Registered number: 02516364

APCO WORLDWIDE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

APCO WORLDWIDE LIMITED

COMPANY INFORMATION

Directors	M Kraus B Staples D Delman
Company secretary	J Friedman
Registered number	02516364
Registered office	40 Strand London WC2N 5RW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

APCO WORLDWIDE LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The main activity of the company is the provision of public relations consultancy services. The directors intend or 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 7.2% from £11.7m in 2021 to £12.5m in 2022. Gross profit has increased by 29% from £1,413k in 2021 to £1,816k in 2022. During 2022, the business continued to work with a number of leading global clients, focusing on key account retention while meeting new business targets. We have invested in senior expertise to broaden as well as strengthen our service offerings.

Principal risks and uncertainties

Foreign exchange risk
The company has implemented policies that require any realised and unrealised gains and 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 operational 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 company has adapted to and supported its workforce with changes required as a result of Britain's withdrawal from the European Union.

Cashflow risk
As the the UK office is a European cost centre there is a risk that there is insufficient cash to continue operations, however this is mitigated through reliance on support from the ultimate parent and and receipts from intercompany services rendered.

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.

APCO is very cognisant of the fact that the communications industry does not have a good track record on ensuring diversity in its workforce. APCO continues to implement measures put in place in recent years to mitigate against this trend, including: a pan-European Diversity and Inclusion Council; unconscious bias training for all managers; blinded first stages of entry-level recruitment and a Black Heritage Scheme for entry-level positions.

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; 14.5% in 2022 *(12.1% in 2021)*
- Profit after tax; Profit of £869k in 2022 *(Profit of £2k in 2021).*

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

Debra Delman

D Delman
Director
Date: 27/3/2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

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.

Results and dividends

The profit for the year, after taxation, amounted to £868,900 *(2021: £2,059)*.

The directors did not recommend payment of a dividend during the year *(2021: £Nil)*.

Directors

The directors who served during the year and after the year end 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 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.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

Future developments

The company has a strong forward order book composed of long-standing existing clients, many of which have extended their contracts into 2023, and a solid new business pipeline which includes both national and international clients.

The company continuously reviews its products and services in order to best support its clients in an ever-changing global economy within a backdrop of the situation in the Ukraine.

Qualifying third party indemnity provisions

There are no qualifying third party indemnity provisions in place.

Post balance sheet events

On March 23rd 2023 APCO acquired 100% control of Capital Markets Communications Ltd ("Camarco") , a London -based financial communications firm. Please refer to note 26 for further details.

Going concern

The company has a net current asset position of £2,249,651 and net asset position of £2,522,927 and generated profit before tax of £1,061,682 in 2022, although the closing cash balance reduced by £184,674 in 2022 the 2022 cashflow forecast indicates the cash balance will remain positive going forward.

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. The directors have made inquiries of the parent company and they have satisfied themselves that the parent company has the ability to support if necessary. The parent company has access to a significant line of credit should it require.

Accordingly, the directors have drawn up these financial statements on a going concern basis.

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 27/3/2024 and signed on its behalf.

D Delman
Director

Debra Delman

Grant Thornton

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

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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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)

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

As explained more fully in the Directors' Responsibilities Statement set out 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and industry in which it operates through our general commercial and sector experience and discussions with management. We determined that the most significant laws and regulations as the most likely to have a material effect if non-compliance were to occur: Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), The Companies Act 2006, tax legislation, distributable profits legislation, anti-bribery legislation, anti-money laundering legislation and employment law.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We inquired of management as to whether they were aware of any instances of non-compliance with laws and regulations.
- We reviewed legal and professional expense codes and reviewed descriptions to determine if there were any indications of fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating managements incentives and opportunities for misstating the financial information. This included the evaluation of the risk of management override of controls. We deemed that the principal risks were in relation to:
  - Manual material journal entries to revenue around the year end.
- Our audit procedures involved:
  - Reviewing the design and implementation of controls that management has in place to prevent and detect fraud;
  - Journal entry testing, which involved testing of material off ledger journals, data analytics within revenue and testing journals with specific fraud risk factors, as well as testing a supplementary population of higher risk journals based on a risk scoring criteria.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement teams:
  - understanding of and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
  - understanding of the legal and regulatory requirements specific to the entity, including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions
- No matters of non-compliance were communicated to the engagement team through the inquiry procedures performed.

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 Auditor's Report.

