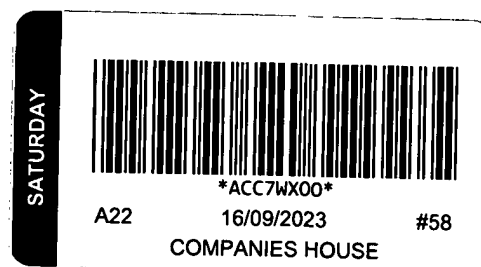


**Company Registration No. 04161889
(England and Wales)**

The&Partners London Limited

Annual report and financial statements

for the year ended 31 December 2022



The&Partners London Limited

Annual report and financial statements for the year ended 31 December 2022

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The&Partners London Limited

Annual report and financial statements for the year ended 31 December 2022

Officers and professional advisers

Directors

J P Hornby
D Graham

Registered Office

17 Gresse Street
London
W1T 1QL

Solicitors

Osborne Clarke
One London Wall
London
EC2Y 5EB

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

The&Partners London Limited

Strategic report

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

Principal activities

The&Partnership Group is comprised of a number of different communication businesses, spanning ten disciplines from advertising to design, CRM, media, data, analytics, PR and social. The&Partners London Limited (theandpartnership.com), one of the largest agencies in The&Partnership Group, is a market leading creative agency able to execute ideas in any medium to solve client's business problems.

Business review

The directors are pleased with the performance of the business in the year, with the Company continuing to grow after the significant economic challenges posed by COVID-19 in 2020, managing not only to service and deliver for existing clients, but also winning new clients. Turnover for the Company grew to £86.3m (31 December 2021: £70.4m) and operating profit grew to £3,425k (31 December 2021: £2,898k), due to the Company being able to win new business during the year. Net assets were £1,107k (31 December 2021: £4,432k).

Section 172(1) statement

Section 172 of the Companies Act 2006 (the 'Act') requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members. In doing this, section 172 requires a director to have regard (amongst other matters) to:

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

Each Director gave careful consideration to the factors set out above in discharging his duty under section 172. The following Section 172 (1) statement is made on behalf of the Company in compliance with the Act.

Our long-term decision making is made with the aim of;

- building deep, long-lasting client relationships by serving our clients based on their needs
- creating a diverse, inclusive and entrepreneurial workforce
- continuing to adapt and evolve to ensure we are embracing and at the forefront of advances in technology contributing positively to the environment and the communities we serve around the globe
- growing shareholder return through the growth of gross and net profit

As a world-leading marketing communications group, we pride ourselves on the standard of work we deliver through the world-class talent of our people. We recognise the huge value that our employees bring in servicing our clients and we want to ensure we are attracting and retaining high caliber individuals who will grow with us over the long-term.

The&Partners London Limited

Strategic report

We have a number of training and recruitment programmes with the aim of striving for a diverse and inclusive workforce. We remain focused on building a culture where everyone belongs and a place where everyone is treated fairly, with teams that reflect the communities we serve. A year after increasing investment into our Global People Team we are making progress on building a diverse, inclusive and supportive culture for all our people.

As an independent agency holding company, the group is built upon its relationships with its clients and therefore understands and the value of continued investment in these relationships to foster mutual trust, respect and hard work to achieve a common goal.

Finally, we continue to work with a number of charities, most notably the Princes Trust, Sentebale, Get Connected and RNIB meaning we are able to utilise our skills and talent to help drive awareness for the invaluable work that these organisations do

Key performance indicators

Our key performance indicators are net revenue (gross profit), operating profit and net assets, all of which have grown compared to 2021, due to the impact of winning new business and reduction in expenditure. As such, the directors are happy that the business is performing in line with its key performance indicators.

In addition to our financial key performance indicators, we want everyone to benefit – our people, clients, community and planet. Our wider key performance indicators include metrics to ensure our teams represent the communities in which they operate, our culture is a place where everyone feels they belong, our ways of working are equitable, and our business footprint is sustainable.

Future developments and events after balance sheet date

The directors expect the level of activity to stabilize in the forthcoming year but remain wary of the effect of the inflationary pressures within the major economies in which the Company operates. The Company is well placed to continue their expansion into new markets and win new clients across the globe.

There are no subsequent events which would affect the financial statements (2021: none).

Principal risks and uncertainties

The principal risks facing the Company in common with other creative agencies, remain the loss of key clients, the retention of key personnel in a competitive marketplace, the potential inflationary pressures and the impact on currency fluctuations. The directors continue to put concerted effort into maintaining strong and close relationships with clients and with staff servicing those clients.

Financial risk management


The financial instruments comprise primarily of cash, trade payables and trade receivables. The Company's operations are cash generative and as such the Company has no borrowings and therefore no material exposure to interest rate risk.

