Tag Europe Limited

Annual Report

Company registered number 02299109

31 December 2021

Company information

Company registered number
02299109

Directors
D Kassler
F Aghoghovbia
A Gibb

Registered office
1-5 Poland Street
London
W1F 8PR

Strategic report

Strategic report for the year ended 31 December 2021

The directors present their strategic report on the Tag Europe Limited (the 'Company') for the year ended 31 December 2021.

Introduction

The Company's immediate parent undertaking is Tag Worldwide Group Limited and AI Wertheimer Parentco UK Limited is the parent undertaking of the largest UK group of which the Company is a member and for which consolidated financial statements are prepared (hereby referred to as the 'Group'). The Group is ultimately owned by funds containing institutional owners and is controlled by funds advised by Advent International Corporation, a private equity investment company.

Principal activities and review of the business

The Company is a marketing and communication supply chain services company for the Williams Lea Tag Group of companies which provides marketing production and skilled business-critical support services worldwide.

The Company sits under the Tag business unit which is a leading end-to-end global creative production and sourcing partner to brands and agencies. As a production and sourcing specialist, Tag offers a complementary skillset to in-house teams and advertising agencies to bring to life, extend and deploy creative ideas. As a client partner, Tag brings a consultative and collaborative approach to developing bespoke solutions for unique needs.

The directors consider that the Company's key financial performance indicators during the year were as follows:

	2021	2020	Change
	£000s	£000s	%
Turnover	**76,854**	62,603	22.8
EBITDA before exceptional items	**141**	(1,271)	(111.1)

EBITDA represents earnings before interest, tax, depreciation and amortisation and is the main focus of interest being the variable element of operating profit and the key performance indicator used for external financing.

Turnover increased by 22.8% against 2020 due to the novation of the Sourcing business from Williams Lea Limited in Q4 2021 as part of the separation of the Williams Lea and Tag operations. Turnover has also increased due to the incorporation of activities from Goods & Services.tv Limited, Tag Pac Limited and Smoke & Mirrors Limited. There has been additional gross profit in the year due to the increase in turnover.

EBITDA before exceptional items increased mainly as a result of a continuation of ongoing efforts to restructure the business's cost base including further leverage of the Group's global footprint to deliver more services from countries with lower labour costs. Several efficiency programmes were run throughout 2020 and 2021.

During 2021, the UK parent undertaking took the decision to separate the Williams Lea and Tag businesses. UK based Sourcing contracts have historically been held by Williams Lea Limited but have greater synergies with the Tag business. As a result, these contracts were novated from Williams Lea Limited to Tag Europe Limited.

Subsequent events

The novation of the Sourcing business from Williams Lea Limited to Tag was completed during 2022 which we are expecting to result in a significant increase in turnover in 2022.

Principal risks and uncertainties

The Company assesses risk at board level and through other operational boards which meet on a regular basis. The principal risks and uncertainties facing the Company are set out below:

General business environment

The business of the Company substantially depends on the financial health of its customers which in turn depends on the global macro-economic environment.

Competition

The Company operates in a competitive environment and all contracts and processes are subject to regular analysis with the aim of retaining existing customers, growing the customer base and optimising the economic performance under customer contracts.ds heavily on the functioning and performance of its applications and infrastructure. Active risk management processes are in place to maximise the efficiency of the Company's technology. The directors continuously monitor data security compliance and risk.

Information technology risks

Information technology is an integral part of the Company's service capability and its business performance depends heavily on the functioning and performance of its applications and infrastructure. Active risk management processes are in place to maximise the efficiency of the Company's technology. The directors continuously monitor data security compliance and risk.

Financial risk management

The Company's activities expose it to a variety of financial risks including inflation risk, credit risk, contract risk, liquidity risk and currency risk.

