

## **H H Associates Limited**

Annual Report and Unaudited Financial Statements

For the year ended

31 March 2021

Company Number 02671533



# **H H Associates Limited**

## **Annual Report and Unaudited Financial Statements for the year ended 31 March 2021**

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### **Contents**

#### **Page:**

1	Strategic report
6	Report of the directors
8	Statement of directors' responsibilities
9	Unaudited Income Statement
10	Unaudited Balance sheet
11	Unaudited Statement of changes in equity
12	Notes forming part of the financial statements

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### **Directors**

M E Perez  
K Elgey  
P Drydon

### **Registered office**

Grove House, Guildford Road, Leatherhead, Surrey, KT22 9DF, United Kingdom

### **Company number**

02671533 (Registered in England and Wales)

### **Bankers**

HSBC, 9 The Boulevard, Crawley, West Sussex, RH10 1UT, United Kingdom

# H H Associates Limited

## Strategic Report for the year ended 31 March 2021

The directors present their strategic report for the Company for the year ended 31 March 2021.

### I. Principal Activity

H H Associates Limited ("H H Associates"/ "the Company") is an international marketing execution business and a trusted strategic partner to leading brands, using people, data and technology to deliver content creation and outsourced procurement services, across multiple marketing delivery channels globally.

### II. Review of the Business and Key Performance Indicators

The table below shows H H Associates trading performance over the last five years and details the key performance indicators monitored by the directors:

£'000	For the year ended				
	31/03/2021	31/03/2020	31/03/2019	31/03/2018	31/03/2017
<b>Total Turnover</b>	107,029	91,636	80,335	70,542	60,986
<b>Net Revenue margin<sup>1</sup></b>	27.6%	30.6%	30.0%	29.9%	30.1%
<b>Adjusted EBITDA<sup>2</sup></b>	6,690	5,060	5,298	4,917	4,640
<b>Adjusted EBITDA Margin<sup>3</sup></b>	22.7%	18.0%	22.0%	23.3%	25.3%
<b>Net cash / (Net debt)<sup>4</sup></b>	11,642	5,965	(4,150)	(3,083)	(3,959)

1. Net Revenue % is calculated as gross profit being turnover less cost of sales as a percentage of total turnover.
2. A reconciliation of adjusted EBITDA, an alternative performance measure and non-GAAP measure, to reported operating profit is given in the table below:
3. Adjusted EBITDA Margin is calculated as Adjusted EBITDA as a percentage of Gross Profit.
4. Net debt is calculated as the total cash at bank less the drawn down value of the invoice discounting facility (settled in February 2020).

£'000	31/03/2021	31/03/2020	31/03/2019	31/03/2018	31/03/2017
<b>Operating profit / (loss)</b>	6,389	(3,744)	4,825	5,103	2,027
<b>Depreciation &amp; Amortisation (note 4)</b>	180	197	180	144	1,248
<b>Share based payment expenses (note 4)</b>	-	8,504	-	-	-
<b>Exceptional items</b>	194	-	-	95	70
<b>Foreign exchange gain/(loss) (note 4)</b>	(73)	103	293	(425)	1,295
<b>Adjusted EBITDA</b>	6,690	5,060	5,298	4,917	4,640

### Turnover

The Company's turnover grew significantly during the financial year from £91.6m to £107.0m, a 16.8% year-over-year increase, reflecting the impact of a new client, B&M Retail Ltd., as well as a net increase in volumes from existing clients, significantly Crown Commercial Services, from the win of the Census contract.

## **H H Associates Limited**

### **Strategic report (continued) for the year ended 31 March 2021**

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#### **II. Review of the Business and Key Performance Indicators (continued)**

##### **Net Revenue / Gross Profit**

Total net revenue / gross profit grew by £1.5m year on year, reflecting the impact of the increased client activity referred to above, whilst net revenue margin was slightly lower than last year at 27.6%.

##### **Adjusted EBITDA**

Adjusted EBITDA is the foremost profitability metric used by the Directors to judge the performance of the Company. During the financial year, Adjusted EBITDA increased by 32.2% to £6.7m, as a result of new client contracts.

