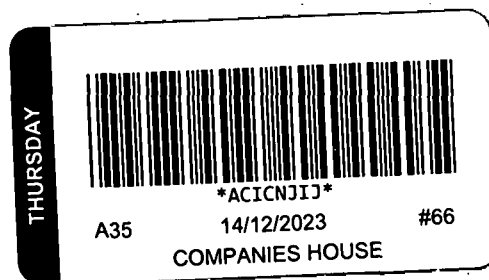


Company Registration No. 02956243

FGS Global (UK) Limited

Annual Report and Financial Statements

31 December 2022



FGS Global (UK) Limited

Annual report and financial statements 2022

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FGS Global (UK) Limited

Annual report and financial statements 2022

Officers and professional advisers

Directors

R Rudd
J Murgatroyd
R Head
F Birch

Company Secretary

WPP Group (Nominees) Limited

Registered Office

The Adelphi
1-11 John Adam Street
London
WC2N 6HT
United Kingdom

Bankers

HSBC Bank plc
The Helicon
2 South Place
London
EC2M 2UP
United Kingdom

Solicitors

Squire Sanders (UK) LLP
7 Devonshire Square
London
EC2M 4YH
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

FGS Global (UK) Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Review of the business and key performance indicators

The Finsbury Group Limited changed its name to FGS Global (UK) Limited on 27 July 2022. FGS Global (UK) Limited (Company) is a financial communications firm with four principal areas of operation – crisis and issues management, government affairs, policy and advocacy, strategy and reputation communications and transaction and financial communications. There have not been any significant changes in the Company's principal activities in the year under review.

The Company's key financial performance indicators are profit after tax, turnover, net assets and operating profit.

The profit after taxation for the year is £7,728,160 (2021: £4,272,984). Turnover for the year ended 31 December 2022 was £46,124,198 (2021: £34,841,199). The net assets at 31 December 2022 were £16,538,216 (2021: £8,762,829). The increase is primarily attributable to the increased profit for the year.

The Company's revenue increased by 33% in the year compared to an increase of 16% in 2021. This is mainly as a result of increased global projects, Capital Markets transactions and growth in Strategy and Reputation mandates, Crisis, ESG and Business Transformation practices. The Company continued to grow its business from clients looking to benefit from, and leverage, the Company's global offering and expertise. The Company continues to push for revenue growth in 2024. To achieve this growth the Company continues to invest and broaden the client offering to become the leading strategic advisor for the stakeholder economy.

Operating profit for the year is reported at £10,157,241 up 105% on 2021. This is mainly a function of increased revenue from global projects versus 2021. Admin resourcing reduced in FY 22 compared to FY 21 contributing to higher operating profit.

The Company's primary non-financial key performance indicator is employee numbers, increasing 14% from 112 in 2021 to 128 in 2022. KPIs such as attrition and employee retention are used as a measure of staffing.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to be:

- Competition;
- Cost of living crisis and the continued impact on Capital Market's transactions and investments (such as mergers, acquisitions and IPOs) within the UK which is a key driver of project revenue;
- ongoing conflict in Ukraine and the impact on the global economy;
- level of financial market activity;
- risks arising from current credit arrangements (including the availability of insurance) with clients;
- a dependency on key staff, suppliers and clients; and
- uncertainties posed by the potential impact of the economic outlook on business activities.

The Company has considerable financial resources together with contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Company continues to diversify and broaden the offering to deal with any changes. Our strategy is to help businesses deal with the constant change in business. In order to do this the Company offers sound strategic advice, deep experience, real-time intelligence and flawless execution to the wider stakeholder community.

