The & Partners Group Limited

Consolidated annual report and financial statements

Year ended 31 December 2021

Registered number: 08721455 (England and Wales)

The & Partners Group Limited

Contents

The & Partners Group Limited

Officers and professional advisors

Directors

J P Hornby
D Graham
A Scott

Registered Office

7 Rathbone Street
London
W1T 1LY

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

Strategic report

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

Principal activities

The & Partners Group Limited is an independent agency holding company that brings together specialisms including creative and design, media planning and buying, content and digital engagement, PR and influencer marketing, live events and experiential, and data analytics and CRM. A cross-discipline group built for the current complex industry landscape.

Business review

The directors are pleased with the performance of the business in the year, with the Group returning to strong growth after the significant economic challenges posed by COVID-19 in 2020.

Growth is being driven by new clients in new markets, notably the Group is starting to win significant new clients in Asia Pacific through a joint venture with WPP whilst still retaining the entrepreneurial approach that characterises the independent nature of The&Partnership.

We continue to remain focused on the needs of our clients and supportive of our staff around the world as we adjust to new ways of working and engaging with clients. The expansion of our business with new clients and into new territories made strengthening and developing a supportive culture for our people a priority.

Taking all of the above into account, Gross profit across the Group grew to £119.7m (31 December 2020: £100.3m). Top line revenue, the bulk of which is the pass-through cost of media spend we manage on behalf of our clients, increased to £728.6m (31 December 2020: £619.2m), as a result of increased media spend from existing clients as the economy recovered from the pandemic plus new clients in new markets. Operating profit grew to £29.9m from £20.4m in 2020, an increase of 46.5%. As a result, the business continues to generate strong cash flows, at 31 December 2021, total group cash balance was £51.9m (31 December 2020: £57.0m), with no debt.

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

Strategic report (continued)

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.

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

As per our business review above, our key financial performance indicators are gross profit, operating profit and net current assets. Using these key performance indicators, the directors are happy with the overall performance of the business, as both gross profit and operating profit, grew in 2021 versus 2020. Growth in gross profit (19%) was largely because of winning new clients in 2021 and growth from existing clients. Even more pleasing was the growth in operating profit which grew by 46% in 2021, as the Group fully utilised the excess capacity from 2020 and developed joint ventures in new markets around the world.

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 general level of activity to stablise in 2022 in the forthcoming year although remain wary of the effect of the inflationary pressures within the major economies in which the Group operates. The multi-faceted, integrated structure of the Group, plus its proven ability to win global clients at scale, whilst reacting at pace to our clients' needs means the directors feel confident that the business will continue to expand into new markets and win new clients across the globe.

Principal risks and uncertainties

The principal risks facing the Group in common with other marketing services groups, remain the loss of key clients, the challenge of managing employees across multiple locations, the potential of inflationary pressures and the impact on currency fluctuations. The directors continue to put concerted effort into maintaining strong and close relationships with both clients and our people.

Financial and capital risk management

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. The financial instruments comprise primarily of cash, trade payables and trade receivables.

The Group's operations are cash generative and as such the Company has no borrowings and therefore no material exposure to interest rate risk. The Group's cash deposits are highly liquid. The directors seek to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The Group'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 Group makes sales in US Dollars, Canadian Dollars, Euros, Swedish Krona, Norwegian Krona, Danish Krona and Polish Zloty and has a US Dollar investment in The And Partnership Holdings Inc, Canadian Dollar investment in The&Partnership Inc and a euro

Strategic report (continued)

investment in its European subsidiaries. The Group has a policy not to hedge its risk against currency exposure as it has a natural hedge, given the cost and income base in the foreign currencies in which it makes sales.

Approval

This report was approved by the board of directors on 27 May 2022 and signed on its behalf by:

D Graham

Director

27 May 2022

Carbon report

Streamlined Energy and Carbon Reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). The & Partners Group meets the mandatory reporting criteria for SECR legislation. Orbis Advisory has worked with us to provide a comprehensive SECR compliance service, covering the *financial year ending* 31 *December* 2021.

SECR Statement:

Reporting has been conducted in accordance with methodology set out in the Greenhouse Gas (GHG) Protocol Corporate Standard, and using the Department for Environment, Food & Rural Affairs' (DEFRA) emissions factors to calculate emissions.

Calculation of our SECR energy consumption and GHG emissions was completed by an independent third party, Orbis Advisory Ltd. Consumption data and further detail on the methodology used for this report can be found in the accompanying Evidence Pack.

Table 1 below presents our global Scope 1 and Scope 2 emissions for the financial period 1st January 2021 to 31st December 2021. As this is the second year of reporting, last year's emissions are provided in the year-on-year emissions table, Table 2, for comparison purposes.