##### **Net Cash and Liquidity**

Net cash increased during the year by £5.7m to a positive cash balance of £11.6m. The Company is supported through intercompany lending arrangements with HH Global Finance Limited, a subsidiary of HH Global Enterprise Network Ltd (note 20).

#### **III. Statement by the Directors in performance of their statutory duties under Section 172(1) Companies Act 2006**

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so to have regard, amongst other matters to;

- The likely consequences of any decision in the long term;
- The interest of the company's employees;
- The need to foster the Company's business relationships with its suppliers, customers and others;
- The impact of Company's operations on the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct;
- The need to act fairly as between members of the company.

The Directors consider, both individually and together, that they have acted in accordance with their duties under s.172 in the decisions taken during the year ended 31 March 2021.

#### **IV. Key stakeholders**

The directors consider that the following key stakeholder groups were of strategic importance to the Company's operations during the financial year ended 31 March 2021.

##### *i) Our clients*

The Company is part of the HH Global Group (the "Group") (note 20), a global provider of marketing execution services across a wide range of sectors including Technology, Financial Services, Food & Beverage, Retail, Life Sciences and FMCG and has achieved profitable and sustainable growth with its existing clients across multiple geographies. The Group is deeply embedded with its clients and drives high retention rates and deep relationships through:

- High levels of engagement with clients through dedicated account holders and on-site teams;
- High client satisfaction levels across operational metrics, people and technology;
- Long-term contracts;
- High rates of renewal;
- Our supply chain partners.

## HH Associates Limited

### Strategic report (*continued*) for the year ended 31 March 2021

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Operating independently, with more than 10,000+ suppliers across our global network, HH Global offers access to unlimited production capacity. Suppliers are impartially selected based on cost and quality, driving value and innovation. The Group's independence attracts top suppliers, including incumbent suppliers with new clients, allowing the Group to align closely with client requirements and constantly introduce access to new suppliers to our wider team. Our supply chain is proactively managed to ensure that we provide leadership in ethical standards, sustainability and innovation and that we can meet new demands from our clients.

#### *ii) Our people and their local communities*

Our people are passionate, experts in innovation and stewards of sustainability and are what makes HH Global the most trusted marketing execution partner. The Company is committed to excellence in its people and throughout the period has recognised this excellence and engaged across the workforce through several platforms, examples of which are summarised below:

- On a quarterly basis, all employees are invited to an online briefing from the Group's Chief Executive Officer, during which the quarterly results are discussed, and employees are invited to submit questions that are answered as part of the online broadcast;
- Employee awards: We have two major employee awards, both of which are global in outlook.
  - "Make a Difference" - whereby individuals are nominated across the business for exceptional demonstration of our core values.
  - "Unsung Heroes" - This annual global awards programme is for individuals nominated by the respective regional CEO for exceptional performance and who have gone the extra mile, to become an 'unsung hero'. The successful candidate wins the Gordon Robert MacMillan award, receives a cash award, and can nominate a charity of choice that also receives a donation from the business.
- Employee Equity Plan: The Group has an employee equity plan under which nominated employees, including those employed by the Company, are awarded equity units.

HH Global runs several volunteer programmes in which employees can assist with local community activities. The pandemic has curtailed much of the planned fundraising activity, but we have continued to offer support where we are able notably through the provision of surplus IT hardware to support the local community educational needs. It was also agreed during the period that a more robust approach to the local community should be implemented and hence as part of the EMEA People Strategy, all employees will be given one work day to apply to assisting one of the chosen charities.

#### *iii) The environment*

The world is changing. Financial savings are important to both the Company and its clients, but it is clear that we both also need to take care of our planet and people. The Group's Environmental, Social and (Corporate) Governance (ESG) Program, Innovation with Purpose, helps balance economic and environmental savings, in line with the United Nations Sustainable Development Goals (SDG's). The Group uses the following methodology to deliver on this:

- HH Global's unique environmental calculator technology provides data and insights into the environmental impact of client's marketing execution campaigns; this provides a sustainability baseline for clients.
- HH Global then provides expert advice to clients to reduce the impact of future campaigns by introducing innovation, reengineering specifications and optimising processes.
- A strategic sustainability roadmap is then created with medium to long term targets in alignment with our client's corporate ESG stated ambitions.

