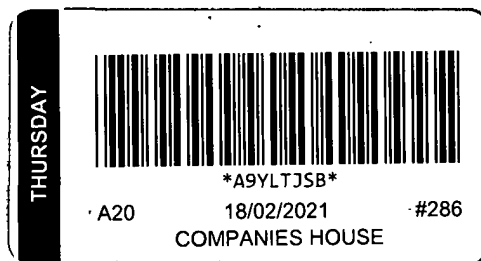


Registered number: 02516364

APCO WORLDWIDE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



APCO WORLDWIDE LIMITED

COMPANY INFORMATION

Directors	M Kraus B Staples D Delman
Company secretary	G A Lapetina
Registered number	02516364
Registered office	90 Long Acre Covent Garden London WC2E 9RA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

APCO WORLDWIDE LIMITED

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APCO WORLDWIDE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The main activity 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 Statement of Comprehensive Income and the related notes. Turnover has increased by 14.4% from £9.2m in 2018 to £10.5m in 2019. Gross profit has increased by 130% from £889k in 2018 to £2,043k in 2019. During 2019, 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 wherever 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%.

Britain has now withdrawn from the European Union with a trade 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.

APCO WORLDWIDE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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. Late last year, the business 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 2019, which further enhanced its reputation in the industry:

- Corporate Consultancy of the Year, EMEA SABRE AWARDS 2019, The Holmes Report
- Best EMEA Network to Work For, EMEA SABRE AWARDS 2019, The Holmes Report
- FrugalPac - 45 Days to Stop the Latte Levy, United Kingdom, Ireland category, The European Excellence Awards
- FrugalPac - 45 Days to Stop the Latte Levy, Corporate Campaign of the Year, PRCA Public Affairs Awards
- BD - #SortYourselfOut, Social Media Campaign of the Year, PRCA Public Affairs Awards

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; 19.5% in 2019 (9.7% in 2018).
- Profit after tax; £637k in 2019 (Loss of £1,059k in 2018).

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

Margery Kraus

M Kraus
Director
Date: 19/1/2021

APCO WORLDWIDE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

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.

Results and dividends

The profit for the year, after taxation, amounted to £636,876 (2018: loss £1,058,750).

The directors did not recommend payment of a dividend during the year (2018: £Nil).

Directors

The directors who served during the year were:

M Kraus
B Staples
D Delman

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 judgements 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.

APCO WORLDWIDE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home) and ensuring that we have a robust IT infrastructure in place. At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case.

Future developments

The company has a strong forward order book composed of long standing existing clients, many of which have extended their contracts into 2020, and a solid new business pipeline which includes both national and international clients.

With the background of COVID-19, we have found increased demand for certain of our products/our services which has more than offset any decreases in demand, and believe that this, alongside the breadth of industries represented by our client base, will stand us in good stead for the foreseeable future. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

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, which has been key to our continued monitoring of the business within the context of COVID-19.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the company's ability to continue as a 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.

APCO WORLDWIDE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

This report was approved by the board on 19/1/2021 and signed on its behalf.

Margery Kraus

M Kraus
Director



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

Opinion

We have audited the financial statements of APCO Worldwide Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements' financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 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.



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

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.

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.

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.



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

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. This description forms part of our Auditors Report.

Use of our report

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

Grant Thornton UK LLP

Aimee Griffiths
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 20/1/2021

APCO WORLDWIDE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	10,499,784	9,178,741
Cost of sales		(8,456,645)	(8,290,074)
Gross profit		2,043,139	888,667
Administrative expenses		(1,249,017)	(2,038,914)
Other operating income	5	4,216	4,000
Operating profit/(loss)	6	798,338	(1,146,247)
Interest receivable and similar income	10	13,887	7,380
Interest payable and expenses	11	(22,208)	(20,086)
Profit/(loss) before tax		790,017	(1,158,953)
Tax on profit/(loss)	12	(153,141)	100,203
Profit/(loss) for the financial year		636,876	(1,058,750)
Other comprehensive income for the year			
Total comprehensive income for the year		636,876	(1,058,750)

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on pages 14 to 28 form part of these financial statements.