Inflation risk

Inflation arises when goods and services sold by the Company are purchased from external suppliers. These costs are subject to regular review and competitive procurement processes. The majority of the goods and services sold by the Company are provided by its own resources or are bought in from related parties. Where services are bought in, the costs of these are recharged to customers. Where not possible, this is communicated and the risk assessed by senior management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. Credit risk management follows normal best practice and includes varying levels of credit assessments according to customer size and active credit performance management through key performance indicators such as days' sales outstanding.

Contract risk

Contract risk is the risk of financial loss to the Company arising from contract breach. Contract risk is managed by a formal contract approval processes, active operational management and, to in some cases, certain risks are insured.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, for example through applying cash collection targets.

Foreign currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or costs, as well as value of assets and liabilities. The principle hedging activities related to currency risks are carried out by the Company's parent entity.

By order of the Board

D Kassler
Director
19 December 2022

1-5 Poland Street
London
W1F 8PR

Directors' report

Directors' report for the year ended 31 December 2021

The directors present their annual report and the unaudited financial statements of the Company for the year ended 31 December 2021.

Future developments

The directors intend to follow the strategy as set out in the Strategic report to continue to act as a pre-media production and creative services company for the Williams Lea Tag Group of companies.

Commentary

The commentary on the operational performance of the Company in the period is set out in the Strategic report.

Dividends

No dividends were paid or are recommended for the year (2020: none).

Post balance sheet events

There have been no significant events affecting the Company since the year end other than as discussed in the Strategic report.

Directors

Unless otherwise indicated, the directors who served during the year and up until the date of approval of this report were as follows:

D Kassler	(appointed 1 December 2017)
F Aghoghovbia	(appointed 24 September 2019)
A Gibb	(appointed 13 January 2020)

Going concern

The directors make an estimate of future performance of the Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors consider financial projections which reflect current market conditions, liquidity requirements and opportunities and risks facing the Company. The Company has obtained written confirmation from AI Wertheimer Parentco UK Limited, the parent undertaking of the largest UK group, that it will provide finance, if required, for a period of at least 12 months from the date of approval of the Company's financial statements in order for the Company to meet its liabilities as they fall due. On this basis, the directors consider that the use of the going concern basis of accounting is appropriate.

Future developments

The directors intend to follow the strategy as set out in the Strategic report to continue to act as a marketing and communication supply chain services company for the Williams Lea Tag Group of companies

Qualifying third-party indemnities

A comprehensive insurance policy is in place against certain liabilities which could arise from a negligent act or a breach of duty by the Company's directors and officers in the discharge of their duties. This is a qualifying third party indemnity provision, which was in force throughout the financial year and at the date of approval of the financial statements.

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 those 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 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors
For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

By order of the Board

D Kassler
Director
19 December 2022

1-5 Poland Street
London
W1F 8PR

Statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	*5*	**76,853,800**	62,602,747
EBITDA before exceptional items		**141,233**	(1,270,751)
Exceptional items	*7*	**(302,790)**	(46,575)
Amortisation	*8*	**(283,852)**	(76,809)
Depreciation	*8*	**(328,470)**	(546,625)
OPERATING PROFIT / (LOSS)	*6,8*	**(658,998)**	(1,940,759)
Interest receivable and similar income	*10*	**36,951**	219
Interest payable and similar expenses	*11*	**(797,019)**	(755,850)
Amounts written off investments	*15*	**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**(1,419,066)**	(2,696,390)
Tax on profit	*12*	**1,385,421**	986,773
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		**(33,645)**	(1,709,617)
Other comprehensive income for the year		**-**	-
Total comprehensive (loss) / income for the year		**(33,645)**	(1,709,617)