## H H Associates Limited

### Strategic report (continued) for the year ended 31 March 2021

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#### V. Principal Risks and Uncertainties and Financial Risk Management

##### Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be as follows.

##### **Loss of a key client**

The Company's core client base is spread across different countries and industry sectors. Despite this geographical and industry sector split, the loss of a major client is a significant operating risk. The Company seeks to mitigate this risk due to a very strong record on client retention, built upon close day-to-day client relationships and its ability to deliver ongoing creative procurement solutions.

##### **Data loss and risk of cyber attack**

The Company is susceptible to the risks associated with data loss or cyber-attack. The Company sets out to mitigate these risks through regular employee training, data policy compliance review, threat analysis, internal and external data audits and vulnerability scanning.

##### **Macroeconomic factors**

In common with most companies, the Company is susceptible to the downturn in economic conditions given the global nature of its clients and the diverse economies in which it operates. The directors are constantly assessing and taking action as appropriate in relation to key operating risks such as: changes to local and global economic conditions, changes to regulatory frameworks, the impact of inflation on prices and earnings, and the impact of foreign exchange movements on profits.

##### **Brexit**

On 1 January 2021 the transition period with the European Union came to an end. As a result, the UK now operates a full external border as a sovereign nation and free movement of goods between the UK and EU ceased from that date. As part of the change, the Company held several workshops across the affected client teams within the business to explain the changes to processes and documentation requirements. Similar communications were then held with impacted clients. Consequently, the directors believe that despite being an international group with operations across Europe, the Company has not been significantly impacted by the UK's decision to leave the EU.

##### **COVID-19**

Although the Company has remained resilient throughout the pandemic to date, further COVID waves could impact the macroeconomic landscape over the forthcoming year and the Company would not be immune from such a scenario. However, The Company's budgets have been prepared taking into account a number of different scenarios and it has available to it a number of mitigating actions to respond to significant budget downsides.

##### **Financial risk management**

H H Associate's activities expose it to a number of financial risks; the key items and the Company's related management objectives and policies are as follows:

##### **Liquidity and cash flow risk**

Liquidity risk arises from the Company's management of working capital and is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company meets its day-to-day working capital requirements through cash generated by operations and through groupwide financing arrangements which include loan and working capital facilities with external providers.

##### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company's policy in respect of credit risk requires appropriate credit checks on potential customers before contracts are signed, and thereafter close management of outstanding debt and debtor ageing.

## H H Associates Limited

### Strategic report (*continued*) for the year ended 31 March 2021

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#### **Foreign exchange risk**

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency.


#### **VI. Future Developments**

The Company is committed to investing in its technology infrastructure, staff and innovation and sustainability programmes across the full length of the production supply chain, to enable it to add more value to our clients' marketing activities.

The directors consider that these investments and initiatives will help enable the group to achieve its medium-term growth targets.

#### **Approval**

The strategic report was approved on behalf of the board on 22 December 2021.

DocuSigned by:  
  
46A437D032394B1

K Elgey  
**Director**

## **H H Associates Limited**

### **Report of the directors for the year ended 31 March 2021**

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The directors present their report together with the unaudited financial statements for the year ended 31 March 2021. The requirements to disclose financial risk management objectives and policies and future developments in the directors' report have been covered in the Strategic Report on pages 1 to 5.

#### **Results and dividends**

The unaudited income statement is set out on page 9 and shows the result for the period.

No interim dividend was paid during the year (2020 - £Nil). The directors do not recommend a final ordinary dividend (2020 - £Nil).

#### **Events after the balance sheet date**

There were no events after the balance sheet date impacting the Company.