FGS Global (UK) Limited

Strategic report

S172 statement

Accountable for our decisions

Our governance is designed to ensure that we take into account the views of a cross section of stakeholders, so that our decision-making is collaborative and well-informed as the success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards shared goals assists us in delivering long-term sustainable success. FGS Global (Group) comprises of a number of international offices, all of which have engagement with their own stakeholders as well as each other. Our governance framework delegates authority for local decision-making at individual office level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. The leadership teams of each business make decisions with a long-term view in mind and with the highest standards of conduct in line with Group and WPP Plc policies. In order to fulfil their duties, the leaders of each office and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are, therefore, fully understood and supported when taken. At Group level, the Board is well informed about the views of stakeholders and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. The Global Partnership Board has subcommittees that are dedicated to addressing the concerns of the wider stakeholder groups. The Group's key stakeholders are:

Shareholders

Management are shareholders in the Group alongside WPP so we are involved in all of the decisions that need to be made and rely on the support of our shareholders to implement change. We have an open dialogue with our shareholders through Global Partnership Board meetings, Regional hub meetings, reporting, one-to-one meetings and other feedback loops. Discussions may cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. On 7 July 2023, Kohlberg Kravis Roberts & Co ("KKR") completed its investment in FGS Global Inc and became a shareholder.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. The Company has created a Diversity, Equity and Inclusion Committee (Roots) that works on ensuring that we are recruiting, training and raising awareness across the Group. There are many ways we engage with and listen to our people including colleague surveys, forums and listening groups, face-to-face briefings, newsletters and through our anonymous colleague concern line. We run mentoring programs and buddy-systems to allow colleagues to grow and develop but also to allow them to raise any concerns. There are two mental health allies within the Company and access to others within the wider WPP Group to ensure that we continue to focus on health and well-being. We operate appraisal programs that include 360 feedback to allow colleagues' needs and considerations to be addressed.

Clients

Our ambition is to be the best strategic advisors for the whole stakeholder economy. The one constant is the everchanging nature of business. We continue to grow and develop our core competencies to ensure that we can meet the changing needs of our clients to ensure that we continue to offer them sound strategic advice, deep experience, real time intelligence and flawless execution. We believe that we bring the expertise and tools to ensure we deliver best-in-class service to our clients. We build strong lasting relationships with our clients and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to adjust our proposition to suit client demands and apply global best practice.

FGS Global (UK) Limited

Strategic report

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Key areas of focus include innovation, mutual product development and sustainability. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis. We continue to review our supplier listing to ensure that they align with our global policies.

Communities

We believe that it is very important to engage and participate with the communities in which we operate. Key areas of focus include how we can support local causes and issues through donations and pro bono work to create opportunities and help raise awareness of environmental and equality issues. The Global Partnership Board and the Roots Committee continue to work on ways in which we can ensure that local issues are heard. We partner with local charities and organisations at office and global (where necessary) level to provide support, raise awareness and funds. The key issues and themes across local communities are reported back to the Board.

Government and regulators

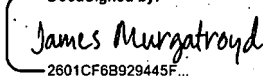
We engage with the Government and regulators as required to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Future developments

The directors expect the general level of activity to be above 2022 despite the increased pressure on the economy and the impact on Global Capital Markets. FGS Global continue to work with the other subsidiaries of FGS Global Inc to ensure shared growth opportunities and further increases in our global expertise. Ongoing crisis mandates and the pick-up in Global Capital Markets as well as growth in key practice areas should help boost project spend through 2023 onwards but this is expected to be tempered by increasing scrutiny on new and existing fees by increasingly procurement-savvy clients.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:


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J Murgatroyd
Director

11 December 2023

FGS Global (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022. Information in relation to the future developments is included in the Strategic Report, as permitted by section 414 C (11) of the Companies Act 2006.

Financial risk management

The Company does not use derivatives to manage its financial risks. The most important components of financial risk are currency risk, credit risk, liquidity risk, and cash flow risk.

Cash Flow and Currency Risks

The Company's activities expose it to the financial risk of changes in foreign currency exchange rates. The parent company treasury team continue to support the Company to reduce the exposure through setting up foreign currency sales and transfers.

Credit Risk

The Company's principal financial assets are Cash at bank and in hand and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet are net of allowances for doubtful receivables. The allowance is made where there is an identified loss event. The Company has no significant concentration of credit risk, with exposure spread over a large number of clients.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company has the ability to avail of short-term loans from parent company.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources, considering the investment of Kohlberg Kravis Roberts & Co. L.P. ("KKR") (announced on the 11 April 2023 and completed on 7 July 2023) in FGS Global Inc to continue in operational existence for the foreseeable future being at least for the next twelve months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 2.