APCO WORLDWIDE LIMITED
REGISTERED NUMBER:02516364

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	5,222	5,222
Tangible assets	14	52,749	66,283
		<u>57,971</u>	<u>71,505</u>
Current assets			
Stocks	15	96,592	280,288
Debtors: amounts falling due within one year	16	5,163,425	3,625,761
Cash at bank and in hand	17	934,904	589,859
		<u>6,194,921</u>	<u>4,495,908</u>
Creditors: amounts falling due within one year	18	(4,620,914)	(3,572,311)
Net current assets		<u>1,574,007</u>	<u>923,597</u>
Total assets less current liabilities		<u>1,631,978</u>	<u>995,102</u>
Net assets		<u><u>1,631,978</u></u>	<u><u>995,102</u></u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Other reserves	22	1,489,523	1,489,523
Profit and loss account	22	42,455	(594,421)
		<u>1,631,978</u>	<u>995,102</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/1/2021

Margery Kraus

M Kraus
 Director

The notes on pages 14 to 28 form part of these financial statements.

APCO WORLDWIDE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	100,000	1,489,523	(594,421)	995,102
Comprehensive income for the year				
Profit for the year	-	-	636,876	636,876
Total comprehensive income for the year	-	-	636,876	636,876
At 31 December 2019	100,000	1,489,523	42,455	1,631,978

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
Comprehensive income for the year				
Loss for the year	-	-	(1,058,750)	(1,058,750)
Total comprehensive income for the year	-	-	(1,058,750)	(1,058,750)
At 31 December 2018	100,000	1,489,523	(594,421)	995,102

The notes on pages 14 to 28 form part of these financial statements.

APCO WORLDWIDE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	636,876	(1,058,750)
Adjustments for:		
Amortisation of intangible assets	-	1,352
Depreciation of tangible assets	41,975	97,477
Interest paid	22,208	20,086
Interest received	(13,887)	(7,380)
Taxation charge	153,141	(100,203)
Decrease in stocks	183,696	135,404
(Increase)/decrease in debtors	(782,595)	938,349
(Increase)/decrease in amounts owed by groups	(1,278,266)	975,668
Increase in creditors	1,470,453	564,332
Increase/(decrease) in amounts owed to groups	96,574	(1,081,463)
Corporation tax (paid)	(150,593)	(228,031)
Net cash generated from operating activities	379,582	256,841
Cash flows from investing activities		
Purchase of tangible fixed assets	(26,216)	(65,413)
Interest received	13,887	7,380
Net cash from investing activities	(12,329)	(58,033)
Cash flows from financing activities		
Interest paid	(22,208)	(20,086)
Net cash used in financing activities	(22,208)	(20,086)
Net increase in cash and cash equivalents	345,045	178,722
Cash and cash equivalents at beginning of year	589,859	411,137
Cash and cash equivalents at the end of year	934,904	589,859
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	934,904	589,859

The notes on pages 14 to 28 form part of these financial statements.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 judgement 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

Management has considered the consequences of COVID-19 in their assessment of the going concern assumption. Cashflow forecasts have been prepared for the entity for a period of at least 12 months from the approval of these financial statements. Sensitivities were performed on this model reflecting the potential uncertainty of the next 12 months, including a stress test analysis.

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, as well as confirmed its ability to do so.

In obtaining this support from the parent, management has considered the ability of the parent undertaking to support the potential requirements of the entity. In all reasonable scenarios for the next 12 months the parent undertaking has headroom in its cash facilities to support the entity for the foreseeable future and for a minimum of 12 months of the approval of the 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.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

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.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

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.

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

There are no material judgements or sources of estimation uncertainty used in the preparation of these financial statements.

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

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

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	8,104,233	5,846,830
United States	906,510	1,897,228
Europe	811,718	789,747
Rest of the world	677,323	644,936
	<u>10,499,784</u>	<u>9,178,741</u>

5. Other operating income

	2019 £	2018 £
Rental income	4,216	4,000
	<u>4,216</u>	<u>4,000</u>

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

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	39,750	97,477
Exchange differences	94,310	78,501
Other operating lease rentals	600,150	726,928
Defined contribution pension costs	207,140	146,874
	<u>941,350</u>	<u>1,050,780</u>

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>22,950</u>	<u>22,950</u>
Fees payable to the company's auditor and its associates in respect of:		
All other assurance services	<u>1,100</u>	<u>1,100</u>

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	4,849,947	4,916,221
Social security costs	420,549	929,439
Cost of defined contribution scheme	207,140	146,874
	<u>5,477,636</u>	<u>5,992,534</u>

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

	2019 No.	2018 No.
Operation	52	47
Administration	18	19
	<u>70</u>	<u>66</u>

9. Directors' remuneration

During the year, the directors received benefits of £89,787 (2018: £99,942).

