expansion efforts and focus on growth in locations where the Group's business was more established.

By order of the board, 4 September 2023



**J Maxwell**  
*Director*

Dukes Court  
Duke Street  
Woking  
Surrey, GU21 5BH

## Directors' Report

Registered Number 10589849

The directors present their Directors' Report and financial statements for the year ended 31 December 2022. A description of the principal activities, risks and uncertainties together with an overview of the business and its results and future outlook are included within the Strategic Report on page 1.

The directors have considered and acted upon the need to foster the company's business relationships with suppliers, customers and others, as evidenced by key decisions made in the year discussed within the S172 statement of the strategic report.

### Directors

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

T C Johnson  
J Maxwell  
I Forshew

### Proposed dividend

The directors do not recommend the payment of a dividend.

### 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 Group and Company's performance which, together with performance related bonuses, encourages staff involvement. The Group's policy provides disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

### Donations

During the year the Group made charitable donations of £2,138 (2021: £11,008) and no political donations.

### Greenhouse gas emissions and energy consumption

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which introduced energy and carbon reporting requirements for large unquoted companies in the UK.

### Sustainability

The Group continues to recognise the impact it has on the environment for both its operational activities and the services it provides to customers. There has been investment to accelerate a sustainability pathway including the appointment of an Equity, Social & Governance Council whose remit includes the development of sustainable strategies to reduce greenhouse gas emissions and reduce energy consumption.

Reducing energy and greenhouse gas emissions ("GHG") has become a key focus for the group involving balancing longer term strategic initiatives alongside finding ways to support a sustainable supply chain and internal operations. Current strategies include:

- Fleet transition to more environmentally sustainable vehicles as leasing contracts renew
- Reduction in office footprint including reimagining of office use and office closures
- Continued evolution of hybrid working model post pandemic
- Continuing to look for ways to reduce travel such as adopting a culture of virtual meetings where possible
- Introduction of an EV salary sacrifice scheme
- Plans for energy efficient lighting and roll out in company offices
- Consideration and preparation for programs such as B Corp and Zero Waste to Landfill
- Best practice travel management



## Directors' Report *(continued)*

The Group continues to focus its efforts on reducing its Scope 1, 2 and 3 Carbon Emissions across its operational activities and recognises there is more to do in understanding and reducing its Scope 3 emissions through its influence on its customers supply chain.

### *Methodology*

The methodologies used in calculating total energy and greenhouse gas emissions ("GHG") (Scope 1 and 2) include the 2022 UK Government's Conversion Factors for Company Reporting - standard set.

Scope 1: Data was compiled from forecourt diesel and petrol fuel (litres) consumed by the company's fleet of vehicles.  
Scope 2: Data was provided by the Company based on meter readings for its buildings.

The intensity ratio calculated by the Group for the year is based on total carbon used in tonnes ("tCO<sub>2</sub>e") divided by company turnover which would be appropriate to achieve a reliable comparison, year on year.

### *Greenhouse gas emissions, energy consumption*

#### *Energy Usage*

Energy Use (mWh)	Year ended 31 December 2022
Petrol and diesel	8,851
Electricity	201
Total	9,052

#### *Carbon emissions*

CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	Year ended 31 December 2022
Emissions from combustion of petrol and diesel (Scope 1)	2,161
Emissions from electricity purchase for own use (Scope 2)	39
Total	2,200

#### *Intensity Ratio*

CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	Year ended 31 December 2022
Emissions per £m turnover	55.7

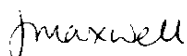
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm, 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish the Company's auditor is aware of the 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, 4 September 2023



**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 consolidated 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 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 Members of Acosta RH Limited**

### **Opinion**

In our opinion:

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

We have audited the financial statements of Acosta RH Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the consolidated profit and loss account and other comprehensive income, the consolidated and company balance sheets, consolidated cash flow statement, consolidated statement of changes in equity, company 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 Group and the Parent 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 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 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 Members of Acosta RH 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 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.

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

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

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

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, 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 the 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.

