

Registered number: 02516364

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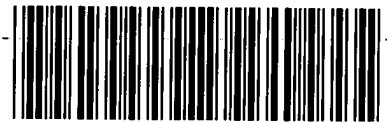
## APCO WORLDWIDE LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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**APCO WORLDWIDE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Kraus B Staples D Teeling (resigned 3 December 2018) D Delman (appointed 3 December 2018)
<b>Company secretary</b>	G A Lapetina
<b>Registered number</b>	02516364
<b>Registered office</b>	90 Long Acre Covent Garden London WC2E 9RA
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

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**APCO WORLDWIDE LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Independent Auditor's Report</b>	<b>5 - 8</b>
<b>Statement of Comprehensive Income</b>	<b>9</b>
<b>Statement of Financial Position</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Statement of Cash Flows</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 27</b>

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## APCO WORLDWIDE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

The main activities of the company is the provision of public relations consultancy services. The directors intend for the company to continue these principal activities for the foreseeable future.

#### Business review and financial key performance indicators

The results for the year are shown in full in the profit and loss account and the related notes. Turnover has increased by 5.2% from £8.7m in 2017 to £9.2m in 2018. Gross profit has decreased by 66.2% from £2,626k in 2017 to £889k in 2018. During 2018, the business continued to work with a number of leading global clients, increasing revenue through organic growth with existing clients and some significant new wins.

#### Principal risks and uncertainties

##### Foreign exchange risk

The company has implemented policies that require any realised and unrealised gains or losses to be accounted for on a monthly basis and that exchange exposure is minimised by working with clients to ensure that where ever possible contracts are agreed in local currency.

##### Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before services are rendered.

##### Liquidity risk

The company maintains (through its parent company) a mix of long & short-term, funding arrangements.

##### Financial and operation risk

The company's operations expose it to a variety of financial risks that include: reputation management risk, foreign exchange risk, credit risk and liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring these risks. The policies set by the Board of Directors are implemented by the group's finance department and the operational management of the business.

Every year we undertake an assessment of the Public Relations Consultancy Association's ("PRCA") Communications Management Standard ("CMS") scheme. The PRCA is a leading industry body that sets and monitors standards for organisations and individuals operating in the industry. The CMS reviews the quality and controls around a number of elements of a communications business, namely: Leadership & internal communications, Business Planning, Financial Systems, Campaign Management, Client Management/Satisfaction, New Business and People Management. The most recent score was 92.06%.

Whilst the terms of Britain's withdrawal from the European Union have not been agreed, there remains the possibility of a withdrawal with no deal in place. The Company has, for some time now, been in contact with stakeholders likely to be directly or indirectly affected by the various possible outcomes and plans have been put in place to deal with the most difficult scenarios foreseen.

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**APCO WORLDWIDE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Reputation risk**

Given the industry that the business operates in, Global Strategic Communications & Public Affairs, it is imperative that the business's reputation is above reproach. The operational leaders of the business assess each commercial opportunity to ensure that any potential reputational risks are assessed and mitigated. As part of our commitment to conducting the business in an ethical manner, we endorse and adhere to the UK industry's voluntary code of conduct: the Public Relations Consultancies Association (PRCA)'s Public Affairs Board Code of Conduct (which also incorporates the code of conduct from the former industry body, Association of Professional Political Consultants). This code sets the industry standard for the professional practice of corporate communications, public relations and public affairs internationally. The business recently undertook and passed the PRCA's 'Communications Management Standard' accreditation which assesses UK public relations firms against key quality control standards in the areas of Leadership, Business Planning, Financial Systems, Campaign Management, People Management, New Business, Communication and Client Management/Satisfaction.

The business won the following awards in 2018, which further enhanced its reputation in the industry:

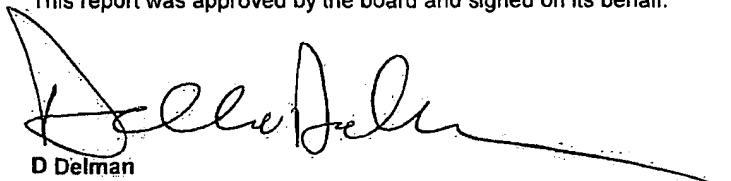
International Consultancy of the Year, 2018 by the Public Relations and Communications Association (PRCA)  
Global Public Affairs Consultancy of the Year, 2018 by The Holmes Report  
EMEA Public Affairs Consultancy of the Year, 2018 by The Holmes Report  
PRWeek Best Places to Work, 2018 by PRWeek

**Financial key performance indicators**

Internally, the business is assessed on a number of financial key performance indicators (KPI's) by regional and global management. These include:

- Gross profit margin; 9.7% in 2018 (30.1% in 2017).
- Loss after tax; £1,059k in 2018 (Profit of £668k in 2017).

