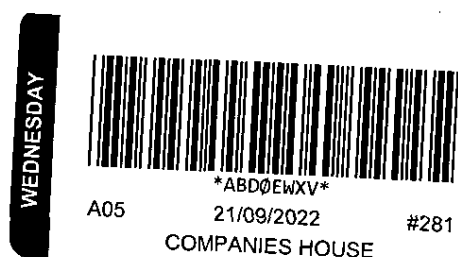


# Jack Morton Worldwide Limited

**Directors' Report, Strategic Report and  
Financial Statements**

**Year ended 31 December 2021**

**Registered Number: 3189671**



# Jack Morton Worldwide Limited

## Strategic Report for the year ended 31 December 2021

The directors present their strategic report of Jack Morton Worldwide Limited (the "Company") registered number 3189671 for the year ended 31 December 2021.

### Principal activities and review of the business

The Company's principal activity during the year was brand experience. Through the power of experience, we create meaningful relationships between people and brands. Service offerings include brand experiences, exhibits and tradeshow, brand acts, virtual and hybrid experiences, sponsorship, integrated marketing, employee experience, digital transformation, broadcast design, and healthcare marketing

The Company's profit for the year was £566,000 (2020: loss £1,135,000). The directors consider that the result for the year is in line with expectations. The Company had net assets of £5,938,000 as at 31 December 2021 (2020: net assets of £15,372,000).

As reported last year, the 2020 results were clearly an anomaly due to the covid 19 pandemic which had a significant impact on live meetings, which are central to so much of the Company's business. We acted swiftly to refocus skills; creating digital products which allowed us to create some of the largest virtual meetings of all time, winning new clients in the process. We entered 2021 with a leaner cost base and a greater emphasis on digital and broadcast content, whilst remaining well positioned for growth as live work returns. That live work did indeed return as predicted, on top of continues virtual and hybrid events, resulting in 30% growth for the year, and this growth is continuing every quarter. We have moved to larger premises and re-built the team, and are poised for another fantastic year.

### Key performance indicators

The following are key performance indicators of the business:

	2021	2020
<b>Revenue growth (%)</b>		
Year on year revenue growth expressed as a percentage	29.9%	(46.6)%
<b>Operating margin (%)</b>		
Ratio of operating profit to revenue expressed as a percentage	4.9%	(16.1)%
<b>Staff costs / revenue (%)</b>		
Staff costs as a percentage of revenue	55.7%	70.5%
<b>Headcount (number)</b>	50	61

### Financial Reporting Standard 102 (FRS 102)

The Company has complied with Financial Reporting Standard 102 (FRS 102) during the year.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of IPG Holdings (UK) Limited and are not managed separately. These risks are discussed in the IPG Holdings (UK) Limited annual consolidated financial statements for the year ended 31 December 2021, which does not form part of this report. Copies of the IPG Holdings (UK) Limited consolidated financial statements can be obtained from:

135 Bishopsgate  
London  
United Kingdom, EC2M 3TP

## Jack Morton Worldwide Limited

### Strategic Report for the year ended 31 December 2021 (continued)

#### Strategy and future developments

The Company's strategy is to seek out, nurture and include the very best and most diverse talent in our industry; to target the best client opportunities and globalize our client base with extraordinary and famous work and a consistently excellent client experience; led by strategy and ideas, proven by measurement, and powered by innovation.

On behalf of the Board

  
A B Sunderji

Director  
30 June 2022

## **Jack Morton Worldwide Limited**

### **Directors' Report for the year ended 31 December 2021**

The directors present their report and financial statements of Jack Morton Worldwide Limited (the "Company") registered number 3189671 for the year ended 31 December 2021.

#### **Future developments**

Future developments, strategy and key performance indicators are discussed in the strategic report.

#### **Dividends**

On 21 June 2021 the Company paid a dividend of £10,000,000 to its parent company IPG Holdings (UK) Limited.

#### **Objectives and policies**

The Company's operations expose it to a variety of financial risks. These include the credit risk, the liquidity risk associated with recovering customer debt on a timely basis, and the interest rate cash flow risk. The Company has in place a risk management programme that seeks to minimise the potential adverse effects on the financial performance of the Company by monitoring customer debt levels and the related financial risks to the business.

The Company follows the standard policy and procedures (SP&P) manual provided by The Interpublic Group of Companies, Inc., which sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by The Interpublic Group of Companies, Inc. that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc..

