Wellset Repro Limited

Directors' Report, Strategic Report and Financial Statements

Year ended 31 December 2020

Registered Number: 3205960

Wellset Repro Limited

Strategic Report for the year ended 31 December 2020

The directors present their strategic report of Wellset Repro Limited (the "Company") registered number 3205960 for the year ended 31 December 2020.

Principal activities and review of the business

The Company's principal activity during the year was the development of mobile apps, websites and related social media.

The Company's profit for the year was £3,686,000 (2019: profit £2,311,000). The directors consider that the result for the year is in line with expectations. The Company had net assets of £12,881,000 as at 31 December 2020 (2019: net assets of £9,195,000).

The Company continued to build its position in 2020 and the directors expect to maintain growth in both services, fees, and products in 2021. The Company continues to lead in mobile marketing, and investment in new technology trends, such as AI and VR/AR, continues to drive inbound demand – the creation of a virtual conferencing platform has extended spend amongst the current client base and will continue to expand reach across the world. The Company continues to enjoy particular growth in the pharmaceutical and healthcare sectors in particular.

Key performance indicators

The following are key performance indicators of the business:

	2020	2019
Operating margin (%)		
Ratio of operating profit to revenue expressed as a percentage	**29.2%**	23.7%
Staff costs / revenue (%)		
Staff costs as a percentage of revenue	**20.0%**	18.9%
Headcount	**37**	32

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 The Interpublic Group of Companies, Inc. and are not managed separately. These risks are discussed in The Interpublic Group of Companies, Inc. annual financial statements for the year ended 31 December 2020, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc. consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.
909 Third Avenue
New York, NY 10022, USA

Strategy and future developments

The Company continues to establish itself globally as a leading expert digital problem-solver: with sales growth in EMEA, SEA and the US. The strategy remains to be first-to-market exploiting bleeding-edge technologies, and in particularly their use in compliant sectors such as pharmaceuticals and financial services.

Since COVID-19 has been declared as a pandemic, Flipside has seen continued growth in demand for its services and has developed new products to support its clients' changing working practices in 2020. We expect to see even greater demand for our new products and services in 2021.

On behalf of the Board

T I M Drake
Director
23 July 2021

Wellset Repro Limited

Directors' Report for the year ended 31 December 2020

The directors present their report and financial statements of Wellset Repro Limited (the "Company") registered number 3205960 for the year ended 31 December 2020.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company, The Interpublic Group of Companies, Inc.. The directors have received confirmation that The Interpublic Group of Companies, Inc. intends to support the Company for at least one year after these financial statements are signed.

Future developments

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

Dividends

The directors did not recommend the payment of a dividend during the year (2019: £nil).

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 2020 was mainly as follows: trade debtors £2,646,000, amounts owed by group undertakings £2,277,000, other debtors £9,000, prepayment and accrued income £560,000 and debtors due after more than one year £nil (2019: £1,242,000, £2,472,000, £8,000, £909,000, £nil 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 2020 (2019: £nil).

Branches outside the UK

The Company has no branches outside the UK.

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:

	Date of Appointment	**Date of Resignation**
A D Basker		
T I M Drake		
M D M Dyer		
F Okunak		24 July 2020
C J Perry		
T P Sutton		19 May 2020
S Topping		
M Thomas		6 February 2020
D S Nichols	3 July 2020	

Events post statement of financial position

No material events post statement of financial position have occurred.

Wellset Repro Limited

Directors' Report for the year ended 31 December 2020 (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 period. 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 2020 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 2020 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

T I M Drake
Director
23 July 2021

Wellset Repro Limited

Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £000's	2019 £000's
Turnover	5	**13,907**	12,163
Cost of sales		**(900)**	(1,091)
Revenue/Gross profit		**13,007**	11,072
Administrative expenses		**(9,173)**	(8,444)
Goodwill amortisation		**(37)**	-
Operating profit	6	**3,797**	2,628
Interest receivable and similar income	7	**69**	45
Interest payable and similar expenses	8	**(12)**	(11)
Profit before taxation		**3,854**	2,662
Tax on profit	11	**(168)**	(351)
Profit for the financial year		**3,686**	2,311

All operations are continuing.