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



**D Delman**

Director

Date: 13.08.19

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**APCO WORLDWIDE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Principal activity**

The main activities of the company is the provision of public relations consultancy services. The directors intend for the company to continue these principal activities for the foreseeable future.

**Directors**

The directors who served during the year were:

M Kraus  
B Staples  
D Teeling (resigned 3 December 2018)  
D Delman (appointed 3 December 2018)

**Directors' Responsibilities Statement**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Post balance sheet events**

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

**Future developments**

The company has a strong forward order book composed of long standing existing clients, many of which have extended their contracts into 2019, and a solid new business pipeline which includes both national and international clients.

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**APCO WORLDWIDE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Going concern**

The company is still focused on implementing a sustained new business development process and approach and improving its way of working with other group companies. This has contributed to sustained growth of existing clients, referrals from across the international network, and new business wins. The business continues to place emphasis on strong cost control in all aspects of its operations.

The ultimate parent undertaking, APCO Worldwide Holdings Inc. has confirmed its intention to provide financial support to the group, should such need arise, to enable the group to meet its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors have drawn up these financial statements on a going concern basis.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

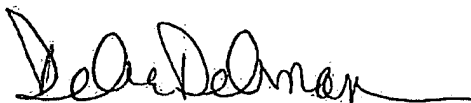
**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13.08.19 and signed on its behalf.



**D Delman**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCO WORLDWIDE LIMITED

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### Opinion

We have audited the financial statements of APCO Worldwide Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.





**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCO WORLDWIDE LIMITED  
(CONTINUED)**

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**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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCO WORLDWIDE LIMITED  
(CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors Report.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCO WORLDWIDE LIMITED  
(CONTINUED)

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**Use of our report**

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



Sergio Cardoso  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 13/8/19

**APCO WORLDWIDE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	9,178,741	8,728,652
Cost of sales		(8,290,074)	(6,103,024)
<b>Gross profit</b>		<b>888,667</b>	<b>2,625,628</b>
Administrative expenses		(2,038,914)	(1,781,742)
Other operating income	5	4,000	11,000
<b>Operating (loss)/profit</b>	6	<b>(1,146,247)</b>	<b>854,886</b>
Interest receivable and similar income	10	7,380	2,376
Interest payable and expenses	11	(20,086)	(18,408)
<b>(Loss)/profit before tax</b>		<b>(1,158,953)</b>	<b>838,854</b>
Tax on (loss)/profit	12	100,203	(171,293)
<b>(Loss)/profit for the financial year</b>		<b>(1,058,750)</b>	<b>667,561</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(1,058,750)</b>	<b>667,561</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 27 form part of these financial statements.

APCO WORLDWIDE LIMITED  
REGISTERED NUMBER:02516364

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	13	5,222	6,574
Tangible assets	14	66,283	98,347
		<u>71,505</u>	<u>104,921</u>
<b>Current assets</b>			
Work in progress	15	280,288	415,692
Debtors: amounts falling due within one year	16	3,625,761	5,211,544
Cash at bank and in hand	17	589,859	411,137
		<u>4,495,908</u>	<u>6,038,373</u>
Creditors: amounts falling due within one year	18	(3,572,311)	(4,089,442)
<b>Net current assets</b>		<u>923,597</u>	<u>1,948,931</u>
<b>Total assets less current liabilities</b>		<u>995,102</u>	<u>2,053,852</u>
<b>Net assets</b>		<u>995,102</u>	<u>2,053,852</u>
<b>Capital and reserves</b>			
Called up share capital	21	100,000	100,000
Other reserves	22	1,489,523	1,489,523
Profit and loss account	22	(594,421)	464,329
		<u>995,102</u>	<u>2,053,852</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13.08.19

  
D Delman  
Director

The notes on pages 13 to 27 form part of these financial statements.

**APCO WORLDWIDE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	100,000	1,489,523	464,329	2,053,852
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,058,750)	(1,058,750)
<b>Total comprehensive income for the year</b>	-	-	(1,058,750)	(1,058,750)
<b>At 31 December 2018</b>	<b>100,000</b>	<b>1,489,523</b>	<b>(594,421)</b>	<b>995,102</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	100,000	1,489,523	(203,232)	1,386,291
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	667,561	667,561
<b>Total comprehensive income for the year</b>	-	-	667,561	667,561
<b>At 31 December 2017</b>	<b>100,000</b>	<b>1,489,523</b>	<b>464,329</b>	<b>2,053,852</b>

The notes on pages 13 to 27 form part of these financial statements.