#### **Credit risk**

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2021 was mainly as follows: trade debtors £9,506,000, amounts owed by group undertakings £624,000, other debtors £63,000, prepayment and accrued income £2,160,000 and debtors due after more than one year £nil (2020: £3,228,000, £11,250,000, £12,000, £2,365,000, £1,000 respectively).

Credit given to other Group companies is also monitored and credit is extended where it is merited. Group debts are collected on the same basis as non-Group debts.

The Company also attempts to minimize credit exposure to cash investments. Cash investments are placed with high-quality financial institutions with limited exposure to any one institution.

#### **Liquidity risk**

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned expansions. The Company manages this risk by engaging external collection agencies where required.

#### **Political donations**

The Company made no political donations in 2021 (2020: £nil).

#### **Branches outside the UK**

The Company has no branches outside the UK.

## **Jack Morton Worldwide Limited**

### **Directors' Report for the year ended 31 December 2021** (continued)

#### **Disabled employee note**

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

#### **Employee involvement**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its future success.

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

W P Davies  
M C Kunheim  
J B McCall  
J M Pullan  
A B Sunderji

#### **Events post statement of financial position**

No material events post statement of financial position have occurred.

## Jack Morton Worldwide Limited

### Directors' Report for the year ended 31 December 2021 (continued)

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2021 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company;
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Audit exemption

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- a) that for the year ended 31 December 2021 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- b) that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the Board

  
A B Sunderji (Jul 15, 2022) (P20 GH7-1)

A B Sunderji  
Director  
30 June 2022

# Jack Morton Worldwide Limited

## Statement of comprehensive income For the year ended 31 December 2021

	Note	2021 £000's	2020 £000's
<b>Turnover</b>	5	<b>33,551</b>	22,441
Cost of sales		<b>(24,706)</b>	(15,634)
<b>Revenue/Gross profit</b>		<b>8,845</b>	6,807
Administrative expenses		<b>(8,114)</b>	(7,567)
Distribution costs		<b>(298)</b>	(338)
<b>Operating profit/(loss)</b>	6	<b>433</b>	(1,098)
Interest receivable and similar income	7	<b>88</b>	190
Interest payable and similar expenses	8	<b>(2)</b>	(258)
<b>Profit/(loss) before taxation</b>		<b>519</b>	(1,166)
Tax on profit/(loss)	11	<b>47</b>	31
<b>Profit/(loss) for the financial year</b>		<b>566</b>	(1,135)

All operations are continuing.

# Jack Morton Worldwide Limited

## Statement of financial position As at 31 December 2021

	Note	2021 £000's	2020 £000's
<b>Fixed assets</b>			
Tangible assets	12	142	167
		<u>142</u>	<u>167</u>
<b>Current assets</b>			
Work in progress		4,356	1,411
Debtors	13	12,697	17,142
Cash at bank and in hand		4,721	8,744
		<u>21,774</u>	<u>27,297</u>
Creditors: amounts falling due within one year	14	(15,913)	(11,301)
<b>Net current assets</b>		<u>5,861</u>	<u>15,996</u>
<b>Total assets less current liabilities</b>		<u>6,003</u>	<u>16,163</u>
Creditors: amounts falling due after more than one year	15	(65)	(31)
Provisions for liabilities	16	-	(760)
<b>Net assets</b>		<u>5,938</u>	<u>15,372</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,500	1,500
Retained earnings		4,438	13,872
<b>Total equity</b>		<u>5,938</u>	<u>15,372</u>

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:


- that for the year ended 31 December 2021 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2021 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The notes on pages 10 to 26 are an integral part of these financial statements.

The financial statements on pages 7 to 26 were authorised for issue by the board of directors on 30 June 2022 and were signed on its behalf.