## **Independent Auditor's Report to Members of Acosta RH Limited *(continued)***

### **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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and relevant tax compliance legislation.
- We understood how the Group and Parent Company are complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and through reviewing legal correspondence. We corroborated our enquiries through our review of board minutes and discussion with management.
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud.
- Our audit planning identified fraud risks in relation to management override of controls and inappropriate or incorrect recognition of revenue (revenue recognition assessed for each stream regardless of materiality). We reviewed the revenue recognition process per stream and identified potential gaps in the process to identify what could go wrong and how it could result in incorrect revenue recognition. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- With regards to the fraud risk in management override, our procedures included journal transaction testing, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates which are subject to management's judgement and estimation, and could be subject to potential bias.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

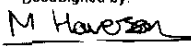
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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.

## **Independent Auditor's Report to Members of Acosta RH Limited** *(continued)*

### **Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
036EB033AB07430

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

Date: 04 September 2023

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

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2022*

		31 December	31 December
	<i>Note</i>	<b>2022</b>	2021
		<b>£000</b>	£000
<b>Turnover</b>	2	<b>57,548</b>	43,550
Cost of sales		<b>(42,768)</b>	(31,833)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>14,780</b>	11,717
Administrative expenses		<b>(12,261)</b>	(12,700)
Other income	6	-	803
		<hr/>	<hr/>
<b>Operating profit / (loss)</b>	3	<b>2,519</b>	(180)
Interest receivable and similar income	7	<b>1</b>	-
Interest payable and similar charges	8	<b>(13)</b>	(10)
		<hr/>	<hr/>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>2,507</b>	(190)
Tax charge on profit / (loss) on ordinary activities	9	<b>(1,179)</b>	(764)
		<hr/>	<hr/>
<b>Loss for the financial year after tax</b>		<b>1,328</b>	(954)
Other comprehensive profit / (loss)		<b>588</b>	(17)
		<hr/>	<hr/>
<b>Total comprehensive profit / (loss) after tax</b>		<b>1,916</b>	(971)
		<hr/>	<hr/>

The notes on pages 18 to 36 form an integral part of this profit and loss account.

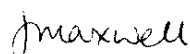
## Consolidated and Company Balance Sheets as at 31 December 2022

	<i>Note</i>	<b>2022 Group</b>	<b>2022 Company</b>	<b>2021 Group</b>	<b>2021 Company</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Intangible assets	10	17,520	-	21,813	-
Tangible assets	11	364	-	348	-
Investments in subsidiaries	12	-	40,214	-	40,214
		<b>17,884</b>	<b>40,214</b>	<b>22,161</b>	<b>40,214</b>
<b>Current assets</b>					
Debtors	13	19,153	-	15,578	-
Cash at bank and in hand		11,610	-	11,004	-
		<b>30,763</b>	<b>-</b>	<b>26,582</b>	<b>-</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(9,958)</b>	<b>(220)</b>	<b>(11,825)</b>	<b>(220)</b>
<b>Net current assets/(liabilities)</b>		<b>20,805</b>	<b>(220)</b>	<b>14,757</b>	<b>(220)</b>
<b>Total assets less current liabilities</b>		<b>38,689</b>	<b>39,994</b>	<b>36,918</b>	<b>39,994</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(767)</b>	<b>-</b>	<b>(912)</b>	<b>-</b>
<b>Net assets</b>		<b>37,922</b>	<b>39,994</b>	<b>36,006</b>	<b>39,994</b>
<b>Capital and reserves</b>					
Called up share capital	20	-	-	-	-
Paid in Capital		77,917	78,243	77,917	78,243
Additional paid in Capital		-	-	-	-
Foreign currency translation		551	-	(37)	-
Profit and loss account		(40,546)	(38,249)	(41,874)	(38,249)
<b>Shareholders' funds</b>		<b>37,922</b>	<b>39,994</b>	<b>36,006</b>	<b>39,994</b>

The Parent Company result for the year ending 31 December 2022 was a result of £nil (2021 - a result of £nil).

The notes on pages 18 to 36 form an integral part of this balance sheet.