Balance Sheet

At 31 December 2021

	Note	2021 £	2020 Restated £
Fixed assets			
Intangible assets	*13*	**22,852,531**	184,376
Tangible assets	*14*	**2,210,864**	745,541
Investments	*15*	**449,986**	449,986
		25,513,381	1,379,903
Current assets			
Stocks	*16*	**1,118,191**	1,710,578
Debtors	*17*	**77,520,386**	126,294,083
Cash at bank and in hand		**927,169**	742,642
		79,565,746	128,747,303
Creditors: amounts falling due within one year	*18*	**(130,835,793)**	(155,289,003)
Net current liabilities		**(51,270,047)**	(26,541,700)
Total assets less current liabilities		**(25,756,666)**	(25,161,797)
Provisions for liabilities	*19*	**(983,226)**	(636,883)
Net liabilities		**(26,739,890)**	(25,798,680)
Capital and reserves			
Called up share capital	*20*	**9,600**	9,600
Other reserves		**900**	900
Accumulated losses		**(26,750,396)**	(25,809,180)
Total equity		**(26,739,890)**	(25,798,680)

For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were authorised for issue by the board of directors on 19 December 2022 and were signed on its behalf by:

D Kassler

Director

Company registered number: 02299109

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

	Called up share capital	Other reserves	Accumulated losses	Total equity
	£	£	£	£
Balance at 1 January 2020	9,600	900	(29,280,953)	**(29,270,453)**
Prior year restatement			5,181,390	**5,181,390**
Balance at 1 January 2020 - restated	9,600	900	(24,099,563)	**(24,089,063)**
Loss for the financial year	-	-	(1,709,617)	**(1,709,617)**
Total comprehensive loss for the year	-	-	(1,709,617)	**(1,709,617)**
Balance at 31 December 2020	9,600	900	(25,809,180)	**(25,798,680)**
Corporation tax impact - prior year restatement			(907,571)	**(907,571)**
Restated balance at 31 December 2020	9,600	900	(26,716,751)	**(26,706,251)**
Balance at 1 January 2021	9,600	900	(26,716,751)	**(26,706,251)**
Loss for the financial year	-	-	(33,645)	**(33,645)**
Total comprehensive profit for the year	-	-	(33,645)	**(33,645)**
Balance at 31 December 2021	**9,600**	**900**	**(26,750,396)**	**(26,739,896)**

*2020 opening retained earings have been restated for an accounting error relating to under-accrued income receivable from group undertakings in 2019 of £5,181,390

Notes to the financial statements

1. General information
Tag Europe Limited ('the Company') is a marketing and communication supply chain services company for the Williams Lea Tag Group of companies which provides marketing production and skilled business-critical support services worldwide. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 1-5 Poland Street, London, W1F 8PR.

2. Statement of compliance
The financial statements of Tag Europe Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

a. Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b. Going concern
The directors make an estimate of future performance of the Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors consider financial projections which reflect current market conditions, liquidity requirements and opportunities and risks facing the Company. The Company has obtained written confirmation from AI Wertheimer Parentco UK Limited, the parent undertaking of the largest UK group, that it will provide finance, if required, for a period of at least 12 months from the date of approval of the Company's financial statements in order for the Company to meet its liabilities as they fall due. On this basis, the directors consider that the use of the going concern basis of accounting is appropriate.

c. Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity:

• from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48 and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements of AI Wertheimer Holdings Limited;
• from disclosing key management personnel compensation in total, paragraph 33.7; and
• from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, AI Wertheimer Holdings Limited, includes the Company's cash flows in its consolidated financial statements.

Notes to the financials statements *(continued)*

d. **Turnover**
All income relating to normal business operations is recognised as revenue in the profit and loss account. All other income is reported as other operating income.

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from the provision of services is recognised when the risks and rewards of ownership have transferred to the buyer, the Group retains no continuing involvement or control, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Group and when delivery of those services is complete.
Revenue that meets these criteria but that has not been invoiced is recognised as accrued income. When assessing the value of accrued income management considers factors including selling price, the ageing profile and historical experience. Revenue that has been invoiced but that does not meet the recognition criteria is deferred and any related direct costs are recognised as work in progress.

