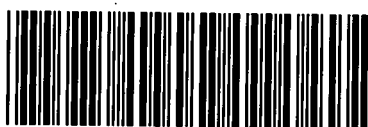


**Strategic Report, Directors' Report and
Financial Statements
for the Period 1st January 2022 to 31st March 2023
for
THE SPECIALIST WORKS LIMITED**

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**Contents of the Financial Statements
for the period 1st January 2022 to 31st March 2023**

| | Page |
|---|-------------|
| Company Information | 1 |
| Strategic Report | 2 |
| Directors' Report | 4 |
| Report of the Independent Auditors | 6 |
| Statement of Comprehensive Income | 9 |
| Statement of Financial Position | 10 |
| Statement of Changes in Equity | 11 |
| Notes to the Financial Statements | 12 |

THE SPECIALIST WORKS LIMITED

**Company Information
for the period 1st January 2022 to 31st March 2023**

DIRECTORS:

M Woolley
P Jones
T Wilson
Ms V Brown
M Whelan
R Downey
M Pover

REGISTERED OFFICE:

94 White Lion Street
London
N1 9PF

REGISTERED NUMBER:

04604217 (England and Wales)

AUDITORS:

Simpson Wreford & Partners
Chartered Accountants & Statutory Auditors
Suffolk House
George Street
Croydon
Surrey
CR0 0YN

**Strategic Report
for the period 1st January 2022 to 31st March 2023**

The directors present their strategic report for the period 1st January 2022 to 31st March 2023.

REVIEW OF BUSINESS

The Specialist Works is the only media agency built for ambitious marketers at entrepreneurial brands.

As set out in the previous Strategic Report, this is a 15-month financial period, designed to move The Specialist Works onto an April-March reporting cycle which better suits the ebb and flow of client work across the year.

The Specialist Works achieved an EBITDA of £4.4m, after deducting one off exceptional costs of £307k, off the back of a gross profit of £19.9m.

The What's Possible Group

The Specialist Works is part of the What's Possible Group (What's Possible Marketing Group Limited 11450828).

What's Possible achieved a staff pride score of 8.05 (out of 10), retained a superb Glassdoor rating, became Carbon Neutral, and achieved Silver Accreditation from Creative Equals.

Management restructured the business in mid-2023 to streamline the cost base and simplify and evolve the core offering which has already seen an uptick in new business performance in late 2023. The restructure led to an exceptional one-off restructure cost of £1.3m across the group and enables the business to drive improved EBITDA performance into 2024.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the company's principal risks to be credit risk, liquidity risk and cyber risk. The risks are reviewed and managed through the company's business performance and risk management processes.

Credit risk

The company has policies and procedures that require appropriate credit checks to be undertaken on potential customers before sales are made. In addition, appropriate credit insurance covers all major clients. The level of exposure to individual customers is subject to regular review by the directors.

Liquidity risk

The company maintains significant cash balances to ensure that it has sufficient available liquid funds for operations and for continued planned expansion. The company is liable to its bankers in respect of overdrafts and loans operated by them and ensure that sufficient working capital is available to cover scheduled payments required under the terms of the funding.

Cyber risk

The move to remote working as a result of COVID-19 has sharpened the company's focus on data-security and the threat of cyber-attacks. The company adheres to strict data protection protocols and maintains robust network and system security, at the same time as training its staff, mitigating these risks to an acceptable level.

SECTION 172(1) STATEMENT

The directors are aware of their duties under section 172 to run the company for the benefit of its shareholders and in doing so are mindful of the long-term impact of their actions on the businesses stakeholders. The interests of these stakeholders have been considered in detail in enacting the decisions highlighted in this report. The implementation of the board's plan to invest in building its data solutions demonstrates its commitment to long term performance, while the proactive measures it has taken to guard against the negative impact of COVID-19 have prioritised the evolving needs of its customers, suppliers and employees.

Strategic Report
for the period 1st January 2022 to 31st March 2023

KEY PERFORMANCE INDICATORS

The directors constantly monitor a number of key performance indicators to ensure optimal business performance.

The 3 core KPI's are client promise score, enterprise value of the business and staff pride score. To drive the enterprise value the directors focus on EBITDA, supported by revenue growth and EBITDA:cost ratios.

ON BEHALF OF THE BOARD:


.....