These financial statements were approved by the board of directors on 4 September 2023 and were signed on its behalf by:



**J Maxwell**  
Director

Registered number 10589849



## Consolidated Cash flow Statement for the year ended 31 December 2021

		31 December 2022	31 December 2021
	<i>Note</i>	£000	£000
<b>Cash flows from operating activities</b>			
Operating profit (loss) for the period		2,519	(180)
<i>Adjustments for:</i>			
Depreciation	11	227	234
Amortisation & impairment	10	4,293	4,301
Foreign exchange on consolidation		550	(30)
Tax payments net of refunds		(1,288)	(221)
Increase in debtors		(3,579)	(1,086)
(Decrease) / increase in creditors		(24)	(330)
<b>Net cash inflow / (used in) from operating activities</b>		<b>2,698</b>	<b>2,688</b>
<b>Cash flows from investing activities</b>			
Interest received	7	1	-
Acquisition of tangible fixed assets	11	(243)	(237)
<b>Net cash used in investing activities</b>		<b>(242)</b>	<b>(237)</b>
<b>Cash flows from financing activities</b>			
Interest paid on overdrafts and similar	8	(13)	(10)
Repayment of parent company borrowings	13, 14	(1,837)	(2,436)
<b>Net cash (used in) / inflow from financing activities</b>		<b>(1,850)</b>	<b>(2,446)</b>
Net increase in cash and cash equivalents		606	5
Cash and cash equivalents at 1 January		11,004	10,999
<b>Cash and cash equivalents at 31 December</b>		<b>11,610</b>	<b>11,004</b>

The notes on pages 18 to 36 form an integral part of this cash flow statement.

## Consolidated Statement of Changes In Equity

For the year ending 31 December 2022	Called up share capital 2022 £000	Paid in capital 2022 £000	Additional Paid in capital 2022 £000	Foreign Currency Translation 2022 £000	Profit & loss account 2022 £000	Total equity 2022 £000
Balance at 1 January 2022	-	77,917	-	(37)	(41,874)	36,006
Total comprehensive loss for the year	-	-	-	-	1,328	1,328
Loss for the year	-	-	-	-	1,328	1,328
Foreign exchange on consolidation	-	-	-	588	-	588
Total comprehensive loss for the year	-	-	-	588	1,328	1,916
Balance at 31 December 2022	-	77,917	-	551	(40,546)	37,922

For the year ending 31 December 2021	Called up share capital 2021 £000	Paid in capital 2021 £000	Additional paid in capital 2021 £000	Foreign currency translation 2021 £000	Profit & loss account 2021 £000	Total equity 2021 £000
Balance at 1 January 2021	-	77,917	-	(20)	(40,920)	36,977
Total comprehensive loss for the period	-	-	-	-	(954)	(954)
Loss for the period	-	-	-	-	(954)	(954)
Foreign exchange on consolidation	-	-	-	(17)	-	(17)
Total comprehensive loss for the period	-	-	-	(17)	(954)	(971)
Balance at 31 December 2021	-	77,917	-	(37)	(41,874)	36,006

The notes on pages 18 to 36 form an integral part of the financial statements.

## Company Statement of Changes In Equity

For the year ending 31 December 2022	Note	Called up share capital 2022 £000	Paid in capital 2022 £000	Profit & loss account 2022 £000	Total equity 2022 £000
Balance at 1 January 2022		-	78,243	(38,249)	39,994
<b>Total comprehensive loss for the year</b>		-	-	-	-
<b>Balance at 31 December 2022</b>		-	78,243	(38,249)	39,994

For the year ending 31 December 2021		Called up share capital 2021 £000	Paid in capital 2021 £000	Profit & loss account 2021 £000	Total equity 2021 £000
Balance at 1 January 2021		-	78,243	(38,249)	39,994
<b>Total comprehensive loss for the year</b>		-	-	-	-
Transactions with owners, recorded directly in equity					
Loan from parent converted to paid in capital		-	-	-	-
Transactions with owners, recorded directly in equity		-	-	-	-
<b>Balance at 31 December 2021</b>		-	78,243	(38,249)	39,994

The notes on pages 18 to 36 form an integral part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Acosta RH 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 Group and 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 Company Acosta RH Limited is included in these consolidated financial statements, 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:

- No separate company Cash Flow Statement with related notes is included.
- Key Management Personnel Compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments.