Use of our report

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

Grant Thornton UK LLP

Aimee Griffiths BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 27/3/2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	**12,549,630**	*11,701,603*
Cost of sales		**(10,733,218)**	*(10,288,988)*
Gross profit		**1,816,412**	*1,412,615*
Administrative expenses		**(744,745)**	*(1,418,274)*
Other operating income	5	**6,000**	-
Operating profit/(loss)	6	**1,077,667**	*(5,659)*
Interest receivable and similar income	10	**15,194**	*15,109*
Interest payable and similar expenses	11	**(31,179)**	*(2,962)*
Profit before tax		**1,061,682**	*6,488*
Tax on profit	12	**(192,782)**	*(4,429)*
Profit for the financial year		**868,900**	*2,059*
Other comprehensive income for the year			
Total comprehensive income for the year		**868,900**	*2,059*

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 15 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**12,006**		*144,077*
Tangible assets	14		**386,438**		*96,943*
			398,444		*241,020*
Current assets					
Stocks	15	**82,421**		-	
Debtors: amounts falling due within one year	16	**7,715,836**		*5,608,481*	
Cash at bank and in hand	17	**328,336**		*513,010*	
		8,126,593		*6,121,491*	
Creditors: amounts falling due within one year	18	**(5,876,942)**		*(4,575,696)*	
Net current assets			**2,249,651**		*1,545,795*
Total assets less current liabilities			**2,648,095**		*1,786,815*
Provisions for liabilities					
Other provisions	20	**(125,168)**		*(132,788)*	
			(125,168)		*(132,788)*
Net assets			**2,522,927**		*1,654,027*
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		**933,404**		*64,504*
			2,522,927		*1,654,027*

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

Debra Delman

D Delman
Director   27/3/2024

The notes on pages 15 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	100,000	1,489,523	64,504	1,654,027
Comprehensive income for the year				
Profit for the year	-	-	868,900	868,900
Total comprehensive income for the year	-	-	868,900	868,900
At 31 December 2022	100,000	1,489,523	933,404	2,522,927

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	100,000	1,489,523	62,445	1,651,968
Comprehensive income for the year				
Profit for the year	-	-	2,059	2,059
Total comprehensive income for the year	-	-	2,059	2,059
At 31 December 2021	100,000	1,489,523	64,504	1,654,027

The notes on pages 15 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	**868,900**	*2,059*
Adjustments for:		
Amortisation of intangible assets	**132,071**	*158,947*
Loss on disposal of tangible assets	**113**	-
Depreciation of tangible assets	**94,600**	*24,116*
Interest paid	**31,179**	*2,962*
Interest received	**(15,194)**	*(15,109)*
Taxation charge	**192,782**	*4,429*
(Increase)/decrease in stocks	**(82,421)**	*125,739*
(Increase)/decrease in debtors	**(1,325,372)**	*168,796*
(Increase) in amounts owed by groups	**(910,001)**	*(115,218)*
Increase/(decrease) in creditors	**92,455**	*(984,350)*
Increase/(decrease)) in amounts owed to groups	**1,169,062**	*(443,512)*
(Decrease)/increase in provisions	**(3,810)**	*28,788*
Corporation tax (paid)/received	**(28,732)**	*299*
Net cash generated from operating activities	**215,632**	*(1,042,054)*
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	*(14,846)*
Purchase of tangible fixed assets	**(384,208)**	*(60,113)*
Sale of tangible fixed assets	**(113)**	-
Interest received	**15,194**	*15,109*
Net cash from investing activities	**(369,127)**	*(59,850)*

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Interest paid	**(31,179)**	*(2,962)*
Net cash used in financing activities	**(31,179)**	*(2,962)*
Net (decrease) in cash and cash equivalents	**(184,674)**	*(1,104,866)*
Cash and cash equivalents at beginning of year	**513,010**	*1,617,876*
Cash and cash equivalents at the end of year	**328,336**	*513,010*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**328,336**	*513,010*
	328,336	*513,010*

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 40 Strand, London, WC2N 5RW.

The main activities of the company are those of public relations consultancy 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 company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 Going concern

The company has a net current asset position of £2,249,651 and net asset position of £2,522,927 and generated profit before tax of £1,061,682 in 2022, although the closing cash balance reduced by £184,674 in 2022 the 2022 cashflow forecast indicates the cash balance will remain positive going forward.