P Jones - Director

Date:

**Directors' Report
for the period 1st January 2022 to 31st March 2023**

The directors present their report with the financial statements of the company for the period 1st January 2022 to 31st March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the sale of marketing and advertising products and services.

DIVIDENDS

During the year dividends of £Nil were paid (2021: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2022 to the date of this report.

M Woolley
P Jones
T Wilson
M Whelan
R Downey
M Pover

Other changes in directors holding office are as follows:

D Swannell - resigned 3rd June 2022

Ms V Brown ceased to be a director after 31st March 2023 but prior to the date of this report.

CHARITABLE DONATIONS AND EXPENDITURE

During the year, the company made a various charitable donations to good causes, totalling £11,253 (2021: £2,615).

GOING CONCERN AND FUTURE DEVELOPMENTS

The directors consider going concern in light of trading performance, the wider industry and the company's commitments to its bank. Budgets and cash flow forecasts are prepared and stress tested to account for impaired turnover and extended debtor collection, to ensure the company has sufficient cash reserves to meet its liabilities as they fall due.

The company monitors headroom on its financial commitments to its bankers, and the directors consider the company to have adequate funds to meet its liabilities as they fall due. The directors maintain regular contact with the company's bankers and are confident that their support will continue for the foreseeable future.

In addition, having undertaken a restructuring exercise in 2023 -24, the company has generated a number of opportunities with both existing and new customers. The directors expect to sustain healthy revenues in 2024 and 2025.

The directors are confident that the going concern basis of preparation is appropriate given the combination of projected cash inflows from trading and the continued support of the company's bankers.

STREAMLINED ENERGY AND CARBON REPORTING

The company is mindful of energy saving opportunities day to day and in the maintenance and refurbishment of its business premises. It ensures that energy efficient materials and systems are used where possible, as was evident in the recent works carried out to its London office.

Relevant statistics in relation to greenhouse gas emissions and energy usage are as follows:

- Scope 2 - Indirect emissions from purchased electricity: 48,105 kg CO2e (2021: 45,496 kg CO2e)
- Scope 3 - Indirect emissions from business travel: 11,019 kg CO2e (2021: 6,375kg CO2e)

Directors' Report
for the period 1st January 2022 to 31st March 2023

- Energy consumption usage 232,306 kWh (2021: 214,272kWh)
- Tonnes of CO2e per £m revenue: 0.48 (2021: 0.44)

The company calculates its emissions using the latest UK government conversion factor for company reporting.

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

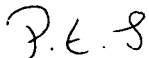
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Simpson Wreford & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
P Jones - Director

Date: 28 December 2023

**Report of the Independent Auditors to the Members of
The Specialist Works Limited**

Opinion

We have audited the financial statements of The Specialist Works Limited (the 'company') for the period ended 31st March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of The Specialist Works Limited

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the company and the sector in which it operates, through discussions with management and those charged with governance, and also from our detailed understanding of the sector. We identified the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006, Data Protection Act 2018, Bribery Act 2010 and tax legislation being of significance in the context of The Specialist Works Limited and its ongoing activities.
- We made enquiries with management to confirm our understanding that the company continued to comply with the applicable legal and regulatory frameworks, and also to confirm our understanding of the specific policies and procedures enlisted by the company to ensure ongoing compliance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud may occur, and gained an understanding of the company's policies and procedures on fraud risks through discussion with the company's management.
- We considered the risk of material misstatement due to fraud as a result of possible management override of controls, and improper revenue recognition. To address these risks we tested the appropriateness of journal entries posted, reviewed those judgements made in making accounting estimates, and tested the application of revenue recognition and the cut-off of revenue.

**Report of the Independent Auditors to the Members of
The Specialist Works Limited**

- We communicated those laws and regulations considered relevant to the company, and potential fraud risks to all engagement team members, and consider that the engagement team had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations, and remained alert to any indications of fraud throughout the audit.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Alasdair Weaks (Senior Statutory Auditor)
for and on behalf of Simpson Wreford & Partners
Chartered Accountants & Statutory Auditors
Suffolk House
George Street
Croydon
Surrey
CR0 0YN

Date: 29 December 2023

THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)