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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards, and on a historical cost basis. The financial statements are prepared on a going concern basis which is further discussed in the Strategic Report.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity which is controlled by the Company. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date the control commences until the date the control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights which are currently exercisable. In the current period all subsidiaries of Acosta RH Limited were deemed to be controlled by the Company from 3rd February 2017 onwards, the acquisition date (note 12).

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Overseas subsidiaries are consolidated by converting foreign currencies to Sterling at an average rate for the year for all profit & loss balances and at year end rate for all balance sheet values.

#### ***Business combinations***

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Goodwill is allocated to cash-generating units or group of cash-generating units which are expected to benefit from the synergies of the business combination from which it arose.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Intangible assets*

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- software 10 years; and
- goodwill 10 years.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

#### *Turnover*

Turnover comprises the fair value of the consideration received or receivable, net of VAT and trade discounts, of the sale of services (as described in the Strategic Report), provided to our clients. Revenue is recognised in the month the 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.

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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
----------------------------------	---	------------

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 Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group 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 year.

## **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 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 it is not probable 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 provided in respect of the additional tax which will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount which can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate which 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 it is probable 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 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 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 debtors, amounts owed from group undertakings and other debtors are recognised initially at transaction price less attributable transaction costs. Trade creditors, amounts owed to group undertakings and other creditors 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 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.

#### ***Investments in subsidiaries***

Investments in subsidiaries are measured at cost less impairment in profit or loss.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Cash and cash equivalents*

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 are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable and net foreign exchange losses on translation of loans (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains on translation of loans.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions which are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative which includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative which will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments which are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

### 2 Turnover

The Group's sole business activity is the provision of marketing services. The table below shows the % of turnover derived from each country.

	UK	US	Ireland	Germany
2022	81.6%	11.3%	4.3%	2.8%
2021	81.7%	12.7%	3.6%	2.0%

## Notes (continued)

### 3 Operating Loss

	<b>2022</b>	2021
	<b>£000</b>	£000
<i>Included in operating loss is the following:</i>		
Amortisation	<b>4,293</b>	4,293
Impairment loss	-	8
Depreciation	<b>227</b>	234
Operating lease expense	<b>2,121</b>	2,136
Amounts payable to auditors and their associates in respect of:		
Audit of these financial statements	<b>106</b>	16
Audit of financial statements of subsidiaries pursuant to legislation	-	95
	<hr/>	<hr/>

### 4 Directors' remuneration

	<b>2022</b>	2021
	<b>£000</b>	£000
Directors' emoluments	<b>562</b>	470
Company contributions to money purchase pension schemes	<b>17</b>	16
	<hr/>	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £287,061 (2021: £311,008), including Company pension contributions of £8,793 (2021: £10,426) which were made to a money purchase scheme on their behalf. These costs were expensed in and paid from Reach Contact Limited, another group Company.

Retirement benefits are accruing to two directors (2021: two) under money purchase schemes.

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2022	2021
Management and administration	78	78
Production and sales	688	670
	<hr/>	<hr/>
	766	748
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	27,379	26,209
Social security costs	2,313	2,171
Pension costs	913	896
	<hr/>	<hr/>
	30,605	29,276
	<hr/>	<hr/>

The Company had no employees throughout 2022 (2021 – nil).

### 6 Other income

#### Government grants

Grants under the coronavirus job retention scheme of £nil (2021 – £572,926) 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.

#### Deed of variation

In April 2021 the Group exited a long term rental agreement for its office in Gatwick, UK at the request of the landlord and received a one time settlement of £200,000.