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. The directors have made inquiries of the parent company and they have satisfied themselves that the parent company has the ability to support if necessary. The parent company has access to a significant line of credit should it require.

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, together with any direct expenses relating to the services.

For projects charged on a time and materials basis, revenues are recognised based on the number of hours worked by consultants at agreed-upon rates.

For projects charged on a fixed price basis, revenues are recognised via the stage of completion method, based on the number of hours incurred compared to the total expected hours to complete.

2. Accounting policies (continued)

2.4 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 the estimated selling price less further costs expected to be incurred to completion.

2.5 Goodwill and 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.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired are recognised initially at fair value at the acquisition date and then subsequently amortised over the useful economic life.

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

Goodwill - 10 years
Customer contracts - 2 years

2.6 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:

Short term leasehold property	- over 10 years
Fixtures & fittings	- 25% and 33.3% per annum

2.7 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. 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 profit or loss 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.

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.

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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 profit or loss 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 profit or loss 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 profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting 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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

Intangible assets valuation and useful economic life
The valuation of customer contracts acquired on acquisition required an estimation of the fair value acquired using discounted cashflows on initial recognition. The assumptions used in this model include estimations of future revenue generated against the acquired contracts, as well as associated costs and a discount factor. The contracts are amortised over the useful life of the asset, management have estimated this based on the period that they will generate revenue. The carrying value is tested for impairment when there is an indication that the value of the assets may be impaired.

4. Turnover

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

Analysis of turnover by country of destination:

	2022	*2021*
	£	*£*
United Kingdom	**8,605,166**	*9,404,772*
United States	**1,551,918**	*1,221,157*
Rest of Europe	**1,368,173**	*727,370*
Rest of the world	**1,024,373**	*348,304*
	12,549,630	*11,701,603*

5. Other operating income

	2022	*2021*
	£	*£*
Other operating income	**6,000**	-

The other operating income relates to subletting income.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022	*2021*
	£	*£*
Depreciation of tangible fixed assets	**94,600**	*24,116*
Amortisation of intangible assets	**132,071**	*158,947*
Exchange differences	**(199,751)**	*444,419*
Other operating lease rentals	**557,909**	*408,337*
Defined contribution pension costs	**269,829**	*242,023*

7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**72,226**	*51,500*

	2022 £	2021 £
Fees payable to the company's auditor and its associates in respect of:		
All other assurances	**2,575**	*1,500*

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	**6,465,014**	*5,940,043*
Social security costs	**794,086**	*650,122*
Cost of defined contribution scheme	**269,829**	*242,023*
	7,528,929	*6,832,188*

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

	2022 No.	2021 No.
Operations	**61**	*53*
Administration	**21**	*20*
	82	*73*

9. Directors' remuneration

During the year, the directors received benefits of £810,221 *(2021: £627,268)*.

During the year, retirement benefits were accruing to 1 director *(2021: 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £810,221 *(2021: £732,910)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,058 *(2021: £24,057)*.

10. Interest receivable

	2022	*2021*
	£	*£*
Other interest receivable	**15,194**	*15,109*

11. Interest payable and similar expenses

	2022	*2021*
	£	*£*
Loans from group undertakings	**31,179**	*2,962*

12. Taxation

	2022 £	*2021* *£*
Corporation tax		
Current tax on (loss)/profits for the year	**159,925**	-
Adjustments in respect of previous period	-	*(3,795)*
Foreign tax relief/other relief	**(91,246)**	-
	68,679	*(3,795)*
Foreign tax		
Foreign tax on income for the year	**91,730**	*24,715*
Total current tax	**160,409**	*20,920*
Deferred tax		
Origination and reversal of timing differences	**27,599**	*(2,033)*
Adjustments in respect of previous periods	**(3,941)**	*129*
Effect of changes in tax rate	**8,715**	*(14,587)*
Total deferred tax	**32,373**	*(16,491)*
Taxation on profit on ordinary activities	**192,782**	*4,429*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021: higher than)* the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

	2022 £	*2021* *£*
Profit on ordinary activities before tax	**1,061,682**	*6,488*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021: 19%)*	**201,720**	*1,233*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**(690)**	*4,483*
Overseas tax	**483**	*20,019*
Adjustments to tax charge in respect of prior periods	**(3,941)**	*(3,666)*
Tax rate changes	**8,715**	*(14,587)*
Income not taxable	**(13,505)**	*(3,053)*
Total tax charge for the year	**192,782**	*4,429*

Factors that may affect future tax charges

The Finance Bill 2021 was substantively enacted on 10 June 2021, as a result the main rate of corporation tax will rise from 19% to 25% from 1 April 2023.