Statement of Comprehensive
Income
for the period 1st January 2022 to 31st March 2023

| | Notes | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|-------------------------|-------|--|-----------------------------|
| REVENUE | 4 | 121,189,823 | 117,323,484 |
| Cost of sales | | <u>(101,359,933)</u> | <u>(101,634,922)</u> |
| GROSS PROFIT | | 19,829,890 | 15,688,562 |
| Administrative expenses | | <u>(16,227,595)</u> | <u>(11,631,394)</u> |
| | | 3,602,295 | 4,057,168 |
| Other operating income | | <u>190,311</u> | <u>118,459</u> |
| OPERATING PROFIT | 6 | 3,792,605 | 4,175,627 |

| | | |
|---|------------------|------------------|
| Amortisation and depreciation | 275,927 | 183,716 |
| Exceptional items | 306,928 | - |
| Earnings before interest, taxation, depreciation, amortisation and exceptional items | <u>4,375,460</u> | <u>4,359,343</u> |

| | | |
|---|------------------|------------------|
| PROFIT BEFORE TAXATION | 3,792,606 | 4,175,627 |
| Tax on profit | 8 | <u>(504,576)</u> |
| PROFIT FOR THE FINANCIAL PERIOD | 3,288,030 | 3,353,267 |
| OTHER COMPREHENSIVE INCOME | | |
| Purchase of own shares | (199,802) | - |
| Income tax relating to other comprehensive income | - | - |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX | <u>(199,802)</u> | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>3,088,228</u> | <u>3,353,267</u> |

The notes form part of these financial statements

THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)

**Statement of Financial Position
31st March 2023**

| | Notes | 31.3.23 | 31.12.21 |
|--|-------|--------------------------|--------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 9 | 131,293 | - |
| Property, plant and equipment | 10 | 660,571 | 639,845 |
| Investments | 11 | 10,554,252 | 10,554,252 |
| | | <u>11,346,116</u> | <u>11,194,097</u> |
| CURRENT ASSETS | | | |
| Inventories | 12 | 120,288 | 185,219 |
| Debtors | 13 | 35,205,279 | 29,334,763 |
| Cash at bank | | 4,842,926 | 17,774,404 |
| | | <u>40,168,493</u> | <u>47,294,386</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | 24,502,047 | 34,574,867 |
| | | <u>24,502,047</u> | <u>34,574,867</u> |
| NET CURRENT ASSETS | | <u>15,666,446</u> | <u>12,719,519</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>27,012,562</u> | <u>23,913,616</u> |
| PROVISIONS FOR LIABILITIES | 16 | 10,916 | - |
| | | <u>10,916</u> | <u>-</u> |
| NET ASSETS | | <u><u>27,001,646</u></u> | <u><u>23,913,616</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 19,017 | 19,215 |
| Share premium | 18 | 212,484 | 212,484 |
| Capital redemption reserve | 18 | 989 | 791 |
| Retained earnings | 18 | 26,769,156 | 23,681,126 |
| | | <u>27,001,646</u> | <u>23,913,616</u> |
| SHAREHOLDERS' FUNDS | | <u><u>27,001,646</u></u> | <u><u>23,913,616</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2023 and were signed on its behalf by:

P. E. S.
P Jones - Director

The notes form part of these financial statements

THE SPECIALIST WORKS LIMITED (REGISTERED NUMBER: 04604217)

**Statement of Changes in Equity
for the period 1st January 2022 to 31st March 2023**

| | Called up share capital £ | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Total equity £ |
|--------------------------------------|------------------------------------|---------------------------|-----------------------|---------------------------------------|----------------------|
| Balance at 1st January 2021 | 19,215 | 20,327,859 | 212,484 | 791 | 20,560,349 |
| Changes in equity | | | | | |
| Total comprehensive income | - | 3,353,267 | - | - | 3,353,267 |
| Balance at 31st December 2021 | 19,215 | 23,681,126 | 212,484 | 791 | 23,913,616 |
| Changes in equity | | | | | |
| Reduction in share capital | (198) | - | - | - | (198) |
| Total comprehensive income | - | 3,088,030 | - | 198 | 3,088,228 |
| Balance at 31st March 2023 | 19,017 | 26,769,156 | 212,484 | 989 | 27,001,646 |

The notes form part of these financial statements

**Notes to the Financial Statements
for the period 1st January 2022 to 31st March 2023**

1. STATUTORY INFORMATION

The Specialist Works Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company has extended its year end to 31 March 2023.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in British Pound Sterling (£), the functional currency of the company, and the monetary amounts in these financial statements have been rounded to the nearest £.