#### **Existence of branches outside the UK**

The company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

#### **Going concern**

A business overview and a review of future developments is provided in the Strategic report along with the Company's policies and processes for managing its financial risks. The directors have considered the use of the going concern basis in the preparation of the financial statements and conclude that it is appropriate. See the accounting policies in note 1 for further details on going concern.

#### **Employee Engagement**

The Company maintains a close relationship with its employees by a conscious policy of informing them of relevant events and the state of the business through discussions, meetings, notices and by consulting employees. Employee engagement is discussed further on pages 2 and 3 of the Strategic Report.

#### **Employment of disabled persons**

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. The Company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered, where appropriate.

#### **Diversity and Equal Pay**

At H H Associates Limited, we foster a culture where all individual differences and diversity are encouraged. We champion equal rights and opportunities for everyone and take a clear stance on all forms of discrimination.

Our commitment to employees is the assurance of fair treatment and reward, irrespective of gender. We do not discriminate unlawfully and are free from bias, ensuring equal pay for equal value. We continue to apply best practice as part of our hiring processes and continue to build on our existing family friendly policies and flexible working requests in order to encourage a diverse set of candidates and employees for all our roles.

#### **Engagement with suppliers, clients and others**

Engagement with key stakeholders is discussed further on pages 2 to 3 of the Strategic Report



## HH Associates Limited

### Report of the directors (*continued*) for the year ended 31 March 2021

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#### Political contributions

The Company did not make any political donations during the year (2020: £Nil).

#### Energy and carbon reporting

The Directors have not presented a report on energy and carbon reporting, on the basis that this information has been included within the annual report of HH Global Finance Limited, within which the results of the Company are consolidated (note 20).

#### Research and development

HH Associates made no investment in research and development during the period covered by these accounts (2020: £Nil).

#### Directors

The directors of the Company during the year and at the date of this report were as follows:

M E Perez  
P Drydon (Appointed 20 August 2021)  
K Elgey (Appointed 20 August 2021)  
R J F MacMillan (Resigned 20 August 2021)  
K Dunckley (Resigned 20 August 2021)  
L G Humphreys (Resigned 20 August 2021)  
E J Parsons (Resigned 20 August 2021)  
S C C Nunn (Resigned 20 August 2021)

#### Directors' insurance and indemnities

The Company maintains an insurance policy on behalf of all Directors and Officers of the Company against liability arising from neglect, breach of duty and breach of trust in relation to their activities as Directors and Officers of the Company, subject to the provisions of the section Companies (Jersey) Law 1991, but without prejudice to any indemnity to which the person concerned might otherwise be entitled.

#### Audit Exemption

The company is exempt from audit under section 479C of the Companies Act 2006, whereby HH Global Finance Limited (see note 20) has guaranteed the liabilities of the Company as at the year ended 31 March 2021.

#### Approval

This directors' report was approved on behalf of the board on 22 December 2021.

DocuSigned by:  
  
46A437D032394B1  
K Elgey  
Director

## **H H Associates Limited**

### **Statement of Directors' responsibilities for the year ended 31 March 2021**

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#### **Directors' responsibilities statement**

The directors are responsible for preparing the annual 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 of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure 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.

# H H Associates Limited

## Unaudited Income Statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3	107,029	91,636
Cost of sales		(77,532)	(63,597)
<b>Gross profit</b>		<b>29,497</b>	<b>28,039</b>
Administrative expenses		(23,518)	(31,783)
Other Operating Income	4	604	-
Exceptional items	7	(194)	-
<b>Operating Profit/(Loss)</b>	5	<b>6,389</b>	<b>(3,744)</b>
Interest receivable and similar income	8	587	582
Interest payable and similar expenses	9	(1,767)	(424)
<b>Profit/(Loss) before taxation</b>		<b>5,209</b>	<b>(3,586)</b>
Tax on profit/(loss)	10	(1,706)	4,981
<b>Profit for the year</b>		<b>3,503</b>	<b>1,395</b>

All amounts relate to continuing activities.