  
A B Sunderji, Jul 15, 2022 19:20 GMT+01:00

A B Sunderji  
Director  
Jack Morton Worldwide Limited  
Registered No. 3189671



## Jack Morton Worldwide Limited

### Statement of changes in equity for the year ended 31 December 2021

	<b>Called up share capital £000's</b>	<b>Retained earnings £000's</b>	<b>Total Equity £000's</b>
At 1 January 2020	1,500	15,007	16,507
Loss for the financial year	-	(1,135)	(1,135)
<b>At 31 December 2020</b>	<b>1,500</b>	<b>13,872</b>	<b>15,372</b>

	<b>Called up share capital £000's</b>	<b>Retained earnings £000's</b>	<b>Total Equity £000's</b>
At 1 January 2021	1,500	13,872	15,372
Profit for the financial year	-	566	566
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>566</b>	<b>566</b>
Dividends paid	-	(10,000)	(10,000)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>At 31 December 2021</b>	<b>1,500</b>	<b>4,438</b>	<b>5,938</b>

On 21 June 2021 the Company paid a dividend of £10,000,000 to its parent company IPG Holdings (UK) Limited.

# **Jack Morton Worldwide Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 General information**

The Company's principal activity during the year was brand experience. Through the power of experience, we create meaningful relationships between people and brands. Service offerings include brand experiences, exhibits and tradeshow, brand acts, virtual and hybrid experiences, sponsorship, integrated marketing, employee experience, digital transformation, broadcast design, and healthcare marketing.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 4th Floor, Foundry Building, 2 Smiths Square, London, W6 8AF.

### **2 Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### **a) Basis of preparation**

These financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **b) Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **c) Exemptions for qualifying entities under FRS 102**

As a qualifying entity, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent company, IPG Holdings (UK) Limited, includes the Company's cash flows in its own consolidated financial statements.

The Company has also taken advantage of the exemption, under FRS 102 paragraph 1.12(c), to the disclosure requirements of FRS 102 section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A, and FRS 102 section 12 Other Financial Instrument Issues, paragraphs 12.26 to 12.29A, on the basis that it is a qualifying entity and the consolidated financial statements of IPG Holdings (UK) Limited include the equivalent disclosures.

#### **d) Revenue recognition**

Turnover represents the amounts invoiced to customers in respect of completed projects and is stated after the deduction of trade discounts and value added tax. Revenue is generally deferred until contract completion as the final act is so significant in relation to the service transaction taken as a whole. Fees are also recognised on a milestone basis if the terms of the contract call for the delivery of discrete projects. Fees are recognised on a straight-line or monthly basis when service is provided essentially on a pro-rata basis and the terms of the contract support monthly basis accounting. Revenues that are recognised ahead of billings are shown as accrued income. If the agreed billing date is greater than 12 months ahead, the associated revenue is recorded at fair value, after recognising a discount.

## **Jack Morton Worldwide Limited**

### **Notes to the financial statements for the year ended 31 December 2021** (continued)

#### **3 Summary of significant accounting policies** (continued)

##### **e) Interest income**

Interest income is recognised using the effective interest rate method.

##### **f) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

###### **• Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

###### **• Pension costs**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charge disclosed in note 21 represents contributions payable by the Company to the fund.

Contributions payable in respect of employees' personal pension plans are expensed in the statement of comprehensive income as they are incurred.

###### **• Annual bonus plan**

The Company operates an annual bonus plan for some employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

##### **g) Foreign currencies**

The Company's functional and presentation currency is pound sterling. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the statement of comprehensive income during the year to which they relate.

##### **h) Borrowing costs**

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

##### **i) Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of membership remain with the lessor, are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

##### **j) Lease incentives**

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

##### **k) Exceptional items**

Exceptional items comprise those that are by their nature, large unusual non-recurring and are shown separately in the statement of comprehensive income.

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### l) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Corporation tax payable is provided on taxable profits and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the statement of financial position date. Timing differences are differences between a company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis in line with FRS 102.

##### m) Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Equipment, fixtures & fittings	3-10 years
Asset retirement obligation	Lesser of 10 years or the remaining life of the lease
Long leasehold and leasehold improvements	Lesser of 10 years or the remaining life of the lease
Computer equipment	3-4 years

The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

The fair value of estimated asset retirement obligations is recognised in the statement of financial position when identified and a reasonable estimate of fair value can be made. The fair value is determined based on the net present value of the estimated costs which include those legal obligations where the Company will be required to return the properties to their original condition. The asset retirement costs, equal to the estimated fair value of the asset retirement obligation is capitalised as part of the cost of the related long lived asset. Asset retirement costs are amortised over the life of the lease.

Amortisation of asset retirement costs is included in depreciation of fixed assets. Increases in the provision of asset retirement obligation resulting from the passage of time are recorded as interest expense in the statement of comprehensive income. Actual expenditures incurred are charged against the accumulated provision.