The directors consider going concern in light of trading performance, the wider industry and the company's commitments to its bank. Budgets and cash flow forecasts are prepared and stress tested to account for impaired turnover and extended debtor collection, to ensure the company has sufficient cash reserves to meet its liabilities as they fall due.

The company monitors headroom on its financial commitments to its bankers, and the directors consider the company to have adequate funds to meet its liabilities as they fall due. The directors maintain regular contact with the company's bankers and are confident that their support will continue for the foreseeable future.

In addition, having undertaken a restructuring exercise in 2023 -24, the company has generated a number of opportunities with both existing and new customers. The directors expect to sustain healthy revenues in 2024 and 2025.

The directors are confident that the going concern basis of preparation is appropriate given the combination of projected cash inflows from trading and the continued support of the company's bankers.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about The Specialist Works Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, What's Possible Marketing Group Limited, whose registered office is 94 White Lion Street, London, N1 9PF.

Revenue

Revenue represents net invoiced sales of advertising inserts and associated products and services that have been inserted in publications (or the service performed) at the accounting date.

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

2. ACCOUNTING POLICIES - continued

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from a contract to provide services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract; and
- the stage of completion of the service at the end of the reporting period can be measured reliably.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when proceeds are received or are receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants included within the financial statements are comprised of furlough payments to staff members as part of the government's package of measures to cover the impact of COVID-19.

Goodwill

Goodwill, being the amount capitalised on hive up of the trade of acquired companies in 2014, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

| | |
|--------------------------|---------------|
| Improvements to property | - 20% on cost |
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - 33% on cost |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023**

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in subsidiaries and associated undertakings are recognised at cost less accumulated impairment.

Stocks

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Subsequently, the measurement of financial liabilities depends on their classification.

Obligations for interest bearing loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Taxation

Taxation for the period comprises current and deferred tax. 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.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

2. ACCOUNTING POLICIES - continued

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgement, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

In assessing whether there have been any indicators of impairment to assets, the directors consider both external and internal sources of information such as market conditions and experience of recoverability.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor.

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

Determining residual values and useful economic lives of property, plant and equipment

The company depreciate tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technical innovation, product life cycles and maintenance programmes.

Levels of work in progress recorded

The company recognises work in progress (WIP) when a sale is made. This WIP will then be offset against the associated costs relating to that particular sale, this can sometimes lead to WIP not being completely reversed. A review of the WIP that is over 24 months old is therefore carried out on a monthly basis to clear the balances down through expenditure.

4. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|-------------------|--|-----------------------------|
| United Kingdom | 98,157,524 | 101,347,981 |
| Europe | 21,077,716 | 12,921,086 |
| Rest of the world | 1,954,583 | 3,054,417 |
| | <u>121,189,823</u> | <u>117,323,484</u> |

5. EMPLOYEES AND DIRECTORS

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|-----------------------|--|-----------------------------|
| Wages and salaries | 9,418,234 | 6,409,975 |
| Social security costs | 1,084,769 | 703,644 |
| Other pension costs | 337,050 | 198,072 |
| | <u>10,840,053</u> | <u>7,311,691</u> |

The average number of employees during the period was as follows:

| | Period 1.1.22 to 31.3.23 | Year Ended 31.12.21 |
|----------------|-----------------------------------|------------------------|
| Selling | 113 | 86 |
| Administration | 37 | 36 |
| | <u>150</u> | <u>122</u> |

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

5. EMPLOYEES AND DIRECTORS - continued

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|--|--|-----------------------------|
| Directors' remuneration | 58,555 | 386,151 |
| Directors' pension contributions to money purchase schemes | 2,629 | 31,590 |
| | <u> </u> | <u> </u> |

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|---|--|-----------------------------|
| Other operating leases | 1,259,014 | 1,101,823 |
| Depreciation - owned assets | 230,248 | 183,716 |
| Computer software amortisation | 45,680 | - |
| Auditor remuneration | 36,360 | 26,314 |
| Auditor remuneration for non audit work | 1,875 | 1,500 |
| Foreign exchange differences | (184,508) | 22,481 |
| Government grants | - | (51,074) |
| | <u> </u> | <u> </u> |

7. EXCEPTIONAL ITEMS

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|-------------------|--|-----------------------------|
| Exceptional items | (306,928) | - |
| | <u> </u> | <u> </u> |

Management restructured the business in mid-2023 to streamline the cost base and simplify and evolve the core offering. The restructure led to exceptional one-off costs, which included redundancy payments.