The company has no other comprehensive income, other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

The notes on pages 12 to 24 form part of these financial statements.


**H H Associates Limited****Unaudited Balance sheet  
at 31 March 2021**

<i>Company Number 02671533</i>	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Fixed assets</b>			
Intangible assets	11	319	208
Tangible assets	12	88	207
Deferred Tax	15	3,202	3,890
		<u>3,609</u>	<u>4,305</u>
<b>Current assets</b>			
Work in Progress	13	390	237
Debtors	14	50,028	50,173
Cash at bank and in hand		11,642	5,965
		<u>62,060</u>	<u>56,375</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(54,121)</u>	<u>(52,635)</u>
<b>Net current assets</b>		<u>7,939</u>	<u>3,740</u>
<b>Net assets</b>		<u>11,548</u>	<u>8,045</u>
<b>Capital and reserves</b>			
Called up share capital	17	40	40
Profit and loss account		11,508	8,005
<b>Shareholder's funds</b>		<u>11,548</u>	<u>8,045</u>

The notes on pages 12 to 24 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 December 2021.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

DocuSigned by:  
  
 46A437D032394B1  
**K Elgey**  
**Director**

## H H Associates Limited

### Unaudited Statement of changes in equity for the years ended 31 March 2020 and 31 March 2021

	Called up share capital £'000	Profit and loss account £'000	Shareholder's funds £'000
<b>1 April 2019</b>	<b>40</b>	<b>6,610</b>	<b>6,650</b>
<b>Comprehensive income for the year:</b>			
Profit for the year and total comprehensive income	-	1,395	1,395
	<hr/>	<hr/>	<hr/>
<b>31 March 2020</b>	<b>40</b>	<b>8,005</b>	<b>8,045</b>
<b>Comprehensive income for the year:</b>			
Profit for the year and total comprehensive expense	-	3,503	3,503
	<hr/>	<hr/>	<hr/>
<b>31 March 2021</b>	<b>40</b>	<b>11,508</b>	<b>11,548</b>
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The notes on pages 12 to 24 form part of these financial statements.

## **H H Associates Limited**

### **Notes forming part of the unaudited financial statements for the year ended 31 March 2021**

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#### **1 Accounting policies**

##### *Basis of preparation*

These financial statements relate to H H Associates Limited ("the Company"), a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is Grove House, Guildford Road, Leatherhead, Surrey, KT22 9DF.

The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on pages 1 to 5.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

These financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006 as applicable to the companies using Financial Reporting Standard 102 ("FRS102").

These financial statements have been prepared in accordance with the accounting policies, set out below, which have been consistently applied to all the years presented, except as outlined in the changes in accounting policies and disclosures and company disclosure exemptions below.

##### *Company disclosure exemptions*

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Additionally, the Company has taken the exemption available under FRS 102 over requirements to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

##### *Going concern*

A business overview and a review of future developments is provided in the Strategic Report along with the Company's policies and processes for managing its financial risks. The directors of HH Global Finance Limited, a parent undertaking (note 20), have provided the Company with a letter of support, agreeing to continue to support the Company for a period of 12 months from the date of approval of these accounts. The directors have considered the use of the going concern basis in the preparation of the financial statements and conclude that it is appropriate.

##### *Turnover*

Turnover represents the value of print management and related services provided to external customers less value added tax and net of any discounts allowed. All income is recognised in the period in which goods are delivered or the service is provided.

# H H Associates Limited

## Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

### 1 Accounting policies (*continued*)

#### *Government grants*

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised as Other operating Income over the period in which the related costs are recognised.

#### *Exceptional items*

Items that are non-recurring, or irregular, and material in size or non-operating in nature are presented as exceptional items in the income statement. The directors are of the opinion that separate presentation of exceptional items provides helpful information about the group's underlying business performance.

#### *Intangible fixed assets - software*

Intangible fixed assets - software is stated at historical cost for development activities less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is provided to write off the cost, less estimated residual values over the expected useful life of the software on a straight-line basis. It is calculated, from the date it is first placed into service, at the following rate:

Software                    -     20% to 33% per annum on cost

The need for impairment is assessed by comparison of the carrying value of the asset against the higher of its realisable value and value in use when changes occur in the Company's use of the software in question.