Interest income is recognised as it accrues using the effective interest rate method.

e. Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated, impairment losses.
Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Brand	7 to 15 years
- Customer relationships	15 years
- Technology platforms	3 to 5 years
- Goodwill	10 to 20 years

Intangible assets under development are not amortised until they are fully brought into use, at which point they are transferred into the appropriate intangible asset category above. Amortisation is included in administration expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining technology platforms are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the

Notes to the financial statements (continued)

e. Intangible assets (continued)
Group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

f. Tangible assets and depreciation
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Buildings - leasehold improvements
Buildings include short leasehold improvements and are stated at cost less accumulated depreciation and accumulated impairment losses.

Plant and machinery and computer and office equipment
Plant and machinery and computer and office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values
Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Buildings	over the period of the lease
- Plant and machinery	10 – 15 years
- Computer and office equipment	3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components
Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction
Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Notes to the financial statements (continued)

f. Tangible assets and depreciation (continued)

De-recognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss within operating profit or loss.

g. Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Finance leased assets

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

h. Inventories

All inventories are stated at the lower of cost and estimated selling price less costs to sell. The cost is recognised as an expense in the period in which the related revenue is recognised.

Raw materials, consumables and goods for resale

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised
in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Work in progress and finished goods

Cost of work in progress and finished goods includes all costs incurred in bringing each product and service to its present location and condition. Cost includes direct materials, labour plus attributable overheads based on a normal level of activity.

Notes to the financial statements *(continued)*

i. Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

j. Financial instruments
Financial assets and liabilities
Basic financial assets and liabilities, including trade and other receivables, cash and bank balances, trade and other payables and loans from fellow group companies are recognised at transaction price, unless the arrangement constitutes a financing transaction. The company currently has no such financing transactions.

Such assets are subsequently carried at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

k. Provisions for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

l. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds..

m. Foreign currencies
The Company's functional and presentational currency is the pound sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

n. Related parties
The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

Notes to the financial statements *(continued)*

o. Exceptional items
Items which are significant by virtue of their size or nature and which are considered non-recurring are classified as exceptional items. Such items, which include costs in relation to the separation of the Williams Lea and Tag fiscal structures and operations and other restructuring and transformation costs of the Group, are included within the appropriate profit and loss account category but are highlighted separately in the notes to the financial statements. Exceptional items are excluded from the underlying profit measures used by the Board to monitor and measure the underlying performance of the Group (see note 7).

p. Employee benefits
The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangement and defined contribution pension plans.

Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plans
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Defined contribution pension plans
The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plans
The Company operates defined benefit plans for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and
remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

Notes to the financial statements *(continued)*

p. Employee benefits *(continued)*

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of
an asset, comprises:
i. the increase in pension benefit liability arising from employee service during the period; and
ii. the cost of plan introductions, benefit changes, curtailments and settlements.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Termination benefits
Any payments awarded to individuals where the group decides to terminate employee's employment by way of legislation, contractually or other agreements, are determined to be termination benefits. The group recognises a corresponding liability and expense when it has demonstrably committed either the terminating before the normal retirement date, or as a result of an offer made in order to encourage voluntary redundancy.

Either of these will be deemed as demonstrably committed when communicated in a formal plan for the termination and
is without realistic possibility of withdrawal from the plan.
Such payments are measured at the expected expenditure required to be settled at the reporting date. Where these are due more than 12 months after the end of the reporting period they shall be measured at their discounted present value.

Management Incentive Plan ("MIP")
The Group has a MIP to incentivise key directors and employees for the performance and value of the business in addition to annual salary, other benefits and their annual bonus. This MIP only crystallises at the time of a liquidity/exit event based on the holding of a certain class of share in an intermediate holding company which owns this Group. Given the current facts and circumstances, no compensation expense for these awards has been recognised to date.

The Company has no employees and thus there are no employee benefits.

q. Investments – Company
Investments in subsidiary companies and associates are held at cost less accumulated impairment losses.

r. Government grants
Government Grants, including any assistance programmes in respect of COVID, are measured at the fair value of the asset receivable. Where the grant becomes repayable it is recognised as a liability when the definition is met. Management choose to recognise government grants in line with the accrual model:

i. Grants related to revenue are recognised in income over the period in which the costs are recognised that the grant is intended to compensate. Where the grant is for expenses already incurred then the grant is recognised in the period which it becomes receivable.
ii. Grants related to assets are recognised in income over the expected useful life of the associated asset. Where such grants are deferred it shall be recognised as deferred income and not deducted from the carrying amount of the asset.