Dividends

No dividends were paid in relation to 2022 (2021: £nil).

Directors

The directors who served throughout the year and up to the date of signing were:

R Rudd
J Murgatroyd
R Head
F Birch

Disclosure of information to auditor

Each of the persons who is a director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

FGS Global (UK) Limited

Directors' report

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

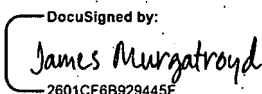
Events after the balance sheet date

On 11 April 2023, Kohlberg Kravis Roberts & Co. L.P. ("KKR") announced that it was investing in FGS Global Inc. The investment completed on 7 July 2023.

Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:

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J Murgatroyd
Director

11 December 2023

FGS Global (UK) Limited (previously known as The Finsbury Group Limited)

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 101 "Reduced Disclosure Framework". 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 the detection of fraud and other irregularities.

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

Independent auditor's report to the members of FGS Global (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of FGS Global (UK) Limited (the 'company'):

- 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

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 course of 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 this gives rise to 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.

Independent auditor's report to the members of FGS Global (UK) Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of Management and the Directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. Including those that are specific to the company's business sector, Employment Law, the Data Protection Act 2018, the Bribery Act 2010, the Foreign Corrupt Practices Act (FCPA) (1977) and Modern Slavery Act 2015.

We discussed among the audit engagement team the regarding opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition in relation to the cut-off assertion for transactions that take place at or near year end where the revenue has not been recognised in the correct accounting period. Our specific procedures performed to address them are described below:

- Performing detail testing over a sample of the transactions at or near period end, by tracing to contract, settlement and evidence of occurrence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report to the members of FGS Global (UK) Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of those charged with governance; and
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

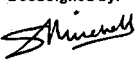
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

DocuSigned by:



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Samantha Minchell FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 December 2023

FGS Global (UK) Limited**Profit and loss account
For the year ended 31 December 2022**

	Notes	2022 £	2021 £
Turnover	4	46,124,198	34,841,199
Cost of sales		(19,418,452)	(12,102,148)
Gross profit		26,705,746	22,739,051
Administrative expenses		(16,548,505)	(17,697,032)
Operating profit		10,157,241	5,042,019
Interest payable and similar expenses	8	(217,275)	(303,090)
Profit before taxation	10	9,939,966	4,738,929
Tax on profit	9	(2,211,806)	(465,945)
Profit after taxation		7,728,160	4,272,984

Results are derived from continuing operations.

There are no other recognised gains and losses for the current and prior years other than those presented above. Accordingly, no separate statement of comprehensive income is presented.

FGS Global (UK) Limited

Balance sheet

As at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Right-of-use assets	11	4,321,908	5,281,642
Tangible assets	12	1,529,292	1,758,822
Investments	13	104,446	104,446
		<u>5,955,646</u>	<u>7,144,910</u>
Current assets			
Contract assets		243,375	234,266
Debtors	14	23,691,700	14,977,603
Cash at bank and in hand		13,790,478	6,976,111
		<u>37,725,553</u>	<u>22,187,980</u>
Creditors: amounts falling due within one year	15	<u>(22,818,917)</u>	<u>(14,948,968)</u>
Net current assets		<u>14,906,636</u>	<u>7,239,012</u>
Total assets less current liabilities		<u>20,862,282</u>	<u>14,383,922</u>
Creditors: amounts falling due after more than one year	16	<u>(4,324,066)</u>	<u>(5,621,093)</u>
Net assets		<u>16,538,216</u>	<u>8,762,829</u>
Capital and reserves			
Called-up share capital	18	48,804	48,804
Share premium account		2,895,859	2,895,859
Profit and loss account		13,593,553	5,818,166
Shareholders' funds		<u>16,538,216</u>	<u>8,762,829</u>

The financial statements of FGS Global (UK) Limited (registered number 02956243) were approved by the Board of Directors and authorised for issue on 11 December 2023.