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives on a straight-line basis. It is calculated at the following rates:

Computer equipment       -     20%-33% per annum on cost  
Fixtures and fittings       -     14- 33% per annum on cost

The need for any tangible fixed asset write down is assessed by comparison of the carrying value of the asset against the higher of its realisable value and value in use.

#### *Work in Progress*

Work in progress relates to the cost of print media jobs, which have yet to be delivered to clients at the balance sheet date and is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to complete.

#### *Cash at bank and in hand*

Cash at bank and in hand is stated net of bank overdrafts, where the company has a legal right of set off and includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## **H H Associates Limited**

### **Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021**

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

##### *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **(ii) Investments**

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Investments denominated in foreign currency are translated at historical rates of exchange.



## H H Associates Limited

### Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

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

##### (iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### (iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

##### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income or 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 by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## **H H Associates Limited**

### **Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021**

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

##### *Foreign currencies*

###### *(a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentational currency.

###### *(b) Transactions and balances*

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'operating expenses'.

##### *Share-based payments*

Entities within the Group (note 20) operate a number of share-based payment schemes. The directors have determined that these schemes are cash-settled share-based payment schemes and these are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant or issue.

Fair value is measured by use of the Monte Carlo pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the services received is recognised by the issuing entity and re-measured based on the current fair value determined at each balance sheet date for cash-settled share appreciation rights, with any changes in fair value recognised in profit or loss.

The Company is allocated a portion of these expenses by the issuing entity, attributable to the services provided to the Company by its employees who are participants in the relevant schemes.

##### *Pension costs*

Contributions were made by the Company to the individual money purchase pension plans of certain employees of the Company during the year. Contributions to these plans were charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### *Holiday pay*

A liability is recognised in respect of any unused holiday pay entitlement which has accrued at the balance sheet date and is available to be carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

## **H H Associates Limited**

### **Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021**

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

##### *Leased assets: Lessee*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

##### *Reserves*

Share Capital - Called up share capital represents the nominal value of shares issued.

Profit and loss account - The profit and loss account represents cumulative profits and losses net of distributions to owners.

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the Company's accounting policies**

The directors do not believe there are any critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **Key source of estimation uncertainty**

The directors do not believe there are any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## H H Associates Limited

### Notes forming part of the unaudited financial statements *(continued)* for the year ended 31 March 2021

#### 3 Turnover

Turnover is wholly attributable to the principal activity of the Company's print management and related services. An analysis of turnover by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	96,774	78,538
Rest of Europe	8,731	11,530
Rest of the World	1,524	1,568
	<u>107,029</u>	<u>91,636</u>

#### 4 Other Operating Income

Year to 31  
March 2021  
£'000

Government Grants	604
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During the year government grants of £604,000 were received as part of a government initiative to provide financial support where employees were furloughed as a result of Covid-19. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the period. The Company has not directly benefited from any other forms of government assistance.

#### 5 Operating Profit/(Loss)

	2021 £'000	2020 £'000
Operating profit/(loss) has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets - owned assets (Note 12)	121	175
Amortisation of intangible fixed assets (Note 11)	59	22
Rentals payable under operating leases:		
- land and buildings	277	197
Foreign exchange (gains) / losses	(73)	103
Share-based payment expense and associated taxes	-	8,504
	<u></u>	<u></u>

The share-based payment expense relates to the Company's portion of charges under a Group arrangement with the issuing entity.

# H H Associates Limited

## Notes forming part of the unaudited financial statements *(continued)* for the year ended 31 March 2021

### 6 Employees

	2021 £'000	2020 £'000
Staff costs for all employees, including executive directors, consist of:		
Wages and salaries	20,095	18,350
Social security costs	2,940	3,270
Pension costs	558	549
Share based payment expense	-	8,503
	<b>23,593</b>	<b>30,672</b>
The average monthly number of employees, including directors, during the year was as follows:	Number	Number
Directors	5	5
Production	212	208
Sales and administration	125	124
	<b>342</b>	<b>337</b>

### Directors' remuneration

The directors are directors of the Company and several other HH Global Group companies. Remuneration disclosed below reflects amounts received for services to the HH Global Group as a whole as it is not practicable to allocate remuneration for services to specific entities.