Notes to the financial statements *(continued)*

4. Critical accounting judgments and estimation uncertainty
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of intangible assets and goodwill
At each reporting date, the Company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection
of appropriate discount rates in order to calculate the net present value of those cash flows.

Income taxes
The Group has operating activities around the globe and is subject to local tax laws. Management uses estimates in calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate in relation to tax matters that are inherently uncertain, there can be no guarantee that the
actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between the actual outcomes of these uncertain tax matters could have an effect on the tax liabilities and deferred taxes in the period in which the matter is finally decided.

Provisions
Provision is made for dilapidations, onerous leases, onerous contracts and employee benefits. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Impairment of debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Estimation of work in progress
The Company makes an estimate of the recoverable value of work in progress. When assessing the recoverable value of
work in progress management considers factors including selling price, the ageing profile and historical experience.

Defined benefit pension scheme
The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet

Notes to the financial statements *(continued)*

5. Turnover

An analysis of turnover by destination is given below:	**2021** **£**	2020 £
United Kingdom	**42,157,937**	28,765,816
Rest of Europe	**26,245,085**	22,542,544
Rest of the world	**8,450,778**	11,294,387
	76,853,800	62,602,747

All turnover relates to the sale of creative production and digital marketing asset management services which the Company considers to be a single class of business.

6. Operating expenses

Net operating expenses of the Company, including exceptional items (note 7),

	2021 **£**	2020 £
Cost of sales	**69,549,349**	57,259,024
Administrative expenses	**9,725,810**	9,123,775
Other operating income	**(1,762,361)**	(1,929,293)
	77,512,798	64,453,506

7. Exceptional items

Exceptional items included within operating expenses (note 6) are categorised as follows:

	2021 **£**	2020 £
Administrative expenses:		
Other staff and reorganisation costs	**302,790**	46,575
	302,790	46,575

Exceptional costs during 2021 were largely incurred as a result of the continued restructuring of the Williams Lea Tag Group.

8. Operating profit /(loss)

Operating profit/(loss) is stated after charging/(crediting):	**2021** **£**	2020 £
Wages and salaries	**38,251,735**	32,586,682
Social security costs	**4,203,632**	4,131,940
Other pension costs	**770,062**	1,071,924
Total staff costs	**43,225,429**	37,790,546
Operating lease rentals	**1,983,849**	359,916
Foreign exchange losses	**315**	(27,394)
Exceptional administrative expenses (note 7)	**302,790**	46,575
Amortisation	**283,852**	76,809
Depreciation	**328,470**	546,625
Impairment of trade receivables	**112,631**	(262,920)

Notes to the financial statements *(continued)*

9. Employees and directors

Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Production	**558**	559
Administration and selling	**3**	109
	561	668

Directors

Directors' emolumnets during the year for the Company were £361,651 (2020: £342,680). The compensation pair or payable is shown below:

	2021 £	2020 £
Salary	**357,885**	340,705
Other benefits	**3,766**	1,975
	361,651	342,680

10. Interest receivable and similar income

	2021 £	2020 £
Other financial income	**36,951**	219
	36,951	1

11. Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group undertakings	**302,947**	273,226
Other Financial charges	**494,072**	482,624
	797,019	755,850

12. Tax on loss

Analysis of charge/(credit) in year:

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the period	**-**	(553,670)
Adjustments in respect of prior periods	**811,518**	(203,402)
Total current tax	**811,518**	(757,072)
Deferred tax		
Origination and reversal of timing differences	**(612,232)**	7,395
Impact of change in tax rates	**(1,524,633)**	(438,220)
Adjustments in respect of prior years	**(60,074)**	201,124
Deferred tax not recognised	**-**	-
Total deferred tax	**(2,196,939)**	(229,701)
Tax on loss	**(1,385,421)**	(986,773)