The&Partners London Limited

Strategic report

The Company's principal financial assets are bank balances and cash, trade and other receivables, which represents the maximum exposure to credit risk in relation to financial assets. The principal credit risk is attributable to trade receivables. In order to mitigate this risk, the Company operates strict credit control procedures and restricts trading relationships to primarily blue-chip clients. The credit risk on cash balances is limited because the counterparties are banks with high credit ratings. The directors seek to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company does not have a policy to hedge its risk against currency exposure as transactions in foreign currency represent negligible portion of total transactions.

Approved by the Board of Directors
and signed on behalf of the Board on 21 June 2023

DocuSigned by:

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D Graham
Director

The&Partners London Limited

Directors' report

The directors present their Annual Report together with the audited Financial Statements of the Company for the year ended 31 December 2022.

Details of significant events since the balance sheet date, an indication of likely future developments in the business of the Company and financial risk management are included in the strategic report.

Results and dividends

The results for the year are set out on page 12.

A dividend of £4.85m was declared during the year ended 31 December 2022 (2021: £nil). No dividend was declared after the year end.

Charitable donations

During the year, the Company made charitable donations of £2k (2021: £nil).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements, given the strong performance in 2022 and the forecast growth in 2023. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements, except as noted, are listed below:

J P Hornby
D Graham

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company has a close working relationship with all its key suppliers and clients, working with both to ensure the Company is able to meet its payment obligations.

The&Partners London Limited

Directors' report (continued)

Auditor


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

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

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board on 21 June 2023

DocuSigned by:

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D Graham
Director

The&Partners London Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The&Partners London Limited

Independent auditor's report to the members of The&Partners London Limited

The Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The&Partners London Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

The&Partners London Limited

Independent auditor's report to the members of The&Partners London Limited (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

The&Partners London Limited

Independent auditor's report to the members of The&Partners London Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in cut-off of project revenue and occurrence of bonus revenue, and our specific procedures performed to address it are described below:

- For occurrence of bonus revenue, we tested a sample and agreed to third-party support, including contracts with clients
- For cut-off of project revenue, we tested a sample and obtained third party support to verify that the revenue is recognised appropriately based on stage of completion and in line with the relevant service dates

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

The&Partners London Limited

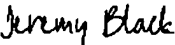
Independent auditor's report to the members of The&Partners London Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



Jeremy Black (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 June 2023

The&Partners London Limited

Income statement

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	86,285	70,429
Cost of sales		(65,297)	(50,565)
Gross profit		20,988	19,864
Administrative expenses		(17,434)	(16,966)
Operating profit		3,554	2,898
Finance costs	7	(196)	(138)
Profit before taxation		3,358	2,760
Tax	8	(1,238)	(182)
Profit for the year attributable to the owners of the Company	9	2,120	2,578

Revenue and operating profit are all derived from continuing operations.

The&Partners London Limited

Balance sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	10	6,318	3,586
Investments in associates		54	50
		<u>6,372</u>	<u>3,636</u>
Current assets			
Work in progress	12	13,468	9,624
Trade and other receivables	11	39,836	21,121
Deferred tax		481	778
Cash and bank balances		1,895	4,535
		<u>55,680</u>	<u>36,058</u>
Total assets		<u>62,052</u>	<u>39,694</u>
Current liabilities			
Trade and other payables	13	29,808	16,082
Current tax liabilities		2,273	1,075
Short-term lease liability	16	2,088	1,125
Deferred income		23,810	16,024
		<u>57,979</u>	<u>34,306</u>
Net current (liabilities)/assets		<u>(2,299)</u>	<u>1,752</u>
Total assets less current liabilities		<u>4,073</u>	<u>5,388</u>
Non-current liabilities			
Long-term lease liability	16	2,366	956
		<u>2,366</u>	<u>956</u>
Total liabilities		<u>60,345</u>	<u>35,262</u>
Net assets		<u>1,707</u>	<u>4,432</u>
Equity			
Share capital	15	1	1
Share premium account		30	30
Retained earnings		1,676	4,401
		<u>1,707</u>	<u>4,432</u>
Equity attributable to owners of the Company		<u>1,707</u>	<u>4,432</u>

The financial statements of The&Partners London Limited (registered number 04161889) were approved by the board of directors and authorised for issue on 21 June 2023. They were signed on its behalf by:

D Graham
Director

DocuSigned by:

David Graham

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21 June 2023 | 16:08:46 BST

The&Partners London Limited

Statement of changes in equity For the year ended 31 December 2022

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
Balance at 1 January 2021	1	30	1,823	1,854
Dividends ¹	-	-	-	-
Total comprehensive income	-	-	2,578	2,578
Balance at 31 December 2021	1	30	4,401	4,432
Dividends	-	-	(4,845)	(4,845)
Total comprehensive income	-	-	2,120	2,120
Balance at 31 December 2022	1	30	1,676	1,707

The&Partners London Limited

Notes to the financial statements

For the year ended 31 December 2022

1. General information

The&Partners London Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006 and is limited by shares.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report.