Wellset Repro Limited

Statement of financial position
As at 31 December 2020

	Note	2020 £000's	2019 £000's
Fixed assets			
Intangible assets	12	**334**	-
Tangible assets	13	**27**	40
		361	40
Current assets			
Work in progress		**173**	102
Debtors	14	**5,512**	4,640
Cash at bank and in hand		**12,165**	8,804
		17,850	13,546
Creditors: amounts falling due within one year	15	**(5,132)**	(4,391)
Net current assets		**12,718**	9,155
Total assets less current liabilities		**13,079**	9,195
Creditors: amounts falling due after more than one year	16	**(198)**	-
Net assets		**12,881**	9,195
Capital and reserves			
Called up share capital	17	**-**	-
Retained earnings		**12,881**	9,195
Total equity		**12,881**	9,195

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 2020 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.

The directors acknowledge their responsibilities for:

a) ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
b) preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2020 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 9 to 25 are an integral part of these financial statements.

The financial statements on pages 6 to 25 were authorised for issue by the board of directors on 23 July 2021 and were signed on its behalf.

T I M Drake
Director
Wellset Repro Limited
Registered No. 3205960

Wellset Repro Limited

Statement of changes in equity
for the year ended 31 December 2020

	Called up share capital £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2019	-	6,884	6,884
Profit for the financial year	-	2,311	2,311
At 31 December 2019	**-**	**9,195**	**9,195**

	Called up share capital £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2020	-	9,195	9,195
Profit for the financial year	-	3,686	3,686
At 31 December 2020	**-**	**12,881**	**12,881**

Wellset Repro Limited

Notes to the financial statements for the year ended 31 December 2020

1 General information

The Company's principal activity during the year was the development of mobile apps, websites and related social media.

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 East Lodge House, 116 High Street, Cranleigh, GU6 8AJ.

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 accounts of IPG Holdings (UK) Limited include the equivalent disclosures.

3 Summary of significant accounting policies (continued)

d) Revenue recognition

Turnover represents invoiced billings, excluding Value Added Tax and adjusted for accrued and deferred balances, in respect of fees and rechargeable costs. Fees are recognised over the period or on the date of completion of assignments or contracts. Attributable profit is that computed on a combination of factors; primarily time elapsed and work done, where the final profit can be assessed on a prudent basis. 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. Expenses recharged to customers are recognised as turnover, Revenue is deferred when the recognition criteria above cannot be met.

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 20 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.

3 Summary of significant accounting policies (continued)

h) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period 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.

Any reduction in lease payments as a result of the COVID-19 pandemic are credited to the statement of comprehensive income to reduce the lease expense on a straight-line basis over the period for which the change in lease payments compensates.

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.

l) Taxation

Taxation expense for the period 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.

3 Summary of significant accounting policies (continued)

m) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Goodwill	10 years

An impairment review is undertaken at the end of the first financial year of an acquisition and thereafter at each reporting date where events or changes in circumstances indicate that a review is necessary.

n) 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
Computer hardware and software	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.

o) 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.

3 Summary of significant accounting policies (continued)

p) 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.

q) 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.

(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.

r) 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.

3 Summary of significant accounting policies (continued)

s) Deferred income

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

t) 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.

u) 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.

v) 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.

w) 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.

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.

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

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 13 for the carrying amount of the property plant and equipment, and note 3n for the useful economic lives for each class of assets.

(ii) Useful economic lives of goodwill (note 3m)

The annual amortisation charge for goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. The useful economic life of the assets are amended when necessary to reflect current estimates, based on historic and expected future performance of the asset. See note 12 for the carrying amount of the intangible assets.

(iii) Impairment of trade and other debtors (note 14)

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 14 for the net carrying amount of the debtors and associated impairment provision.