## **Jack Morton Worldwide Limited**

### **Notes to the financial statements for the year ended 31 December 2021** (continued)

#### **3 Summary of significant accounting policies** (continued)

##### **n) Impairment of non-financial assets**

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

##### **o) Work in progress**

Work in progress comprises external charges for goods and services incurred on behalf of clients which have still to be invoiced to clients. Work in progress is stated at the lower of cost or net realisable value. The Company assesses annually at the reporting date if any impairment is required and recognises any impairment loss to the statement of comprehensive income.

##### **p) Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### **(i) Financial assets**

Basic financial assets, including debtors and cash at bank and in hand balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets, including equity investments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## **Jack Morton Worldwide Limited**

### **Notes to the financial statements for the year ended 31 December 2021** (continued)

#### **3 Summary of significant accounting policies** (continued)

##### **p) Financial instruments** (continued)

###### **(ii) Financial liabilities**

Basic financial liabilities, including creditors and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors: amounts falling due over one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### **q) Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank loans and overdrafts, when applicable, are shown within borrowings in current liabilities.

##### **r) Deferred income**

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

##### **s) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

##### **t) Called up share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### **u) Distributions to equity holders**

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

## **Jack Morton Worldwide Limited**

### **Notes to the financial statements for the year ended 31 December 2021** (continued)

#### **3 Summary of significant accounting policies** (continued)

##### **v) Related party disclosures**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Under FRS 102 Advantage has been taken of the exemption for Related Party Disclosures not to disclose transactions with companies that are part of the IPG Group. The address at which the consolidated financial statements of The Interpublic Group of Companies, Inc. are publicly available is shown in note 24.

##### **w) Incentive compensation plans**

Compensation costs related to share-based transactions, including employee stock options, are recognised in the financial statements based on fair value. Stock-based compensation expense is generally recognised over the requisite service period based on the estimated grant-date fair value. Cash settled share based payments are measured at fair value at the statement of financial position date and are included in creditors.

The movement in cumulative expense since the previous statement of financial position date is recognised in the statement of comprehensive income, with a corresponding entry in creditors.

Cash awards are generally granted on an annual basis and have a service period vesting condition and generally vest in three years. Cash awards do not fall within the scope of share based payments as they are not paid in equity and the value of the award is not correlated with The Interpublic Group of Companies, Inc. share price. The present value of the amount expected to vest for cash awards and performance cash awards over the vesting period is amortised using the straight-line method in the statement of comprehensive income.

##### **x) Netting off policy**

Balances with other companies in The Interpublic Group of Companies, Inc. are stated gross, unless all of the following conditions are met:

- (i) The Company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies;
- (ii) The Company has the ability to insist on a net settlement; and
- (iii) The Company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the Company's ability to insist on a net settlement would survive the insolvency of the counterparty.

#### **4 Critical accounting estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **(a) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 4 Critical accounting estimates and assumptions (continued)

(i) Useful economic lives of tangible assets (note 3m)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 3m for the useful economic lives for each class of assets.

(ii) Impairment of trade and other debtors (note 13)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

#### 5 Turnover

	2021 £000's	2020 £000's
<b>Turnover by origin</b>		
United Kingdom	33,515	22,413
Rest of World	36	28
	<u>33,551</u>	<u>22,441</u>

The analysis above is by geographical origin, being the location of the Company, which is performing the service for the customer, who may be located in a different location.

Turnover is wholly attributable to the principal activity of the Company.

#### 6 Operating profit/(loss)

The following amounts have been charged/(credited) in arriving at the operating profit/(loss):

	2021 £000's	2020 £000's
<b>Employee costs (note 9)</b>	<b>4,927</b>	<b>4,800</b>
<b>Depreciation</b>		
- Tangible fixed assets	94	132
- Asset retirement obligation	-	11
<b>Bad debt - provision decrease</b>	<b>(1)</b>	<b>(1)</b>
<b>Loss on disposal of tangible assets</b>	<b>18</b>	<b>-</b>
<b>Exchange loss</b>	<b>87</b>	<b>79</b>
<b>Operating lease rentals</b>		
- Office space	292	315
- Other	20	9



## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 7 Interest receivable and similar income

	2021 £000's	2020 £000's
Interest receivable on bank accounts	21	40
Interest received from other group undertakings	67	150
	<u>88</u>	<u>190</u>

#### 8 Interest payable and similar expenses

	2021 £000's	2020 £000's
Interest payable on bank overdrafts	2	7
Unwinding of discount	-	251
	<u>2</u>	<u>258</u>

#### 9 Employee costs

	2021 £000's	2020 £000's
Wages and salaries (including directors)	3,771	3,215
Social security costs	584	491
Pension costs (note 21)		
- Defined contribution	192	189
Severance expense	2	512
Share based payment costs (note 20)	93	78
Miscellaneous, non-share based incentives and other costs	285	315
Employee costs	<u>4,927</u>	<u>4,800</u>

The Company's employees are principally located in the United Kingdom.