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>13,887</u>	<u>7,380</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Loans from group undertakings	<u>22,208</u>	<u>20,086</u>

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on (loss)/profits for the year	95,325	104,860
Adjustments in respect of previous period	(155,874)	-
	<u>(60,549)</u>	<u>104,860</u>
Foreign tax		
Foreign tax on income for the year	33,793	-
Total current tax	<u>(26,756)</u>	<u>104,860</u>
Deferred tax		
Origination and reversal of timing differences	51,588	(230,646)
Adjustments in respect of previous periods	133,739	1,304
Effect of changes in tax rate	(5,430)	24,279
Total deferred tax	<u>179,897</u>	<u>(205,063)</u>
Taxation on profit/(loss) on ordinary activities	<u>153,141</u>	<u>(100,203)</u>

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>790,017</u>	<u>(1,158,953)</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	150,103	(220,201)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,231	6,280
Overseas tax	27,372	71,305
Adjustments to tax charge in respect of prior periods	(22,135)	18,133
Tax rate changes	(5,430)	24,280
Total tax charge for the year	<u><u>153,141</u></u>	<u><u>(100,203)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	13,522
At 31 December 2019	<u>13,522</u>
Amortisation	
At 1 January 2019	8,300
At 31 December 2019	<u>8,300</u>
Net book value	
At 31 December 2019	<u><u>5,222</u></u>
<i>At 31 December 2018</i>	<u><u>5,222</u></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 2019

14. Tangible fixed assets

	S/term leasehold property £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2019	443,055	279,396	722,451
Additions	-	26,216	26,216
At 31 December 2019	443,055	305,612	748,667
Depreciation			
At 1 January 2019	443,055	213,113	656,168
Charge for the year on owned assets	-	39,750	39,750
At 31 December 2019	443,055	252,863	695,918
Net book value			
At 31 December 2019	-	52,749	52,749
At 31 December 2018	-	66,283	66,283

15. Work in progress

	2019 £	2018 £
Work in progress	96,592	280,288

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**16. Debtors**

	2019 £	2018 £
Trade debtors	1,474,329	1,222,430
Amounts owed by group undertakings	2,782,745	1,504,479
Other debtors	388,825	219,854
Prepayments and accrued income	272,516	313,287
Tax recoverable	209,265	150,069
Deferred taxation	35,745	215,642
	<u>5,163,425</u>	<u>3,625,761</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>934,904</u>	<u>589,859</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	491,919	514,687
Amounts owed to group undertakings	1,608,027	1,511,453
Other taxation and social security	448,252	194,434
Other creditors	15,039	51,562
Accruals and deferred income	2,057,677	1,300,175
	<u>4,620,914</u>	<u>3,572,311</u>

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	934,904	589,859
Financial assets that are debt instruments measured at amortised cost	4,645,900	3,540,338
	<u>5,580,804</u>	<u>4,130,197</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,172,662)</u>	<u>(3,377,877)</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

	2019 £	2018 £
At beginning of year	215,642	10,579
Charged to profit or loss	(46,158)	205,063
Adjustment in respect of prior years	(133,739)	-
At end of year	<u>35,745</u>	<u>215,642</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	13,389	1,097
Short term timing differences	22,356	14,062
Losses	-	200,483
	<u>35,745</u>	<u>215,642</u>

APCO WORLDWIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100,000 (2018: 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 £35,004 (2018: £22,526) unpaid at the year end. The costs incurred during the year are disclosed in note 6.

24. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	443,530	344,444
Later than 1 year and not later than 5 years	7,933	-
	<u>451,463</u>	<u>344,444</u>

APCO WORLDWIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 £192,287 (2018: £484,925).

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. In the year, a further principal was issued in the amounting to £193,975.

An interest rate of 3.5% per annum is applied to the first principal and 4.5% is applied to the second amount, the total outstanding balance at year end of £403,975 (2018: £210,000).

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.