Signed on behalf of the Board of Directors

DocuSigned by:

James Murgatroyd

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J Murgatroyd
Director

FGS Global (UK) Limited**Statement of changes in equity
For the year ended 31 December 2022**

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2021	<u>48,804</u>	<u>2,895,859</u>	<u>1,177,492</u>	<u>4,122,155</u>
Profit and total comprehensive income for the year	-	-	4,272,984	4,272,984
Capital contribution for equity-settled share-based payments (see note 2)	-	-	367,690	367,690
Balance at 31 December 2021	<u>48,804</u>	<u>2,895,859</u>	<u>5,818,166</u>	<u>8,762,829</u>
Profit and total comprehensive income for the year	-	-	7,728,160	7,728,160
Capital contribution for equity-settled share-based payments (see note 2)	-	-	47,227	47,227
Balance at 31 December 2022	<u><u>48,804</u></u>	<u><u>2,895,859</u></u>	<u><u>13,593,553</u></u>	<u><u>16,538,216</u></u>

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

1. General information

FGS Global (UK) Limited (previously known as The Finsbury Group Limited) is incorporated in the United Kingdom under the Companies Act 2006.

FGS Global (UK) Limited is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements under Section 401, because it is included in the group accounts of WPP plc. The WPP plc group accounts are available to the public and can be obtained as set out in note 23. The registered office address of the parent company preparing consolidated accounts is Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES.

Adoption of revised Standards

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted by the International Accounting Standards Board (IASB):

IFRS 17	<i>Insurance Contracts</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment—Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020 Cycle	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain disclosure in respect of revenue from contracts with customers and certain related party impairment of assets, certain lease disclosures and related party transactions. Where required, equivalent disclosures are given in the WPP Plc group accounts.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Accounting policies adopted and applied consistently throughout the current and preceding year are described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern

The directors have identified risks and uncertainties facing the Company, arising from the current economic conditions and other factors, as set out in the strategic report and directors' report. The Company has considerable financial resources together with contracts with several clients and suppliers across different geographical areas and industries. Management continues to perform rolling forecasts and have sufficient resources to meet any obligations that may arise. This includes evaluating relevant sensitivities and stress tests. Therefore, the directors believe the Company is well placed to manage these risks and uncertainties into the foreseeable future, at least for the next twelve months, from the approval of these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computers	- 33% per annum
Short-term leasehold improvements	- over the term of the lease
Fixtures and fittings	- 20% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Fixed assets investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

Contract assets under IFRS 15

Contract assets represents third party costs billable to clients and is stated at the lower of cost and net realisable value.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The requirement under IFRS 9 to use an expected loss method of impairment of financial assets did not have a material effect on the Company due to the short-term nature of the Company's trade and other receivables, which are mainly due from large national or multinational companies. Historical losses and other economic factors were considered.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

Pension costs

The Company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown either as accruals or prepayments in the balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Differences arising from movements in rates of exchange are recognised in the profit and loss account.

Turnover and revenue recognition

Revenue is typically derived from retainer fees and services to be performed subject to specific agreement. Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The turnover and pre-tax profit, all of which arises in the United Kingdom, are attributable to one activity, the provision of communications advice. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

Third-party costs are included in revenue when the Company acts as principal with respect to the services provided to the client and are excluded when the Company acts as agent. Under IFRS 15, the principal versus agent assessment is based on whether the Company controls the relevant services before they are transferred to the client.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company and the lease does not benefit from a guarantee from the Company.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

Leases (continued)

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset.

Share-based payments

The Company has applied the requirements of IFRS 2 to all unvested share-based payments. Certain employees of the Company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non-market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristics of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the Company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

The Company charged £47,227 to the profit and loss account in the year ended 31 December 2022 (2021: £367,690) in relation to equity-settled share-based payments.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

2. Significant accounting policies (continued)

Basis of accounting (continued)

Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. Financial assets are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets at amortised cost are stated net of provisions for impairment. The Company has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The Company measures expected credit losses based on the ageing of the receivable, based on the Company's historical experience and informed credit assessment. Credit losses are recognised where the Company has information that indicates it is unlikely to recover balances in full.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

This forward-looking view includes:

- Information based on expected future macro-economic conditions;
- Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
- Expert management judgement.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, 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.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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 financial statements.