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

| | Period 1.1.22 to 31.3.23 £ | Year Ended 31.12.21 £ |
|--------------------|--|-----------------------------|
| Current tax: | | |
| UK corporation tax | 488,817 | 809,632 |
| Deferred tax | 15,759 | 12,728 |
| Tax on profit | <u>504,576</u> | <u>822,360</u> |

Tax effects relating to effects of other comprehensive income

| | 1.1.22 to 31.3.23 | | |
|------------------------|-------------------|----------|------------------|
| | Gross £ | Tax £ | Net £ |
| Purchase of own shares | <u>(199,802)</u> | <u>-</u> | <u>(199,802)</u> |

Future tax changes

The UK budget announcements on 3 March 2021 included a measure to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is effective from 1 April 2023.

9. INTANGIBLE FIXED ASSETS

| | Goodwill £ | Computer software £ | Totals £ |
|-------------------------|----------------|---------------------------|------------------|
| COST | | | |
| At 1st January 2022 | 825,706 | - | 825,706 |
| Additions | - | 176,973 | 176,973 |
| At 31st March 2023 | <u>825,706</u> | <u>176,973</u> | <u>1,002,679</u> |
| AMORTISATION | | | |
| At 1st January 2022 | 825,706 | - | 825,706 |
| Amortisation for period | - | 45,680 | 45,680 |
| At 31st March 2023 | <u>825,706</u> | <u>45,680</u> | <u>871,386</u> |
| NET BOOK VALUE | | | |
| At 31st March 2023 | <u>-</u> | <u>131,293</u> | <u>131,293</u> |
| At 31st December 2021 | <u>-</u> | <u>-</u> | <u>-</u> |

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

10. PROPERTY, PLANT AND EQUIPMENT

| | Improvements to property £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|------------------------|-------------------------------------|----------------------------------|----------------------------|-------------|
| COST | | | | |
| At 1st January 2022 | 657,777 | 494,484 | 632,680 | 1,784,941 |
| Additions | 133,046 | 12,478 | 105,450 | 250,974 |
| Disposals | - | (440,290) | (312,439) | (752,729) |
| At 31st March 2023 | 790,823 | 66,672 | 425,691 | 1,283,186 |
| DEPRECIATION | | | | |
| At 1st January 2022 | 151,220 | 459,394 | 534,482 | 1,145,096 |
| Charge for period | 130,374 | 16,500 | 83,374 | 230,248 |
| Eliminated on disposal | - | (440,290) | (312,439) | (752,729) |
| At 31st March 2023 | 281,594 | 35,604 | 305,417 | 622,615 |
| NET BOOK VALUE | | | | |
| At 31st March 2023 | 509,229 | 31,068 | 120,274 | 660,571 |
| At 31st December 2021 | 506,557 | 35,090 | 98,198 | 639,845 |

11. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ | Interest in other participating interests £ | Totals £ |
|--|---|---|-------------|
| COST | | | |
| At 1st January 2022 and 31st March 2023 | 10,494,387 | 59,865 | 10,554,252 |
| NET BOOK VALUE | | | |
| At 31st March 2023 | 10,494,387 | 59,865 | 10,554,252 |
| At 31st December 2021 | 10,494,387 | 59,865 | 10,554,252 |

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

The Specialist Works Holdings LLC
Registered office: United States
Nature of business: A holding company

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

The company owns a 93.19% shareholding in Specialist Works EM LLC and a 100% holding in TSW NY LLC.

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

11. FIXED ASSET INVESTMENTS - continued

Specialist Works EM LLC

Registered office: United States

Nature of business: Advertising services

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 93.19 |

TSW NY LLC

Registered office: United States

Nature of business: Advertising services

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

Transactional Media Limited

Registered office: United Kingdom

Nature of business: Advertising services

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |
| A Ordinary | 100.00 |

The Specialist Works (IRE) Limited

Registered office: Ireland

Nature of business: Advertising services

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 90.00 |

The Insert House GmbH

Registered office: Germany

Nature of business: Advertising services

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

Mint Global Limited

Registered office: United Kingdom

Nature of business: A dormant company

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |
| A Ordinary | 100.00 |

The Insert House Limited

Registered office: United Kingdom

Nature of business: A dormant company

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

11. **FIXED ASSET INVESTMENTS - continued**

The Specialist Works Connections LLC
Registered office: United States
Nature of business: Advertising services

| | |
|------------------|------------------|
| Class of shares: | % |
| Ordinary | holding 89.79 |