#### Domain sale

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

### 7 Other interest receivable and similar income

	2022 £000	2021 £000
Bank interest and similar	1	-
	<hr/>	<hr/>
	1	-
	<hr/>	<hr/>

## Notes (continued)

### 8 Interest payable and similar charges

	31 December 2022 £000	31 December 2021 £000
Interest on bank loans and overdrafts	13	10
	<u>13</u>	<u>10</u>

### 9 Taxation

Total tax expense charged in the profit and loss account, other comprehensive income and equity.

#### Analysis of charge in period

	2022 £000	2022 £000	2021 £000	2021 £000
<i>UK corporation tax</i>				
Current tax on profit / loss for the period	1,026		536	
Adjustment in respect of prior periods	-		4	
	<u>1,026</u>	1,026	<u>540</u>	540
Foreign current tax on profit / loss for the period		295		357
Total current tax		<u>1,321</u>		<u>897</u>
<i>Deferred tax (see note 16)</i>				
Origination/reversal of timing differences	(142)		(133)	
Total deferred tax		<u>(142)</u>		<u>(133)</u>
Tax on profit / loss on ordinary activities		<u>1,179</u>		<u>764</u>

## Notes (continued)

### 9 Taxation (continued)

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2021 – higher) than the standard rate of corporation tax in the UK 19% (2021 – 19%). The differences are explained below.

	31 December 2022 £000	31 December 2021 £000
<b>Reconciliation of effective tax rate</b>		
<i>Current tax reconciliation</i>		
Profit (loss) on ordinary activities before tax	2,507	(190)
	<hr/>	<hr/>
Current tax at 19% (2021 – 19%)	476	(36)
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily goodwill amortisation & impairment losses)	866	857
Other short term timing differences	(145)	(145)
Differing tax rates on overseas earnings	(17)	85
Adjustment to tax charge in respect of prior periods	(1)	3
	<hr/>	<hr/>
Total tax expense included in profit or loss	1,179	764
	<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 substantially enacted on 24 May 2021, increased the rate to 25% from 1 April 2023. The deferred tax asset at 31 December 2022 has been calculated based on these rates.

At 31 December 2022 the Group had taxable losses of £nil (2021 - £nil).

## Notes (continued)

### 10 Intangible fixed assets

Group	Software £000	Goodwill £000	Total £000
<b>Cost</b>			
At beginning of year	7,630	68,751	76,381
At end of year	7,630	68,751	76,381
<b>Amortisation</b>			
At beginning of year	3,751	50,817	54,568
Charged in year	763	3,530	4,293
At end of year	4,514	54,347	58,861
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>3,116</b>	<b>14,404</b>	<b>17,520</b>
At 31 December 2021	3,879	17,934	21,813

The amortisation, is recognised in the Administrative expenses line item in the profit and loss account. The goodwill arising on the acquisition of Reach Holdings Limited on 3 February 2017 is being amortised over 10 years, which reflects management's estimate of the useful economic life of the business acquired.

An annual review for impairment of goodwill and intangibles is carried out annually. At 31 December 2022 there were considered to be no indications of impairment (2021 – none).

## Notes (continued)

### 11 Tangible fixed assets

<b>Group</b>	<b>Plant, fixture &amp; IT equipment £000</b>	<b>Total £000</b>
<i>Cost</i>		
At beginning of period	1,457	1,457
Additions	243	243
<b>At end of period</b>	<b>1,700</b>	<b>1,700</b>
<i>Depreciation</i>		
At beginning of period	1,109	1,109
Charge	227	227
<b>At end of period</b>	<b>1,336</b>	<b>1,336</b>
<i>Net book value</i>		
<b>At 31 December 2022</b>	<b>364</b>	<b>364</b>
At 31 December 2021	348	348

### 12 Investments in subsidiaries

<b>Company</b>	<b>Shares in group undertaking £000</b>
<i>Cost</i>	
At beginning of period	74,872
<b>At end of period</b>	<b>74,872</b>
<i>Accumulated impairment</i>	
At beginning of period	34,658
Impairment loss	-
<b>At end of period</b>	<b>34,658</b>
<i>Net book value</i>	
<b>At 31 December 2022</b>	<b>40,214</b>
At 31 December 2021	40,214

Possible indicators of impairment have been reviewed with none noted for the current year. At 31 December 2022 and 31 December 2021 the value in use of subsidiaries was determined to be higher than the carrying value of the investment held in the Company.