In applying IFRS 15, we have made estimates to Staff costs directly linked to Revenue based on portion of client time worked. This was based on a judgement call across the varying roles in the Company. The percentages established were used to split those Staff costs that should go under Cost of Sales and those that would remain in Administrative expenses.

Key sources of estimation uncertainty

The directors believe that there are no key assumptions concerning the future nor 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.

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.

4. Turnover

An analysis of the Company's turnover is as follows:

	2022 £	2021 £
Continuing operations		
Sales of services	46,124,198	34,481,199
Total revenue	46,124,198	34,481,199

The revenue is generated wholly in the United Kingdom.

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £90,000 (2021: £65,000).

No non-audit services provided in the year (2021: nil).

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Operations	104	90
Administration	24	22
	<u>128</u>	<u>112</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	21,671,929	17,724,913
Social security costs	3,285,658	3,123,434
Other pension costs	726,739	636,563
Share based payments	47,227	367,690
	<u>25,731,553</u>	<u>21,852,600</u>

7. Directors' remuneration and transaction

	2022 £	2021 £
Directors' remuneration		
Emoluments	5,463,328	5,921,650
Company contributions to money purchase pension schemes	30,857	29,476
	<u>5,494,185</u>	<u>5,951,126</u>

The number of directors who:

Are members of a money purchase pension scheme

Number	Number
<u>2</u>	<u>2</u>

Remuneration of the highest paid director:

	£	£
Emoluments	2,757,271	3,307,635
Company contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

Directors' transactions

Details of transactions with directors during the year are disclosed in note 21.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

8. Interest payable and similar expenses

	2022 £	2021 £
Lease interest	186,752	272,568
Bank interest	30,523	30,522
	<u>217,275</u>	<u>303,090</u>

9. Tax on profit

The UK tax rate for the year ended 31 December 2022 is 19%. The reversal of a planned reduction to 19% was enacted in 2022 and, therefore, the rate used for deferred tax balances for 2022 is 19% (2021: 19%).

Factors that may affect future tax changes:

The UK tax rate for the year ended 31 December 2022 is 19%. The increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 was enacted at the balance sheet date and was reconfirmed in the UK Budget on 15 March 2023. Deferred tax balances have been measured accordingly at 25% (2021: 25%).

	2022 £	2021 £
Corporation income tax		
Current tax		
Current year	(1,626,278)	(270,017)
Adjustments in respect of previous periods	(269,855)	-
Total tax charge (see below)	<u>(1,896,133)</u>	<u>(270,017)</u>
Deferred tax		
Current year	(66,227)	(247,540)
Adjustments in respect of prior years	(249,446)	51,612
Total deferred tax charge (see below)	<u>(315,673)</u>	<u>(195,928)</u>
Tax on profit	<u><u>(2,211,806)</u></u>	<u><u>(465,945)</u></u>

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

9. Tax on profit (continued)

The (charge) for the year can be reconciled to the profit in the profit and loss account as follows:

	2022 £	2021 £
Profit before tax	9,939,966	4,738,929
Tax on profit at effective UK corporation tax rate of 19% (2021: 19%)	(1,888,594)	(900,397)
Effects of:		
Expenses not deductible/income not taxable for tax purposes	(97,062)	(74,225)
Impact of rate change on deferred tax balances	112,519	26,067
Movement in short term timing differences	180,631	197,681
Prior year adjustments	(519,300)	51,612
WPP Group relief	-	233,317
Total tax (charge) for year	(2,211,806)	(465,945)

A deferred tax asset of £170,743 (2021: £486,416) (see note 14) has been recognised in respect of capital allowances in excess of depreciation, deferred tax on share options and other timing differences as it is probable that there will be sufficient taxable profits against which the asset will reverse in the future.