There were 6 directors (2020: 6) for whom the Company or other HH Global Group companies (note 20) made contributions to money purchase pension plans during the year in respect of qualifying services to the Company and its subsidiaries. Total remuneration was £3,342,000 (2020: £3,440,000) including pension contributions of £96,000. (2020: £161,000).

Awards vested under long term incentive plans were £nil (2020: £34,967,000).

The emoluments of the highest paid director were £723,000 (2020: £1,656,000), including contributions paid to a pension scheme on their behalf of £21,000 (2020: £6,000) and awards vesting under long term incentive plans of £Nil (2020: £13,124,000).

## H H Associates Limited

### Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

#### 7 Exceptional items

	2021 £'000	2020 £'000
Restructuring	194	-

The restructuring costs are in relation to redundancy and severance related costs as part of the integration of the Innerworkings Group following acquisition by HH Global Enterprise Network Ltd (note 20).

#### 8 Interest receivable and similar income

	2021 £'000	2020 £'000
Intercompany loan interest	587	582
	<u>587</u>	<u>582</u>

#### 9 Interest payable and similar expenses

	2021 £'000	2020 £'000
Bank loans and discounting facility	-	200
Other Interest	-	8
Intercompany loan interest	1,767	216
	<u>1,767</u>	<u>424</u>

#### 10 Tax on profit/(loss)

	2021 £'000	2020 £'000
<i>Current tax</i>		
Current tax	74	-
Group relief payable	69	-
Adjustments in respect of prior periods	(252)	(53)
Total current tax	<u>(109)</u>	<u>(53)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	893	(4,921)
Changes in tax rates	-	(7)
Adjustment in respect of prior periods	922	-
Total deferred tax (see note 15)	<u>1,815</u>	<u>(4,928)</u>
Total tax on profit/(loss) (see below)	<u>1,706</u>	<u>(4,981)</u>

# H H Associates Limited

## Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

### 10 Tax on profit/(loss) (Continued)

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

	2021 £'000	2020 £'000
Profit/(loss) before tax	5,209	(3,586)
Profit at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	990	(681)
Effects of:		
Fixed asset differences	8	-
Expenses not deductible for tax purposes	38	(4,280)
Group relief surrendered / (claimed)	(69)	-
Payment / (receipt) for group relief	69	-
Other differences	-	6
Change in tax rates	-	(6)
Adjustment in respect of prior periods	(252)	(20)
Adjustment in respect of prior periods – deferred tax	922	-
Total tax charge/(credit) for the year	1,706	(4,981)

### 11 Intangible fixed assets

	IT Software £'000
<i>Cost</i>	
At 1 April 2020	231
Additions	170
<b>At 31 March 2021</b>	<b>401</b>
<i>Amortisation</i>	
At 1 April 2020	23
Charge for the year	59
<b>At 31 March 2021</b>	<b>82</b>
<i>Net book value</i>	
<b>At 31 March 2021</b>	<b>319</b>

## H H Associates Limited

### Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

#### 12 Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>			
At 1 April 2020	728	79	807
Additions	-	2	2
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>728</b>	<b>81</b>	<b>809</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2020	558	42	600
Charge for the year	95	26	121
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>653</b>	<b>68</b>	<b>721</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 31 March 2021</b>	<b>75</b>	<b>13</b>	<b>88</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2020	170	37	207
	<hr/>	<hr/>	<hr/>

#### 13 Work in Progress

	2021 £'000	2020 £'000
Work in progress	390	237
	<hr/>	<hr/>

Work in progress relates to the cost of print media jobs, which have yet to be delivered to clients at the balance sheet date.