**APCO WORLDWIDE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(1,058,750)	667,561
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,352	1,176
Depreciation of tangible assets	97,477	89,939
Interest paid	20,086	18,408
Interest received	(7,380)	(2,376)
Taxation charge	(100,203)	171,293
Decrease/(increase) in work in progress	135,404	(341,110)
Decrease/(increase) in debtors	938,349	(275,142)
Decrease/(increase) in amounts owed by groups	975,668	(1,288,825)
Increase/(decrease) in creditors	564,332	(500,472)
(Decrease)/increase in amounts owed to groups	(1,081,463)	1,548,055
Corporation tax (paid)	(228,031)	(406,731)
<b>Net cash generated from operating activities</b>	<b>256,841</b>	<b>(318,224)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(65,413)	(39,035)
Sale of tangible fixed assets	-	1,725
Interest received	7,380	2,376
<b>Net cash from investing activities</b>	<b>(58,033)</b>	<b>(34,934)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(20,086)	(18,408)
<b>Net cash used in financing activities</b>	<b>(20,086)</b>	<b>(18,408)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>178,722</b>	<b>(371,566)</b>
Cash and cash equivalents at beginning of year	411,137	782,703
<b>Cash and cash equivalents at the end of year</b>	<b>589,859</b>	<b>411,137</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	589,859	411,137

The notes on pages 13 to 27 form part of these financial statements.

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**APCO WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. General information**

APCO Worldwide Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at 90 Long Acre, Covent Garden, London, WC2E 9RA.

The main activities of the company are those of public relations consultants and advisors. The directors intend for the company to continue these principal activities for the foreseeable future.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The presentational and functional currency is Pound Sterling.

The following principal accounting policies have been applied:

**2.2 Going concern**

The ultimate parent undertaking, APCO Worldwide Holdings Inc. has confirmed its intention to provide financial support to the group, should such need arise, to enable the group to meet its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors have drawn up these financial statements on a going concern basis.

**2.3 Revenue**

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised as work is performed in line with the terms of the contract.

**2.4 Intangible assets**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Statement of Comprehensive Income over its estimated economic life of 10 years.



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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following basis:

S/Term leasehold property	- over 10 years
Fixtures & fittings	- 25% and 33.3% per annum

**2.6 Operating leases: the company as lessee**

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

**2.7 Work in progress**

Work in progress is stated at the lower of net cost, which includes the cost of direct materials, and net realisable value.

Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion.

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**APCO WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.8 Current and deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

**2.9 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, being the company's functional currency, at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

**2.10 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.13 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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**APCO WORLDWIDE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.15 Finance costs**

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

**2.16 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.17 Provisions for liabilities**

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The following are the key judgements that management have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

**Taxation:**

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

**4. Turnover**

The whole of the turnover is attributable to its principal activity.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	5,846,830	6,144,592
United States	1,897,228	1,823,577
Europe	789,747	378,898
Rest of the world	644,936	381,585
	<u>9,178,741</u>	<u>8,728,652</u>

**5. Other operating income**

	2018 £	2017 £
Rental income	<u>4,000</u>	<u>11,000</u>

Rental income is recognised in the Statement of Comprehensive Income over the life of the lease.

**APCO WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**6. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	97,477	89,939
Amortisation of intangible assets, including goodwill	-	1,176
Exchange differences	78,501	80,241
Other operating lease rentals	726,928	656,584
Defined contribution pension costs	146,874	112,130

**7. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	22,950	21,950

Fees payable to the company's auditor and its associates in respect of:

All other assurance services	1,100	1,000
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**8. Employees**

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

	2018 No.	2017 No.
Operation	47	43
Administration	19	17
	66	60

**9. Directors' remuneration**

During the year, the directors received benefits of £99,942 (2017: £Nil).

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Interest receivable

	2018 £	2017 £
Other interest receivable	7,380	2,376

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	1,722
Loans from group undertakings	20,086	16,686
	20,086	18,408

12. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on (loss)/profits for the year	104,860	152,737
Adjustments in respect of previous period	-	7,942
	104,860	160,679
<b>Total current tax</b>	104,860	160,679
<b>Deferred tax</b>		
Origination and reversal of timing differences	(230,646)	21,009
Adjustments in respect of previous periods	1,304	(7,943)
Effect of changes in tax rate	24,279	(2,452)
<b>Total deferred tax</b>	(205,063)	10,614
<b>Taxation on (loss)/profit on ordinary activities</b>	(100,203)	171,293

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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(1,158,953)	838,854
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(220,201)	161,479
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,280	13,597
Overseas tax	71,305	-
Adjustments to tax charge in respect of prior periods	18,133	(1)
Short term timing difference leading to an increase (decrease) in taxation	-	(1,265)
Tax rate changes	24,280	(2,517)
Total tax charge for the year	(100,203)	171,293

Factors that may affect future tax charges

There were no factors that may affect future tax charges.