	£	£
Brought forward deferred tax asset (2021)	486,416	682,346
Tax credit for year (see movements below)	(315,673)	(195,928)
Carried forward deferred tax asset (2022)	<u>170,743</u>	<u>486,416</u>

	£	£
Movement in fixed assets	65,631	(40,611)
Movement in general provisions	6,656	-
Movement in pension provision	(6,060)	16,911
Deferred tax on share plans	-	(223,840)
Adjustments in respect of previous periods	249,446	51,612
Deferred tax movement for year	<u>315,673</u>	<u>(195,928)</u>

10. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2022 £	2021 £
Net foreign exchange (gains)/losses	(299,036)	102,283
Depreciation of tangible assets	435,913	426,607
Depreciation of right-of-use assets under lease	959,735	956,976
Operating lease rentals	23,730	11,712
Staff costs (see note 6)	<u>25,731,553</u>	<u>21,852,600</u>

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

11. Right-of-use assets

	Building £	Cars £	Total £
Cost			
At 1 January 2022	7,977,339	197,297	8,174,636
Disposal	-440	-	-440
At 31 December 2022	7,976,899	197,297	8,174,196
Depreciation			
At 1 January 2022	2,797,190	95,804	2,892,994
Charge for the year	924,674	35,061	959,735
Disposal	-441	-	-441
At 31 December 2022	3,721,423	130,865	3,852,288
Net book value			
At 31 December 2022	4,255,476	66,432	4,321,908
At 31 December 2021	5,180,149	101,493	5,281,642

12. Tangible assets

	Computers £	Short-term leasehold improvements £	Fixtures and fittings £	Total £
Cost				
At 1 January 2022	593,375	2,737,222	739,132	4,069,729
Additions	53,803	87,845	64,735	206,383
Disposals	(50,695)	-	-	(50,695)
At 31 December 2022	596,483	2,825,067	803,867	4,225,417
Depreciation				
At 1 January 2022	493,109	1,154,995	662,803	2,310,907
Charge for the year	59,594	308,788	67,531	435,913
Disposals	(50,695)	-	-	(50,695)
At 31 December 2022	502,008	1,463,783	730,334	2,696,125
Net book value				
At 31 December 2022	94,475	1,361,284	73,533	1,529,292
At 31 December 2021	100,266	1,582,227	76,329	1,758,822

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

13. Investments

Cost and net book value

Balance as at 1 January 2022 and 31 December 2022

Shares in subsidiary
undertakings
£

104,446

Investments in subsidiary undertakings comprise ordinary shares of the follow companies:

Name of Company	Country of incorporation	Principal activity	Holding	Address
Subsidiary				
FIPRA UK Limited	United Kingdom	Dormant	100%	Tenter House, 45 Moorfields, London, EC2Y 9AE
Finsbury.com Limited	United Kingdom	Dormant	100%	Tenter House, 45 Moorfields, London, EC2Y 9AE
Finsbury Saudi Public Relations and Communications company	Kingdom of Saudi Arabia	Active – PR and marketing communications	100%	PO Box 3388 Riyadh, 12211, Saudi Arabia

14. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	10,862,274	10,584,829
Amounts owed by other WPP group undertakings	9,530,812	2,262,435
Other debtors	26,910	21,407
Prepayments	399,355	324,987
Accrued income	2,701,606	1,297,529
	23,520,957	14,491,187

	2022 £	2021 £
Amounts falling due after more than one year:		
Deferred tax asset	170,743	486,416
Total debtors	23,691,700	14,977,603

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

A provision at the year end is held of £138,988 (2021: £728,703). These are, therefore, excluded from the final closing trade debtors balance recognised in the accounts.

The average credit period for rendering of services is 33 days, since the majority of debtors have a 30-day credit term and several debtors have over 30 being 60, 90 or 120. The Company has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting a new customer.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

14. Debtors (continued)

Included in the Company's trade receivables balance are debtors with a carrying amount of £2,524,483 (2021: £4,103,958) which are past due at the end of the reporting period for which the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

The full £10,862,274 trade debtor balance is considered recoverable.