## Notes (continued)

### 12 Investment in Subsidiaries (continued)

The undertakings in which the Group has an interest at the year end are as follows:

Subsidiary undertakings	Country of incorporation	Registration number	Registered Office	Principal activity	Class and percentage of shares held	
					Group	Company
Reach Holdings Limited	England and Wales	06262884	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Holding Company	Ordinary shares 100%	Ordinary shares 100%
ShopSmart Agency Limited	England and Wales	06649582	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Marketing Services	Ordinary shares 100%	-
Aspen Marketing Group Limited	England and Wales	05256422	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Holding Company	Ordinary shares 100%	-
Acosta Sales & Marketing Limited	England and Wales	06649877	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Marketing Services	Ordinary shares 100%	-
Disrupt Limited	England and Wales	06649558	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Marketing Services	Ordinary shares 100%	-
Flexforce Limited	England and Wales	09741604	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Marketing Services	Ordinary shares 100%	-
Reach Contact LLC	USA	364822355	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Marketing Services	Ordinary shares 100%	-
Awesomecorp Limited	England and Wales	04173891	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Holding Company	Ordinary shares 100%	-
Reach Contact Limited	England and Wales	01226337	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Marketing Services	Ordinary shares 100%	-
Channel Marketing Solutions Limited	England and Wales	03699611	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Dormant	Ordinary shares 100%	-
Reach GmbH	Germany	HRB 94332	Fürstenwall 172, 40217 Düsseldorf, Germany	Marketing Services	Ordinary shares 100%	-
Reach Contact Ireland Limited	Ireland	477358	96 Lower Yellow Road Waterford, Ireland	Marketing Services	Ordinary shares 100%	-

On 10 April 2019 management approved the initiation of the liquidation of Reach Sales & Marketing Services in Turkey. The liquidation was completed in November 2021.

On 9 July 2020 management resolved the initiation of the liquidation of Reach Contact SL in Spain. The entity was liquidated in April 2021.

Aspen Marketing Communications was dissolved on 9 August 2022.

## Notes (continued)

### 12 Investment in Subsidiaries (continued)

#### Audit exemption guarantee

The following subsidiaries took advantage of the exemption from audit of their individual financial statements, under Section 479A of the Companies Act 2006, for the period ended 31 December 2022:

Subsidiary undertakings	Country of incorporation	Registration number	Principal activity
Reach Holdings Limited	England and Wales	06262884	Holding Company
ShopSmart Agency Limited	England and Wales	06649582	Marketing Services
Aspen Marketing Group Limited	England and Wales	05256422	Holding Company
Acosta Sales & Marketing Limited	England and Wales	06649877	Marketing Services
Disrupt Limited	England and Wales	06649558	Marketing Services
Flexforce Limited	England and Wales	09741604	Marketing Services
Awesomecorp Limited	England and Wales	04173891	Holding Company
Reach Contact Limited	England and Wales	01226337	Marketing Services

### 13 Debtors

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Trade Debtors	9,334	-	10,539	-
Deferred tax asset	48	-	51	-
Amounts owed by group undertakings	6,538	-	3,483	-
Other debtors	228	-	114	-
Prepayments and accrued income	3,005	-	1,391	-
Corporation tax receivable	-	-	-	-
	<u>19,153</u>	<u>-</u>	<u>15,578</u>	<u>-</u>

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

Included in trade debtors is an allowance for doubtful debts of £368,514 against one customer (2021 - £368,514).

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	Group 2022	Company 2022	Group 2021	Company 2021
	£000	£000	£000	£000
Trade creditors	1,255	-	827	-
Corporation tax payable	44	-	414	-
Amounts owed to parent company	-	-	1,473	-
Amounts owed to group undertakings	-	220	-	220
Taxation and social security	1,598	-	1,667	-
Accruals and deferred revenue	7,061	-	7,444	-
	<u>9,958</u>	<u>220</u>	<u>11,825</u>	<u>220</u>

The amounts owed to the parent company are non-interest bearing unsecured intra-group loans, which are payable on demand.