Notes to the financial statements *(continued)*

12. Tax on loss *(continued)*

Reconciliation of tax credit

The tax assessed for the year is the standard rate of corporation tax in the UK of 19.% (2020: 19%). The differences are explained below:

	2021	2020
	£	£
Profit before taxation	**(1,419,066)**	(2,696,390)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(269,623)**	(512,314)
Effects of:		
Expenses not deductible for tax purposes	**160,982**	39,172
Income not taxable		
Tax rate changes	**(1,524,633)**	(438,220)
Foreign taxes		-
Adjustments in respect of prior years	**751,444**	(2,278)
Deferred tax asset not recognised	**(503,589)**	(73,133)
Other	**(2)**	
Tax on profit	**(1,385,421)**	(986,773)

Factors that may affect future current and total tax charges

The UK corporation tax rate is 19% (2020: 19%).

An increase in the corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the Chancellor's Budget on 3 March 2021. The rate change was enacted during the accounting period and has been used to value deferred tax assets and liabilities.

Deferred Tax

A summary of the Company's deferred tax position is as follows:

	2021 Provided	2021 Unrecognised	2020 Provided	2020 Unrecognised
	£	£	£	£
Fixed asset timing difference	**(702,474)**		-	(642,992)
Short term timing difference	**(58,739)**		7,395	-
Losses	**(5,556,794)**	**(1,948,969)**	(4,163,090)	(1,362,466)
R&D expenditure credit	**(159,513)**	-	(159,513)	-
Intangibles	**4,120,342**			
	(2,357,178)	**(1,948,969)**	(4,315,208)	(2,005,458)

Deferred tax is calculated at 25% (2020: 19%).

Notes to the financial statements *(continued)*

13. Intangible assets

	Goodwill	Contracts & Customer lists	Computer software	Total
			£	£
Cost				
At 1 January 2021		-	10,908,053	10,908,053
Additions	4,154,967	16,619,867	2,177,172	22,952,006
Disposals		-	- 4,030,880	(4,030,880)
At 31 December 2021	4,154,967	16,619,867	9,054,345	29,829,180
Accumulated amortisation				
At 1 January 2021		-	10,723,677	10,723,677
Disposals		-	(4,030,880)	(4,030,880)
Charge for year	69,249	138,499	76,103	283,852
At 31 December 2021	69,249	138,499	6,768,900	6,976,649
Net book value				
At 31 December 2021	**4,085,717**	**16,481,368**	**2,285,445**	**22,852,531**
At 31 December 2020	-	-	184,376	184,376

Additions during the year relate to customer contracts/lists, supplier contracts and employment contracts from Williams Lea Limited to Tag Europe Ltd during the year.

14. Tangible assets

	improvement s	Plant & machinery	Fixtures & fittings	Total
	£	£	£	£
At 1 January 2021	1,081,939	8,830,811	1,302,913	11,215,663
Additions	1,361,107	430,724	111,903	1,903,734
Restatement	(54,613)	(45,807)	(9,521)	(109,941)
At 31 December 2021	2,388,433	9,215,728	1,405,295	13,009,456
At 1 January 2021	869,663	8,403,831	1,196,628	10,470,122
Charge for year	162,136	127,406	38,927	328,470
At 31 December 2021	1,031,799	8,531,237	1,235,555	10,798,592
Net book value				
At 31 December 2021	**1,356,634**	**684,491**	**169,740**	**2,210,864**
At 31 December 2020	212,276	426,980	106,285	745,541

15. Investments

	Investments in subsidiary undertakings
Cost	
At 31 December 2020	878,655
Provisions	
At 1 January 2021	428,669
Amounts provided	-
At 31 December 2021	428,669
Net book value	
At 31 December 2021	**449,986**
At 31 December 2020	449,986

The Company holds directly 100% of the ordinary share capital of Tag India Private Limited which is incorporated in India (Registered office 147, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi, 110065, India).