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	468,039	365,303
Amounts owed to other WPP group undertakings	6,286,526	829,266
Amounts owed to parent group	1	1
Other taxes and social security	2,770,487	2,675,493
Accruals	9,611,013	8,687,625
Deferred income	1,093,897	503,109
Other creditors	95,869	358,298
Corporation tax liability	1,194,151	270,017
Lease liabilities (note 20)	1,298,934	1,259,856
Total creditors falling due within one year	22,818,917	14,948,968

Amounts owed to other WPP group undertakings are unsecured, interest free and repayable on demand.

16. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Lease liabilities (note 20)	4,324,066	5,621,093
Total creditors falling due more than one year	4,324,066	5,621,093

17. Retirement benefit schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund, which amounted to £726,739 (2021: £636,563). As of 31 December 2022, pension costs payable totalled £95,241 (2021: £152,830).

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

18. Called-up share capital

	2022 £	2021 £
Authorised, issued and fully paid:		
4,880,474,670 (2021: 4,880,474,670) Ordinary shares of £0.00001 each	48,804	48,804
	<u>48,804</u>	<u>48,804</u>

Each ordinary share is entitled to one vote in any circumstances and is entitled *pari passu* with other ordinary shares to dividend payments or any other distribution. Each ordinary share is entitled *pari passu* with other ordinary shares to participate in a distribution arising from a winding up of the Company in priority over growth shares.

19. Financial commitments

At the balance sheet date, the Company had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Commitment expiring:		
- within one year	9,921	11,712
- between two and five years	<u>19,685</u>	<u>-</u>

Operating lease payments primarily represent rentals payable by the Company for its office equipment. These are low value hence classified as operating leases for 2022.

20. Lease liability

	Building £	Car £	Total £
Balance at 1 January 2022	6,778,660	102,289	6,880,949
Cash payments	(1,452,880)	(33,583)	(1,486,463)
Interest expense	226,822	1,692	228,514
Balance at 31 December 2022	<u>5,552,602</u>	<u>70,398</u>	<u>5,623,000</u>
 Lease within one year	 1,271,520	 27,414	 1,298,934
Lease due after more than one year	4,281,082	42,984	4,324,066
Total balance	<u>5,552,602</u>	<u>70,398</u>	<u>5,623,000</u>

Leases include office premises under buildings, and car park lease and car lease under cars. Leases of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

FGS Global (UK) Limited

Notes to the financial statements Year ended 31 December 2022

21. Transactions with directors

The following transactions have taken place with directors:

Quasi-loan to directors:

The Company made unsecured non-interest-bearing quasi-loans to Mr Rudd at various times throughout the year, in respect of personal costs incurred by him and initially paid by the Company. At the balance sheet date, there was a balance of £nil (2021: £nil) outstanding. The maximum outstanding at any point in the year was £9,580 (2021: £20,333).

22. Guarantees and other financial commitments

The Company participates in WPP group banking arrangements with its parent Company, WPP plc, and has access to a group cash management facility. The Company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The Company, together with its parent, WPP plc, and certain other subsidiary undertakings, is party to the WPP group's syndicated banking arrangements. The Company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP plc.

23. Ultimate parent company and controlling party

The directors regard FGS Global (UK Holdco) Limited (previously known as Fulham UK Holdco Limited), a Company incorporated in England and Wales, as the immediate parent Company. FGS Global (UK Holdco) Limited is a wholly owned subsidiary of FGS Global Inc, incorporated in Delaware, United States. WPP plc, a Company incorporated in Jersey, is the ultimate parent company and controlling party with the majority stake in FGS Global Inc.

At the year end the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is WPP plc, registered at 13 Castle Street, St. Helier, Jersey, JE1 1ES.

Copies of the financial statements of WPP plc are available at www.wppinvestor.com.

24. Events after balance sheet date

On 11 April 2023 KKR announced that it was investing in FGS Global Inc with the transaction completed on 7 July 2023. This results in no change in ultimate parent company.