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

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group financial statements of The & Partners Group. The group financial statements of The & Partners Group are available to the public and can be viewed at Companies House. The registered office address of the parent Company preparing consolidated financial statements is 17 Gresse Street, London WLT 1QL.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 October 2016.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the Companies Act 2006.

As permitted by IFRS, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and related party transactions with fully owned group entities.

Where required, equivalent disclosures are given in the Group Financial Statements of The & Partners Group Limited. The Group Financial Statements are available to the public and can be obtained.

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

The principal accounting policies adopted are set out below.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements, given the strong performance in 2022 and the forecast growth in 2023. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Company as lessee

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

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

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

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

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

Leases (continued)

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

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

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

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

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

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

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

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

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

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

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

Leases (continued)

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated before investment income and finance costs.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

Contract assets and liabilities

The Company does not have material contract asset or liability balances and so these amounts are included within amounts presented for trade receivables and other payables.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

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

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

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

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Significant accounting policies (continued)

Property, plant and equipment

Fixed assets are stated at original cost less accumulated depreciation. Depreciation is calculated to write off the cost less the estimated residual value of each asset principally on a straight-line basis over its expected useful life as follows:

Fixtures, fittings, equipment and motor vehicles	3 - 5 years
Leasehold buildings	Straight line over life of lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and represents production costs which have not yet been recharged to clients.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

Accounting judgements if any are reviewed on an ongoing basis. Revisions to accounting judgements are recognised in the period in which the judgement is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical judgements in applying accounting policies in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

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

Accrued income

Accrued income represents the estimated stage of completion of client contracts, particularly those in force around year end, which determines the level of profit to be recognised from these contracts at year end. The commercial project managers estimate the stage of completion on their projects based on work already completed and estimated costs to complete. The total cost estimate is agreed upon with the client.

4. Revenue

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

	2022 £000	2021 £000
Continuing operations		
Rendering of services	86,285	70,429
	<u>86,285</u>	<u>70,429</u>

An analysis of the Company's revenue by geographical market is set out below.

	2022 £000	2021 £000
Revenue:		
United Kingdom	76,250	59,616
Rest of the world	10,035	10,813
	<u>86,285</u>	<u>70,429</u>

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £42,000 (2021: £42,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

6. Staff costs

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

	2022 Number	2021 Number
Production services	212	181
Administration	4	4
	<u>216</u>	<u>185</u>

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

6. Staff costs (continued)

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	14,895	12,451
Social security costs	1,695	1,352
Other pension costs (see note 14)	645	522
	<u>17,235</u>	<u>14,325</u>

Disclosure of directors' remuneration is included in note 17.

7. Finance costs

	2022 £000	2021 £000
Interest on lease liabilities	196	138
	<u>196</u>	<u>138</u>
Total interest payable	<u>196</u>	<u>138</u>
	<u>196</u>	<u>138</u>

8. Tax

	2022 £000	2021 £000
Corporation tax:		
UK corporation tax charge	578	437
	<u>578</u>	<u>437</u>
Adjustments in respect of prior periods	363	(111)
Deferred tax	297	(144)
	<u>1,238</u>	<u>182</u>

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the year. In the March 2021 budget, the government announced that the standard rate of corporation tax in the UK for the year starting 1 April 2023 would increase to 25%.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Tax (continued)

The charge for the year can be reconciled to the profit in the income statement as follows:

	2022 £000	2021 £000
Profit before tax	3,358	2,760
Tax at the UK corporation tax rate of 19% (2021: 19%)	638	524
Tax effect of expenses that are not deductible in determining taxable profit	237	269
Adjustments in respect of prior periods – current tax	363	(111)
Other short-term timing differences	-	(144)
Tax charge for the year	1,238	182

9. Profit for the year

Profit for the year has been arrived at after (crediting)/charging:

	2022 £000	2021 £000
Net foreign exchange gains	(63)	(125)
Depreciation of property, plant and equipment	255	1,944
Staff costs (see note 6)	17,235	14,325

10. Property, plant and equipment

	Leasehold buildings £000	Fixtures, fittings and equipment £000	Rights of use assets £000	Total £000
Cost				
At 1 January 2022	4,415	3,578	6,704	14,697
Additions in the year	717	675	2,920	4,312
Disposals in the year	-	-	(1,325)	(1,325)
At 31 December 2022	5,132	4,253	8,299	17,684
Accumulated depreciation				
At 1 January 2022	3,742	2,738	4,631	11,111
Charge for the year	292	469	594	1,355
Disposals in the year	-	-	(1,100)	(1,100)
At 31 December 2022	4,034	3,207	4,125	11,366
Net book value				
At 31 December 2022	1,098	1,046	4,174	6,318
At 31 December 2021	673	840	2,073	3,586

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Property, plant and equipment (continued)

The Company leases several buildings. The average lease term is 5 years (2021: 5 years).