5 Turnover

	2020	2019
	£000's	£000's
Turnover by origin		
United Kingdom	**13,907**	12,163
	13,907	12,163

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

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

	2020 £000's	2019 £000's
Employee costs (note 9)	**2,567**	2,097
Depreciation		
- Tangible fixed assets	**25**	25
Amortisation		
- Intangible assets	**37**	-
Bad debt - provision increase/(decrease)	**33**	(28)
Exchange loss	**5**	101
Operating lease rentals		
- Office space	**190**	195

7 Interest receivable and similar income

	2020 £000's	2019 £000's
Interest receivable on bank accounts	**69**	45
	69	45

8 Interest payable and similar expenses

	2020 £000's	2019 £000's
Interest payable on bank overdrafts	**4**	11
Unwinding of discount	**8**	-
	12	11

9 Employee costs

	2020 £000's	2019 £000's
Wages and salaries (including directors)	**2,233**	1,760
Social security costs	**268**	232
Pension costs (note 20)		
- Defined contribution	**81**	58
Severance expense	**29**	31
Miscellaneous, non-share based incentives and other costs	**(44)**	16
Employee costs	**2,567**	2,097

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:

	2020	2019
United Kingdom	**37**	32
Average monthly number employed	**37**	32

Key management compensation

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

	2020 £000's	2019 £000's
Wages and salaries	**443**	416
Social security costs	**54**	52
Pension costs (note 20)		
- Defined contribution	**8**	4
Key management compensation	**505**	472

Wellset Repro Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Directors' emoluments

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

	2020 £000's	2019 £000's
Aggregate emoluments, including benefits in kind	**325**	325
Defined contribution scheme - company contributions	**3**	2
	328	327

Highest paid director

	2020 £000's	2019 £000's
Aggregate emoluments, including benefits in kind	**120**	120
	120	120

Retirement benefits are accruing to one director under a defined contribution scheme (2019: one)

Directors' emoluments have been reflected in the Company where the director has spent a significant portion of their time. Emoluments for some directors were borne by other companies in both 2020 and 2019.

Wellset Repro Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Tax on profit

	2020 £000's	2019 £000's
Current taxation		
UK corporation taxation	**170**	372
	170	372
Adjustments in respect of prior years - UK corporation taxation	**9**	(38)
Total current taxation	**179**	334
Deferred taxation		
Origination & reversal of timing differences	**(12)**	6
Adjustments in respect of prior years	**2**	11
Effect of change in the tax rate	**(1)**	-
Total deferred taxation	**(11)**	17
Tax on profit	**168**	351

Factors affecting the tax charge for the year

The tax assessed for the year is Lower (2019: lower) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The difference is explained below:

	2020 £000's	2019 £000's
Profit before taxation	**3,854**	2,662
Profit before taxation at the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	**732**	506
Effects of:		
Expenses not deductible for taxation purposes	**(11)**	2
Group relief for nil consideration	**(563)**	(129)
Adjustments in respect of prior years	**11**	(27)
Effect of change in tax rate	**(1)**	(1)
Total tax for the year	**168**	351

A previously enacted reduction in the rate of UK corporation tax from 19% to 17% from 1 April 2020 was reversed so the rate continues to be 19%.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. As the proposal to increase the rate to 25% has not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. It is not expected that this increase will have a material impact on the deferred tax balances.

At 31 December 2020 there were unused trading losses and non-trading deficits of £nil (2019: £nil) that are available indefinitely for offset against the Company's future taxable profits, and capital losses of £nil (2019: £nil) that are available for offset indefinitely against the Company's future capital gains.

12 Intangible assets

	Goodwill £000's
Cost	
At 1 January 2020	-
Additions	371
At 31 December 2020	**371**
Accumulated amortisation	
At 1 January 2020	-
Charge for the year	(37)
At 31 December 2020	**(37)**
Net book value	
At 31 December 2020	**334**

On 10 January 2020 the Company acquired the business and assets of Aqueduct Design and Advertising Limited for an initial cash payment of £100,000 plus two additional cash payments, one due on 30 May 2021 and the second due on 30 May 2022, the amounts of such payments determined by the performance of the business.

The Company's goodwill arose following the Company's acquisition of the business and assets of Aqueduct Design and Advertising Limited on 10th January 2020. The goodwill is calculated on the difference between the consideration and the book value of the acquired assets on the day of the transfer.