13. Intangible assets

	Customer contracts £	Goodwill £	Total £
Cost			
At 1 January 2022	**325,000**	**13,522**	**338,522**
At 31 December 2022	**325,000**	**13,522**	**338,522**
Amortisation			
At 1 January 2022	**180,923**	**13,522**	**194,445**
Charge for the year on owned assets	**132,071**	**-**	**132,071**
At 31 December 2022	**312,994**	**13,522**	**326,516**
Net book value			
At 31 December 2022	**12,006**	**-**	**12,006**
At 31 December 2021	*144,077*	*-*	*144,077*

Amortisation on intangible assets is charged to administrative expenses.

14. Tangible fixed assets

	S/term leasehold improvements £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2022	443,055	415,519	858,574
Additions	146,464	237,744	384,208
Disposals	(443,054)	(273,886)	(716,940)
At 31 December 2022	146,465	379,377	525,842
Depreciation			
At 1 January 2022	443,055	318,576	761,631
Charge for the year on owned assets	10,629	83,971	94,600
Disposals	(443,054)	(273,773)	(716,827)
At 31 December 2022	10,630	128,774	139,404
Net book value			
At 31 December 2022	135,835	250,603	386,438
At 31 December 2021	*-*	*96,943*	*96,943*

15. Work in progress

	2022 £	*2021 £*
Work in progress	82,421	-

16. Debtors

	2022 £	*2021 £*
Trade debtors	1,845,549	*644,692*
Amounts owed by group undertakings	4,992,572	*4,082,571*
Other debtors	724,287	*603,825*
Prepayments and accrued income	125,025	*164,738*
Tax recoverable	-	*51,880*
Deferred taxation	28,403	*60,775*
	7,715,836	*5,608,481*

A provision for doubtful debts of £17,485 *(2021: £170,592)* was recognised against trade debtors.

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

17. Cash and cash equivalents

	2022 £	*2021 £*
Cash at bank and in hand	328,336	*513,010*

18. Creditors: Amounts falling due within one year

	2022 £	*2021 £*
Trade creditors	217,602	*276,847*
Amounts owed to group undertakings	2,603,777	*1,434,715*
Corporation tax	68,679	-
Other taxation and social security	499,674	*580,450*
Other creditors	260,521	*302,725*
Accruals and deferred income	2,226,689	*1,980,959*
	5,876,942	*4,575,696*

19. Deferred taxation

	2022 £	2021 £
At beginning of year	60,775	44,284
Charged to profit or loss	(36,314)	16,620
Adjustment in respect of prior years	3,942	(129)
At end of year	**28,403**	60,775

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(35,473)	13,774
Short term timing differences	63,876	35,298
Losses	-	11,703
	28,403	60,775

20. Provisions

	Dilapidations £
At 1 January 2022	132,788
Release of provision	(7,620)
At 31 December 2022	**125,168**

The obligation is in result of returning 40 Strand lease to the condition in which the entity acquired the lease. The uncertainties around this are the costs required in a future date from contractors, therefore the provision is deemed efficient.

21. Share capital

	2022 £	*2021* *£*
Allotted, called up and fully paid		
100,000 *(2021: 100,000)* Ordinary shares of £1 each	**100,000**	*100,000*

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

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 £125,167 *(2021: £48,801)* unpaid at the year end. The costs incurred during the year are disclosed in note 8.

24. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	*2021* *£*
Not later than 1 year	**528,125**	*361,737*
Later than 1 year and not later than 5 years	**1,408,333**	*1,936,458*
	1,936,458	*2,298,195*

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 £810,221 *(2021: £627,268)*.

In 2016 an aggregate principal sum of £210,000 was loaned by APCO Worldwide Limited to a director, Bradley Staples. This loan is guaranteed by the ultimate parent APCO Worldwide Holdings Inc., being the parent undertaking of APCO Worldwide Limited. In 2019, 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 *(2021: £403,975)*.

26. Subsequent events

In March 2023, the APCO Worldwide Ltd acquired 100% controlling interest of Capital Market Communications Limited for a maximum purchase price of £21,151,934. The resulting goodwill is still being determined.

27. 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.

28. Analysis of net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash and Cash Equivalents			
Cash	**513,010**	**(184,674)**	**328,336**