The average monthly number of people employed (including directors) by the Company during the year is set out below:

	2021 Number	2020 Number
United Kingdom	50	61
Average monthly number employed	<u>50</u>	<u>61</u>

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 9 Employee costs (continued)

##### Key management compensation

The compensation paid or payable to key management (including directors) for employee services is shown below:

	2021 £000's	2020 £000's
Wages and salaries	1,129	850
Social security costs	171	128
Pension costs (note 21)		
- Defined contribution	56	48
Share based payments costs (note 20)	93	78
Miscellaneous, non-share based incentives and other costs	140	73
Key management compensation	1,589	1,177

In addition to the above, an amount of £168,000 (2020: £158,000) was recharged to another group company in respect of key management compensation, giving rise to a total compensation for the year of £1,421,000 (2020: £1,019,000).

#### 10 Directors' emoluments

The directors are remunerated by the Company in respect of their services to the Company.

	2021 £000's	2020 £000's
Aggregate emoluments, including benefits in kind	964	658
Defined contribution scheme - company contributions	42	36
Share option expense	93	78
	1,099	772

##### Highest paid director

	2021 £000's	2020 £000's
Aggregate emoluments, including benefits in kind	530	333
Defined contribution scheme - company contributions	19	16
Share option expense	77	65
	626	414

Retirement benefits are accruing to 3 directors under a defined contribution scheme (2020: 2)

In addition to the above, an amount of £158,000 (2020: £149,000) was recharged to another group company in respect of directors' emoluments, giving rise to a total compensation for the year of £941,000 (2020: £623,000). Emoluments for some directors were borne by other group companies in both 2021 and 2020.

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

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

	2021 £000's	2020 £000's
<b>Current taxation</b>		
Adjustments in respect of prior years		
- UK corporation taxation	11	(26)
<b>Total current taxation</b>	<b>11</b>	<b>(26)</b>
<b>Deferred taxation</b>		
Origination & reversal of timing differences	10	18
Adjustments in respect of prior years	17	9
Effect of change in the tax rate	(85)	(32)
<b>Total deferred taxation</b>	<b>(58)</b>	<b>(5)</b>
<b>Tax on profit/(loss)</b>	<b>(47)</b>	<b>(31)</b>

#### Factors affecting the tax charge for the year

The tax assessed for the year is Lower (2020: lower) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The difference is explained below:

	2021 £000's	2020 £000's
<b>Profit/(loss) before taxation</b>	<b>519</b>	<b>(1,166)</b>
Profit/(loss) before taxation at the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	<b>98</b>	<b>(222)</b>
Effects of:		
Expenses not deductible for taxation purposes	3	23
Income exempt from corporation tax	(75)	-
Group relief for nil consideration	(16)	217
Adjustments in respect of prior years	28	(17)
Effect of change in tax rate	(85)	(32)
<b>Total tax for the year</b>	<b>(47)</b>	<b>(31)</b>

Finance Act 2021 enacted an increase in the UK corporation tax rate from 19% to 25% from 1 April 2023.

At 31 December 2021 there were unused trading losses and non-trading deficits of £nil (2020: £nil) that are available indefinitely for offset against the Company's future taxable profits, and capital losses of £nil (2020: £nil) that are available for offset indefinitely against the Company's future capital gains.