12. **INVENTORIES**

| | 31.3.23 | 31.12.21 |
|--------|---------|----------|
| | £ | £ |
| Stocks | 120,288 | 185,219 |

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.3.23 | 31.12.21 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 7,009,348 | 9,005,161 |
| Amounts owed by group undertakings | 24,941,674 | 17,301,951 |
| Other debtors | 26,385 | 68,037 |
| VAT | 702,735 | 1,166,307 |
| Deferred tax asset | | |
| Accelerated capital allowances | - | 4,843 |
| Prepayments and accrued income | 2,525,137 | 1,788,464 |
| | <u>35,205,279</u> | <u>29,334,763</u> |

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.3.23 | 31.12.21 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 15,625,515 | 22,032,723 |
| Amounts owed to group undertakings | 5,245,591 | 4,770,891 |
| Tax | 482,796 | 628,852 |
| Social security and other taxes | 269,738 | 482,418 |
| Other creditors | 122,229 | 351,461 |
| Accruals and deferred income | 2,756,178 | 6,308,522 |
| | <u>24,502,047</u> | <u>34,574,867</u> |

15. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31.3.23 | 31.12.21 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 704,233 | 779,661 |
| Between one and five years | 2,768,044 | 3,269,860 |
| In more than five years | - | 380,020 |
| | <u>3,472,277</u> | <u>4,429,541</u> |

Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023

16. PROVISIONS FOR LIABILITIES

| | | |
|--------------------------------|---------|--------------|
| | 31.3.23 | |
| | £ | |
| Deferred tax | | |
| Accelerated capital allowances | 10,916 | |
| | | |
| | | Deferred tax |
| | | £ |
| Balance at 1st January 2022 | | (4,843) |
| Provided during period | | 15,759 |
| | | |
| Balance at 31st March 2023 | | 10,916 |

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.3.23 | 31.12.21 |
|-----------|------------|----------------|---------|----------|
| | | | £ | £ |
| 1,673,601 | Ordinary | 1p | 16,736 | 16,736 |
| 228,102 | Ordinary A | 1p | 2,281 | 2,281 |
| 19,777 | Deferred | 1p | - | 198 |
| | | | | |
| | | | 19,017 | 19,215 |

Ordinary shares have full voting and dividend rights. Ordinary A shares are non voting but in the event of a sale they will share equally with the Ordinary shares. The Deferred shares are non voting and have no rights to participate in any distribution.

18. RESERVES

| | Retained earnings | Share premium | Capital redemption reserve | Totals |
|------------------------|-------------------|---------------|----------------------------|------------|
| | £ | £ | £ | £ |
| At 1st January 2022 | 23,681,126 | 212,484 | 791 | 23,894,401 |
| Profit for the period | 3,288,030 | | | 3,288,030 |
| Purchase of own shares | (200,000) | - | 198 | (199,802) |
| | | | | |
| At 31st March 2023 | 26,769,156 | 212,484 | 989 | 26,982,629 |

**Notes to the Financial Statements - continued
for the period 1st January 2022 to 31st March 2023**

19. RELATED PARTY DISCLOSURES

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33 paragraph 33.1A, as the company is itself a wholly owned subsidiary of What's Possible Marketing Group Limited.

At the year end a balance of £515,129 (2021: £104,805) is payable to The Specialist Works (IRE) Limited, a group subsidiary. This amount is interest free and repayable on demand.

At the balance sheet date an amount of £1,751,000 (2021 - £2,271,978) was due from TSW EM LLC, a group subsidiary. This amount is interest free and repayable on demand.

At the year end a balance of £544,229 (2021 - £343,862) was outstanding from The Specialist Works Connections LLC, a fellow group subsidiary. This amount is interest free and repayable on demand.

At the balance sheet date a balance of £20,158 was owed to PASHN Limited, a fellow group subsidiary. The amount is interest free and repayable on demand.

20. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is What's Possible Marketing Group Limited, registered in England and Wales.

The ultimate controlling party is M Woolley, by virtue of his shareholding.

What's Possible Marketing Group Limited prepares consolidated financial statements and copies can be obtained from its registered office, 94 White Lion Street, London, N1 9PF.