Approximately a quarter of the leases for buildings and equipment expired in the previous financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets in 2019 of £6.8 million. There were no such additions in 2020.

The maturity analysis of lease liabilities is presented in note 16.

	2022
	£000
Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	594
Interest expense on lease liabilities	189

11. Trade and other receivables

	2022	2021
	£000	£000
Amounts falling due within one year:		
Amount receivable for the services rendered	13,126	9,492
Amounts receivable from group undertakings	5,279	7,620
Other receivables	13,812	1,160
Prepayments and accrued income	7,619	2,849
	<hr/>	<hr/>
Included in current assets	39,836	21,121
	<hr/>	<hr/>

12. Work in progress

	2022	2021
	£000	£000
Work-in-progress	13,468	9,624
	<hr/>	<hr/>
	13,468	9,624
	<hr/>	<hr/>

13. Trade and other payables

	2022	2021
	£000	£000
Trade payables	11,421	2,686
Amounts owed to group undertakings	6,943	5,100
Other payables	11,444	8,296
	<hr/>	<hr/>
Amounts falling due within one year:	29,808	16,082
	<hr/>	<hr/>

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

14. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees of its construction division. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to income of £645,000 (2021: £522,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2022 £nil contributions (2021: £nil) due in respect of the current reporting period had not been paid over to the schemes.

15. Share capital

	2022 £	2021 £
Authorised:		
113,261 ordinary 'A' shares of 0.5p each	566	566
112,809 ordinary shares of 0.5p each	564	564
	<u>1,130</u>	<u>1,130</u>
Issued and fully paid:		
113,261 ordinary 'A' shares of 0.5p each	566	566
112,809 ordinary shares of 0.5p each	564	564
	<u>1,130</u>	<u>1,130</u>

16. Lease liabilities

	2022 £000	2021 £000
Maturity analysis:		
Year 1	2,088	1,125
Year 2	956	739
Year 3	730	218
Year 4	680	-
Year 5	-	-
Onwards	-	-
	<u>4,454</u>	<u>2,082</u>
Analysed as:		
Non-current	2,088	1,125
Current	2,366	957
	<u>4,454</u>	<u>2,082</u>

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

16. Lease liabilities (continued)

Lease liabilities are monitored within the Company's treasury function to ensure any potential liquidity risk is mitigated. All lease obligations are denominated in currency units.

The fair value of the Company's lease obligations as at 31 December 2022 is estimated to be £4.454 million using a 4 per cent discount rate based on a quoted five year swap rate and adding a credit margin that reflects the secured nature of the lease obligation.

17. Related party transactions

Directors' and key management personnel remuneration

The directors' remuneration, analysed under the headings required by Company law is set out below. Directors are considered to represent key management. The Directors are remunerated by the Company's parent, The & Partners Group Limited.

The emoluments of the directors of the Company were:

	2022 £000	2021 £000
Aggregate emoluments	-	-
Pension contributions to defined contribution scheme	-	-
	<u>-</u>	<u>-</u>

Emoluments to the highest paid director were as follows:

	2022 £000	2021 £000
Emoluments to the highest paid director	-	-
Pension contributions to defined contribution scheme	-	-
	<u>-</u>	<u>-</u>

18. Controlling party

The&Partners London Limited is a subsidiary of The & Partners Group Limited, which itself is a subsidiary of CHI Partners Holdings Limited, the head of the smallest group of which the results of the Company are consolidated. Copies of those financial statements are available from the registered address of the company and CHI Partners Holdings Limited, 17 Gresse Street, London WLT 1QL.

CHI Partners Holdings Limited is privately owned is incorporated in the United Kingdom, registered in England and Wales.

Cavendish Square Holdings BV, an immediate subsidiary of WPP plc, a company incorporated in Jersey whose address is Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, owns 49.9% of the issued share capital of The & Partners Group Limited and 42.4% of CHI Partners Holdings Limited, the head of the largest group of which the results are consolidated.

The&Partners London Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

18. Controlling party (continued)

Through these shareholdings, WPP plc owns an effective 71.1% of The & Partners Group, and is considered the Ultimate Holding Company from an accounting perspective. However, as these are two minority shareholdings, shareholders of CHI Partners Holdings still control CHI Partners Holdings (and thus The & Partners Group) and therefore they hold the key strategic decision making power to control the Company on a day to day basis.

19. Subsequent events

There are no subsequent events which would affect the financial statements (2021: none).