# Jack Morton Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 12 Tangible assets

	Long leasehold & leasehold improvements £000's	Computer equipment £000's	Equipment, fixtures & fittings £000's	Asset retirement obligation £000's	Total £000's
<b>At 31 December 2020</b>					
<b>Cost</b>	607	400	1,313	217	2,537
<b>Accumulated depreciation</b>	(607)	(324)	(1,222)	(217)	(2,370)
<b>Net book value</b>	<b>-</b>	<b>76</b>	<b>91</b>	<b>-</b>	<b>167</b>
<b>Cost</b>					
1 January 2021	607	400	1,313	217	2,537
Additions	-	54	34	-	88
Disposals	(607)	-	(41)	(217)	(865)
<b>31 December 2021</b>	<b>-</b>	<b>454</b>	<b>1,306</b>	<b>-</b>	<b>1,760</b>
<b>Accumulated depreciation</b>					
1 January 2021	(607)	(324)	(1,222)	(217)	(2,370)
Charge for the year	-	(57)	(37)	-	(94)
Disposals	607	-	22	217	846
<b>31 December 2021</b>	<b>-</b>	<b>(381)</b>	<b>(1,237)</b>	<b>-</b>	<b>(1,618)</b>
<b>Net book value</b>					
<b>31 December 2021</b>	<b>-</b>	<b>73</b>	<b>69</b>	<b>-</b>	<b>142</b>
<b>Net book value</b>					
<b>31 December 2020</b>	<b>-</b>	<b>76</b>	<b>91</b>	<b>-</b>	<b>167</b>

During the year the lease on the property at 6 Dukes Gate, Acton Lane, London expired and the Company accordingly disposed of its associated leasehold improvements and asset retirement obligation tangible assets.

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 13 Debtors

##### Debtors: amounts falling due within one year

	2021 £000's	2020 £000's
Trade debtors	9,506	3,228
Amounts owed by group undertakings	624	11,250
Other debtors	63	12
Prepayments and accrued income	2,160	2,365
Deferred taxation (see below)	344	286
	<b>12,697</b>	<b>17,141</b>

All amounts owed by group undertakings are unsecured and repayable on demand.

##### Deferred taxation

	2021 £000's	2020 £000's
Accelerated capital allowances	260	224
Other short term timing differences	84	62
<b>Total deferred tax asset</b>	<b>344</b>	<b>286</b>

The movement in deferred taxation can be summarised as follows:

	£000's
At 1 January 2021	286
Charged to statement of comprehensive income	58
<b>At 31 December 2021</b>	<b>344</b>

The amount of the net reversal of deferred tax expected to occur in 2022 is £nil (2021: £12,000).

This primarily relates to the reversal of timing differences on tangible fixed assets through depreciation and capital allowances.

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 13 Debtors (continued)

##### Debtors: amounts falling due after more than one year

	2021 £000's	2020 £000's
Other debtors	-	1
	<u>-</u>	<u>1</u>

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

	2021 £000's	2020 £000's
Bank loans and overdrafts	2,398	1,587
Trade creditors	2,752	581
Amounts owed to group undertakings	981	295
Corporation Tax	272	637
Other creditors including taxation and social security	701	353
Incentive compensation plans	70	35
Accruals and deferred income	8,739	7,813
	<u>15,913</u>	<u>11,301</u>

Amounts owed to group undertakings are unsecured, repayable on demand and do not accrue interest.

The Group participates in The Interpublic Group of Companies, Inc. pooling arrangement with HSBC Bank Plc. The overdraft interest rate is linked to bank base rate and bank borrowing is secured by an ultimate parent undertaking guarantee. The remaining creditors are unsecured.

#### 15 Creditors: amounts falling due after more than one year

	2021 £000's	2020 £000's
Incentive compensation plans	65	31
	<u>65</u>	<u>31</u>

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 16 Provisions for liabilities

	Asset retirement obligations £000's
<b>At 1 January 2021</b>	760
Released to statement of comprehensive income	(310)
Utilised	(450)
<b>At 31 December 2021</b>	<u>-</u>

The Company had a provision for liabilities for the estimated costs of decommissioning leasehold improvements at the end of the lease. During the year the lease expired and the provision was settled accordingly.