The goodwill intangible asset is carried at £334,000 (2019: £nil) and has a remaining amortisation period of 9 years (2019: nil years). There are no other individually material intangible assets.

Wellset Repro Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

13 Tangible assets

	Computer equipment £000's	Equipment, fixtures & fittings £000's	Total £000's
At 31 December 2019			
Cost	202	20	222
Accumulated depreciation	(166)	(16)	(182)
Net book value	**36**	**4**	**40**
Cost			
1 January 2020	202	20	222
Additions	12	-	12
Disposals	(135)	(7)	(142)
31 December 2020	**79**	**13**	**92**
Accumulated depreciation			
1 January 2020	(166)	(16)	(182)
Charge for the year	(22)	(3)	(25)
Disposals	135	7	142
31 December 2020	**(53)**	**(12)**	**(65)**
Net book value			
31 December 2020	**26**	**1**	**27**
Net book value			
31 December 2019	36	4	40

14 Debtors

Debtors: amounts falling due within one year

	2020 £000's	2019 £000's
Trade debtors	**2,646**	1,242
Amounts owed by group undertakings	**2,277**	2,472
Other debtors	**9**	8
Prepayments and accrued income	**560**	909
Deferred taxation (see below)	**20**	9
	5,512	4,640

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

Deferred taxation

	2020 £000's	2019 £000's
Accelerated capital allowances	**18**	9
Other short term timing differences	**2**	-
Total deferred tax asset	**20**	9

The movement in the deferred taxation balance can be summarised as follows:

	£000's
At 1 January 2020	9
Credited to statement of comprehensive income	11
At 31 December 2020	**20**

The amount of the net reversal of deferred tax expected to occur in 2021 is £nil.

15 Creditors: amounts falling due within one year

	2020	2019
	£000's	£000's
Bank loans and overdrafts	**476**	836
Trade creditors	**300**	103
Amounts owed to group undertakings	**654**	404
Corporation Tax	**493**	796
Other creditors including taxation and social security	**686**	461
Acquisition earn out / deferred consideration payable	**82**	-
Accruals and deferred income	**2,441**	1,791
	5,132	4,391

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 Lloyds Banking Group 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.

16 Creditors: amounts falling due after more than one year

	2020	2019
	£000's	£000's
Acquisition earn out / deferred consideration payable	**198**	-
	198	-

The deferred consideration payable is in respect of the acquisition of the business and assets of Aqueduct Design & Advertising Limited during the year. The liability arose as part of the consideration payable upon acquisition to the former owners of the business. The consideration is payable upon the achievement of certain targets. This represents the discounted value of the amount that is reasonably expected to be payable. Deferred consideration payable of £82,000 (2019: £nil) was recognised as a current liability within 'Creditors: amounts falling due within one year' in respect of the acquisition.

17 Called up share capital

	2020	2019	**2020**	2019
	Number	Number	**£**	£
Allotted and fully paid:				
A ordinary shares of £0.01 each	**9,303**	9,303	**93**	93
B ordinary shares of £0.01 each	**6,677**	6,677	**67**	67

18 Capital and other commitments

	2020 £000's	2019 £000's
Operating lease commitment		
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:		
Payments due:		
- Not later than one year	**70**	70
- Later than one year and not later than five years	**192**	262
Total minimum lease commitments	**262**	332

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 Lloyds Banking Group plc. The interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

20 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 £81,000 (2019: £58,000). At 31 December 2020, £11,000 remained unpaid and accrued (2019: £5,000).

21 Related party transactions

M Dyer and T Drake jointly own and control Fulshire Limited, a property management company. Fulshire Limited leases the property at 116 High Street, Cranleigh, Surrey to the Company. The Company provides administrative services to Fulshire Limited. All transactions are at market rate. During 2020 the Company made purchases of £70,000 (2019: £70,000) from Fulshire Limited. As at 31 December 2020, the Company owed £nil to Fulshire Limited (2019: £nil).

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 East Lodge House, 116 High Street, Cranleigh, GU6 8AJ.

24 Ultimate parent undertaking and controlling party

The immediate parent undertaking is IPG DXTRA (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 2020, and the smallest group of undertakings to consolidate these financial statements at 31 December 2020 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.