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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2018	13,522
At 31 December 2018	<u>13,522</u>
<b>Amortisation</b>	
At 1 January 2018	6,948
Charge for the year	1,352
At 31 December 2018	<u>8,300</u>
<b>Net book value</b>	
At 31 December 2018	<u>5,222</u>
At 31 December 2017	<u>6,574</u>

The trade and assets of Eloqui Public Relations Limited were hived up into APCO Worldwide Limited on 31 October 2011. The directors consider that the intangible assets reflects the trade value of legacy Eloqui contracts.

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tangible fixed assets

	S/term leasehold property £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2018	443,055	213,983	657,038
Additions	-	65,413	65,413
At 31 December 2018	443,055	279,396	722,451
<b>Depreciation</b>			
At 1 January 2018	405,829	152,862	558,691
Charge for the year on owned assets	37,226	60,251	97,477
At 31 December 2018	443,055	213,113	656,168
<b>Net book value</b>			
At 31 December 2018	-	66,283	66,283
At 31 December 2017	37,226	61,121	98,347

15. Work in progress

	2018 £	2017 £
Work in progress	280,288	415,692

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

16. Debtors

	2018 £	2017 £
Trade debtors	1,222,430	1,649,565
Amounts owed by group undertakings	1,504,479	2,480,147
Other debtors	219,854	223,915
Prepayments and accrued income	313,287	820,440
Corporation tax	150,069	26,898
Deferred taxation	215,642	10,579
	<u>3,625,761</u>	<u>5,211,544</u>

17. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>589,859</u>	<u>411,137</u>

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	514,687	370,859
Amounts owed to group undertakings	1,511,453	2,592,916
Other taxation and social security	194,434	136,372
Other creditors	51,562	-
Accruals and deferred income	1,300,175	989,295
	<u>3,572,311</u>	<u>4,089,442</u>

**APCO WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**19. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	589,859	411,137
Financial assets that are debt instruments measured at amortised cost	3,540,338	5,216,921
	<u>4,130,197</u>	<u>5,628,058</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(3,377,877)</u>	<u>(3,953,071)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

**20. Deferred taxation**

	2018 £	2017 £
At beginning of year	10,579	21,193
Deferred tax charge for the year	205,063	(18,557)
Unknown movement	-	7,943
<b>At end of year</b>	<u>215,642</u>	<u>10,579</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	1,097	(137)
Short term timing differences	14,062	10,716
Losses	200,483	-
	<u>215,642</u>	<u>10,579</u>

**APCO WORLDWIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100,000 (2017: 100,000) Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**22. Reserves**

**Share capital**

Represents the nominal value of shares that have been issued.

**Other reserves**

Relates to a non-distributable profit and loss reserve.

**Profit & loss account**

Includes all current and prior period retained profit and losses.

**23. Pension commitments**

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of a group in an independently administered fund. There were contributions of £22,526 (2017: £18,636) unpaid at the year end. The costs incurred during the year are disclosed in note 6.

**24. Commitments under operating leases**

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	344,444	435,738
Later than 1 year and not later than 5 years	-	281,948
	<u>344,444</u>	<u>717,686</u>

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APCO WORLDWIDE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**25. Related party transactions**

Transactions with related parties within the group are exempt from disclosure under Financial Reporting Standard 102 as all entities within the group are wholly owned.

Key management personnel received total remuneration of £484,925 (2017: £321,612).

In 2016 an aggregate principal sum of £210,000 was loaned by APCO Worldwide Limited to a director, Bradley Staples. The loan is secured by the director's shares in APCO Worldwide Holdings Inc., being the parent undertaking of APCO Worldwide Limited. An interest rate of 3.5% per annum is applied to the loan with an outstanding balance at year end of £210,000 (2017: £210,473).

**26. Ultimate parent undertaking and controlling party**

APCO Worldwide Limited is a private company limited by shares and incorporated in the United Kingdom. The largest and smallest group in which the results of the company are consolidated is that headed by APCO Worldwide Holdings Inc. incorporated in the United States of America. APCO Worldwide Holdings Inc. is the group's ultimate and parent undertaking and controlling party. Copies of the group financial statements, which include the company, are available from APCO Worldwide Holdings Inc, 1299 Pennsylvania Avenue, NW, Suite 300, Washington, DC 20004 in the United States of America.