#### 17 Called up share capital

	2021 Number (000's)	2020 Number (000's)	2021 £000's	2020 £000's
<b>Allotted and fully paid:</b>				
A ordinary shares of £1.00 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

#### 18 Capital and other commitments

	2021 £000's	2020 £000's
<b>Operating lease commitment</b>		
As at 31 December, the Company had the following total future minimum lease payments commitments under non-cancellable operating leases for each of the following periods:		
<b>Payments due:</b>		
- Not later than one year	<u>61</u>	<u>20</u>
<b>Total minimum lease commitments</b>	<u>61</u>	<u>20</u>

## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 19 Contingent liabilities

The Company is not party to any commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for The Interpublic Group of Companies, Inc. pooling arrangements with HSBC Bank Plc. The interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

#### 20 Share based payments

##### Long term incentive plans

The Interpublic Group of Companies, Inc. issues stock and cash based incentive awards to employees under a plan established by The Interpublic Group of Companies, Inc., along with other companies in the Interpublic group, participates in The Interpublic Group of Companies, Inc. long term incentive plans. Refer to The Interpublic Group of Companies, Inc. 2021 Form 10-K for further disclosures relating to their long term incentive plans.

##### Effect of share-based payment transactions on company's results and the financial position

	2021 £000's	2020 £000's
Total expense recognised for equity-settled share based transactions	93	78
Total expense recognised for share based transactions	93	78
Closing liability/other reserves for equity-settled share based transactions	31	37

##### Equity Settled Restricted Stock Units

Awards to be settled in shares are granted to certain key employees and are subject to certain restrictions and vesting requirements, as determined by The Interpublic Group of Companies, Inc.'s Compensation Committee. The vesting period is generally three years. The fair value of the restricted stock awards is based on The Interpublic Group of Companies, Inc.'s share price on the date the award is granted. No monetary consideration is paid by a recipient for a stock-settled award and the fair value of the shares determined on the grant date is amortized over the vesting period.

The Interpublic Group of Companies, Inc. grants both time based and performance based restricted stock units to be settled in shares.

Performance-based awards have been granted subject to certain restrictions and vesting requirements as determined by The Interpublic Group of Companies, Inc.'s Compensation Committee. Performance-based awards are a form of stock-based compensation in which the number shares ultimately received by the participant depends on the Company and/or individual performance against specific performance targets.

The awards generally vest over a three-year period subject to the participant's continuing employment as well as the achievement of certain performance objectives. The final number of units and therefore shares that could ultimately be received by a participant ranges from 0% to 300% of the target amount of units originally granted. Stock-based compensation expense is amortised for the estimated number of performance-based awards that are expected to vest over the vesting period using the fair value of the shares at the end of the period.



## Jack Morton Worldwide Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 20 Share based payments (continued)

##### Share Settled Performance Related Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2021 No. of units	2021 Weighted average fair value (£)	2020 No. of units	2020 Weighted average fair value (£)
Outstanding as at 1 January	9,456	17.23	11,916	17.64
Granted during the year	-	-	3,369	16.10
Vested during the year	(2,995)	18.44	(5,829)	16.10
Outstanding at 31 December	6,461	27.79	9,456	17.23

	2021 £000's	2020 £000's
Compensation expense in connection with the restricted stock awards	50	28

The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

##### Share Settled Time Based Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2021 No. of units	2021 Weighted average fair value (£)	2020 No. of units	2020 Weighted average fair value (£)
Outstanding as at 1 January	9,455	17.23	6,087	17.49
Granted during the year	-	-	3,368	16.10
Vested during the year	(2,994)	18.44	-	-
Outstanding at 31 December	6,461	27.79	9,455	17.23

	2021 £000's	2020 £000's
Compensation expense in connection with the restricted stock awards	43	50

The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

## **Jack Morton Worldwide Limited**

### **Notes to the financial statements for the year ended 31 December 2021** (continued)

#### **21 Pensions**

##### **Defined contributions scheme**

The Company participates in a number of defined contribution pension schemes. The assets of the schemes 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 and amounted to £192,000 (2020: £189,000). At 31 December 2021, £15,000 remained unpaid and accrued (2020: £12,000).

#### **22 Events after the reporting period**

No material events post statement of financial position have occurred.

#### **23 Company information**

The Company is registered in England and Wales and its registered office is at 4th Floor, Foundry Building, 2 Smiths Square, London, W6 8AF.

#### **24 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is IPG Holdings (UK) Limited, a company registered in England and Wales. Copies of its financial statements are available 135 Bishopsgate, London, EC2M 3TP.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies, Inc., a company incorporated in the United States.

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021, and the smallest group of undertakings to consolidate these financial statements at 31 December 2021 is IPG Holdings (UK) Limited.

The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, NY 10022, USA.

The consolidated financial statements for IPG Holdings (UK) Limited can be obtained from 135 Bishopsgate, London, United Kingdom, EC2M 3TP.