The movement in amounts owed to parent company included £364,000 (2021 - £308,000) of non-cash transactions made up of £364,000 (2021- £323,000) of payments made by the parent company on behalf of the Group, and £nil (2021 - £15,000) of foreign exchange.

### 15 Creditors: amounts falling due after more than one year

	Group 2022	Company 2022	Group 2021	Company 2021
	£000	£000	£000	£000
Deferred tax liability (Note 16)	767	-	912	-
	<u>767</u>	<u>-</u>	<u>912</u>	<u>-</u>

## Notes (continued)

### 16 Deferred taxation

The elements of deferred taxation are as follows:

	<b>Group 2022 £000</b>	Group 2021 £000
Other timing differences	<b>48</b>	51
<b>Deferred tax asset</b>	<b>48</b>	51
	<b>Group 2022 £000</b>	Group 2021 £000
Difference between accumulated depreciation and amortisation and capital allowances	<b>767</b>	912
<b>Deferred tax liability</b>	<b>767</b>	912

The Company had no deferred tax asset or liability at 31 December 2022 (2021 - £nil).

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

	<b>Group 2022 £000</b>	Group 2021 £000
Opening balance	861	994
P&I. credit relating to fixed asset timing differences	(142)	(133)
<b>Closing balance</b>	<b>719</b>	861

## Notes (continued)

### 17 Financial instruments

#### *Carrying amount of financial instruments*

The carrying amounts of the financial assets and financial liabilities include:

<b>Group</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Assets measured at cost less impairment	<b>18,563</b>	14,902
Liabilities measured at amortised cost	<b>5,851</b>	6,425
	<hr/>	<hr/>
<b>Company</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Liabilities measured at amortised cost	<b>220</b>	220
	<hr/>	<hr/>

The financial assets are trade debtors, amounts owed by group undertakings, amounts owed by parent, accrued income and other debtors. The financial liabilities are trade creditors, accruals and deferred revenue, amounts owed to group undertakings and amounts owed to parent.

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	<b>Group</b>	<b>Group</b>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Less than one year	<b>1,771</b>	1,278
Between one and five years	<b>1,828</b>	1,026
More than five years	-	-
	<hr/>	<hr/>
	<b>3,599</b>	2,304
	<hr/>	<hr/>

During the year £2,120,735 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £2,136,304).

The Company does not hold any operating leases.

### 19 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £917,856 (2021 - £896,287).

The Group had £145,240 in outstanding or prepaid contributions at the 31 December 2022 (2021 - £123,889).

The Company has no outstanding or prepaid contributions at either the beginning or end of the financial period.

## Notes (continued)

### 20 Called up share capital

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
Equity:		
1 Ordinary share of £0.01 each	-	-
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	-	-
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The profit & loss account represents the cumulative net gains and losses recognised in the Statement of comprehensive income, net of dividends paid.

Paid in capital represents the cumulative fair value of amounts received from less returned to the parent company, Acosta UK Holdings I.LC and is recorded as a component of equity.

Share capital represents ordinary shares with full voting, dividend and capital distribution rights.

The foreign currency translation reserve represents the foreign exchange translation adjustments on consolidation of foreign subsidiaries.

### 21 Related party disclosures and ultimate controlling interest

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, LP which is incorporated in the United States of America.

The Company is a subsidiary undertaking of Acosta UK Holdings LLC, a company incorporated in the United States of America.

During the year ended 31 December 2022, £844,802 (2021 - £68,852) of sales were made to its intermediate parent, Acosta Inc, by one of the Group's subsidiaries. In addition, expenses of £616,912 (2021: £345,065) were paid by the Group on behalf of Acosta Inc and £2,155,870 (2021: £1,656,883) of expenses were paid by Acosta Inc on behalf of the Group. The Group paid £5,221,878 (2021: £5,200,410) of cash to Acosta Inc which resulted in a receivable of £6,537,590 (2021: receivable of £2,009,869) at 31 December 2022.

There are no other disclosable related party transactions.