On 1 October, the Company purchased Williams Lea sro. which is incorporated in Czech Republic (Reg address: Mlýnská 326/13 Trnitá Brno 602 00 Czech Republic)

The directors believe that the book value of investments is supported by their underlying net assets.

16. Stocks

	2021	2020
	£	£
Work in progress	**1,118,191**	1,710,578

The difference between purchase price or production cost of inventories and their replacement cost is not material.

17. Debtors

	2021	2020 Restated
	£	£
Trade debtors	**20,621,472**	11,981,491
Amounts owed by group undertakings	**42,733,103**	105,885,653
Other debtors	**2,070,353**	(13,640)
Corporation tax	**20,109**	753,956
Deferred tax (note 12)	**6,477,520**	4,322,603
Prepayments and accrued income	**5,597,829**	3,364,020
	77,520,386	126,294,083

Trade debtors are stated after provisions for impairment of £391,233 (2020: £300,944).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Creditors: amounts falling due within one year

	2021 £	2020 Restated £
Trade creditors	**7,243,863**	2,791,880
Amounts owed to group undertakings - group in-house banking arrangement	**57,188,457**	55,800,559
Amounts owed to group undertakings - other	**28,237,112**	82,468,800
Other taxes and social security costs	**1,525,177**	3,949,618
Other creditors	**2,118,774**	1,824,593
Accruals and deferred income	**30,402,068**	8,446,159
Deferred tax liability	**4,120,342**	7,395
	130,835,793	155,289,003

Amounts owed under the group in-house bank arrangement are unsecured and repayable on demand. They bear interest at annual rates of 0.7% (2020: 1.2%). Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

19. Provisions for liabilities and charges

Provisions for liabilities and charges	Property	Onerous contracts	Total
At 1 January 2021	581,396	55,487	636,883
(Credit)/charge to profit and loss for the year	(170,077)	516,420	346,343
Amounts utilised during the year			-
At 31 December 2021	**411,319**	**571,907**	**983,226**

Property
As part of the Company's property leasing arrangements there is an obligation to restore property to its original condition at the end of the lease. The expected cost is charged to profit and loss at the start of the lease and deferred in its entirety. This deferred expenditure is amortised on a straight-line basis over the term of the lease.

Onerous contracts
The Company regularly assesses its client and supplier contracts to ensure that the expected economic benefits exceed the unavoidable costs of meeting the company's obligations under those contracts. Where costs to fulfil a contract are determined as exceeding the economic benefits, an immediate charge is made to profit and loss.

20. Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary shares of £1 each	**9,600**	9,600	**9,600**	9,600

The ordinary shares issued by the Company have full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

Notes to the financial statements *(continued)*

21. Pension arrangements

The Company operates a defined contribution pension scheme for its employees. The scheme assets are held separately from those of the Company in independently administered funds. The contribution payable during the year was £770,061 (2020: £1,071,923) and the pension payable outstanding at the year end was £Nil (2020: £Nil).

22. Financial commitments

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
Payments due:	**£**	£
Within one year	1,983,849	-
Between two and five years	7,575,740	-
In over five years	1,881,090	-
	11,440,680	-

Capital commitments

At 31 December 2021, the Company had no committed capital expenditure (2020: £Nil).

23. Contingent liabilities

For Value Added Tax (VAT) purposes, the Company is grouped with other undertakings in a VAT group. Under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue and Customs. VAT recoverable at the year end was £597,568 (2020: a payable of £881,557).

24. Related parties

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

25. Parent undertaking and controlling party

Tag Worldwide Group Limited is the Company's immediate parent undertaking. AI Wertheimer Parentco UK Limited is the parent undertaking of the largest UK group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the group financial statements of AI Wertheimer Parentco UK Limited can be obtained from 1-5 Poland Street, London W1F 8PR.

The directors regard the ultimate controlling party as GPE VIII funds managed by Advent International Corporation.