#### 14 Debtors

	2021 £'000	2020 £'000
Trade debtors	17,207	18,464
Amounts owed by group undertakings	30,965	29,677
Other debtors	685	356
Prepayments and accrued income	942	500
Corporation tax debtor	229	49
Deferred taxation (note 14)	-	1,127
	<hr/>	<hr/>
	<b>50,028</b>	<b>50,173</b>
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured and repayable on demand with interest charged at market rates.

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).



# H H Associates Limited

## Notes forming part of the unaudited financial statements (*continued*) for the year ended 31 March 2021

### 15 Deferred Taxation

	2021 £'000	2020 £'000
Balance at 1 April	5,017	89
Deferred tax in statement of income (note 10)	(1,815)	4,928
	<hr/>	<hr/>
Balance at 31 March	3,202	5,017
	<hr/>	<hr/>
<i>The deferred tax asset is analysed as follows:</i>		
Decelerated capital allowances	32	(13)
Other timing differences	5	55
Tax Losses carried forward	3,165	4,975
	<hr/>	<hr/>
	3,202	5,017
	<hr/>	<hr/>

The recoverability of the deferred tax asset is dependent on the Company making sufficient future taxable profits. The Directors have reviewed forecasts in making this assessment and are of the opinion that the deferred tax asset should be recognised as is recoverable in full.

In the March 2021 Budget, the UK Government announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

As the changes had not been substantively enacted at the balance sheet date, the deferred tax balances as at 31 March 2021 continue to be measured at a rate of 19%. If the 25% tax rate had been used at the balance sheet date, the deferred tax liability would have been £1,011,015 higher.

Of the amounts included in deferred taxation, £nil is due in less than one year (2020: £1,127,000).

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

	2021 £'000	2020 £'000
Trade creditors	9,767	12,852
Amounts owed to group undertakings	31,612	31,710
Other Taxation and social security	1,844	1,162
Other creditors	165	117
Deferred income	1,170	782
Accruals	9,563	6,012
	<hr/>	<hr/>
	54,121	52,635
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured and repayable on demand with interest charged at market rates.

### 17 Called up share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i>		
40,009 ordinary shares of £1 each	40	40
	<hr/>	<hr/>

## H H Associates Limited

### Notes forming part of the unaudited financial statements *(continued)* for the year ended 31 March 2021

#### 18 Pensions

The Company operates a money purchase pension scheme.

The pension charge for the year represents contributions payable by the Company and amounted to £431,000 (2020 - £549,000). Contributions amounting to £120,000 (2020 - £118,000) are included in accruals at 31 March 2021.

#### 19 Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 Land and Buildings £'000	2020 Land and buildings £'000
Within one year	144	340
Between two to five years	-	255
	<u>144</u>	<u>595</u>

#### 20 Ultimate parent company and ultimate controlling party

The Company's ultimate parent undertaking is HH Global Enterprise Network Limited (formerly BTO Balance BidCo Limited), an entity incorporated in Jersey. For the period to 1 October 2020, R J F MacMillan, a director, had been the ultimate controlling party of HH Global Enterprise Network Limited. After this date, no shareholders had a controlling interest and therefore, in the opinion of the directors, there is no ultimate controlling party.

HH Global Enterprise Network Limited is the parent of the largest group for which the results of HH Associates Limited are included. The registered office of HH Global Enterprise Network Ltd is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Company's immediate parent undertaking is HH Global Limited, which does not prepare consolidated financial statements. The parent of the smallest group for which the results of the Company are consolidated is HH Global Finance Limited for the period ended 31 March 2021.

Copies of the consolidated financial statements of HH Global Finance Limited are available from Companies House. The registered office of HH Global Finance Limited is in the United Kingdom, at Grove House, Guildford Road, Leatherhead, Surrey, KT22 9DF.

#### 21 Related party transactions

The Company has taken advantage of the exemption in FRS 102 not to disclose details of related party transactions with other wholly owned group companies.

#### 22 Post Balance Sheet Events

There were no events after the balance sheet date impacting the Company.