Table 1 – GHG emissions and energy use data for the SECR period 1st January 2021 - 31st December 2021

	Current Reporting Year: FY 2021
Total energy consumption used to calculate carbon emissions [kWh]	**1,317,995**
Emissions from combustion of natural gas in buildings [tCO_2e] (Scope 1)	**79.11**
Emissions from purchased electricity in buildings (location-based) [tCO_2e] (Scope 2)	**188.14**
Total organisational emissions (location-based) [tCO_2e]	**267.25**
Carbon intensity ratio - carbon emissions per full-time employee (location-based) [$kgCO_2e$/full-time employee]	**410.52**

The & Partners Group Limited

Table 2 – Year-on-year GHG emissions and energy use data for the SECR periods 1st January to 31st December 2020 and 2021

	Reporting Year: FY 2020	Reporting Year: FY 2021
Total energy consumption used to calculate carbon emissions [kWh]	**660,224.78**	**1,317,995**
Emissions from combustion of natural gas in buildings [tCO_2e] (Scope 1)	**45.71**	**79.11**
Emissions from purchased electricity in buildings (location-based) [tCO_2e] (Scope 2)	**95.97**	**188.14**
Total organisational emissions (location-based) [tCO_2e]	**141.68**	**267.25**
Carbon intensity ratio - carbon emissions per full-time employee (location-based) [$kgCO_2e$/full-time employee]	**257.59**	**410.52**

Carbon & Energy Efficiency Actions:

We have continued to build on the actions we implemented in 2020 when we implemented a program of light emitting diode (LED) replacement in all of our office buildings, improving the energy efficiency of our lighting, the introduction of motion sensitive lighting in our toilets and have aimed to only procure IT equipment that meets high energy efficiency standards.

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

The only significant event since the balance sheet date was the declaration of a dividend, as outlined below. An indication of likely future developments in the business of the Company and the Streamlined Energy and Carbon Reporting are included in the strategic report.

Results and dividends

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

A dividend amounting to £12.1m (2020: £9.1m) was paid during the year. An interim dividend of £14.9m (2020: £12.1m) has been declared after the year end.

Directors

The following directors have held office during the year and up to the date of this signing this report:

J P Hornby

D Graham

A Scott

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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 Group continues and that appropriate training is arranged. It is the policy of the Group 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 Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings; employees are consulted regularly on a wide range of matters affecting their current and future interests.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company and the Group have 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 2021 and the forecast growth in 2022 and 2023. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Engagement with suppliers, customers and others

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

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 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 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 expressed their willingness to continue in office as auditor of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the board of directors on 27 May 2022 and signed on its behalf by:

D Graham

Director

27 May 2022

Directors' responsibilities

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 such financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent Company financial statements in accordance with Financial Reporting Standard 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 the parent Company 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 to 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.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE & PARTNERS GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:
- the financial statements of The & Partners Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement and;
- the related notes 1 to 34.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent 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 group's and parent 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 within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We obtained an understanding of the legal and regulatory frameworks that the group 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 group's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in 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 the 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Black (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 May 2022

The & Partners Group Limited

Consolidated income statement
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Revenue	4	728,626	619,169
Cost of sales		(608,879)	(518,868)
Gross profit		119,747	100,301
Administrative expenses		(98,722)	(83,132)
Share of results of associates		8,917	3,259
Operating profit		29,942	20,428
Investment revenues	8	471	343
Finance costs	9	(353)	(428)
Profit before tax		30,060	20,343
Tax	10	(6,006)	(4,958)
Profit for the year	5	24,054	15,385
Attributable to:			
Owners of the Company		23,471	14,983
Non-controlling interests		583	402
		24,054	15,385

The & Partners Group Limited

Consolidated statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Profit for the year		24,054	15,385
Other comprehensive income			
Foreign currency translation reserve	22	62	217
Total comprehensive income for the year		24,116	15,602
Total comprehensive income attributable to:			
Owners of the Company		23,533	15,200
Non-controlling interests		583	402
		24,116	15,602

The & Partners Group Limited

Consolidated statement of financial position

As at 31 December 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Goodwill	12	2,815	2,807
Property, plant and equipment	13	3,179	3,927
Interests in associates	16	6,735	7,029
Right of use assets	14	6,979	9,617
		19,708	23,380
Current assets			
Work in progress	17	24,193	14,662
Trade and other receivables	18	174,771	162,531
Cash and bank balances		51,932	56,989
		250,896	234,182
Total assets		270,604	257,562
Current liabilities			
Trade and other payables	19	116,517	176,702
Deferred income		95,716	34,011
Current tax liabilities		6,013	2,490
Borrowings		-	522
Short-term lease liability	20	2,991	3,754
		221,237	217,479
Net current assets		29,659	16,703
Non-current liabilities			
Deferred tax		137	378
Lease liabilities	20	4,770	6,908
Total liabilities		226,144	224,765
Net assets		44,460	32,797

The & Partners Group Limited

Consolidated statement of financial position (continued)
As at 31 December 2021

	Notes	2021 £000	2020 £000
Equity			
Share capital	21	1	1
Share Premium		30	30
Retained earnings	23	43,137	31,783
Translation reserve	22	853	791
Equity attributable to owners of the Company		44,021	32,605
Non-controlling interests		439	192
Total equity		44,460	32,797

The consolidated financial statements of The & Partners Group Limited (registered number 08721455) were approved by the board of directors and authorised for issue on 27 May 2022. They were signed on its behalf by:

David Graham

Director

The & Partners Group Limited

Consolidated statement of changes in equity

For the year ended 31 December 2021

Equity attributable to equity holders of the Company

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2020	1	30	574	25,869	26,474	274	26,748
Profit for the period	-	-	-	14,983	14,983	402	15,385
Other comprehensive income for the period	-	-	217	-	217	-	217
Total comprehensive income for the period	-	-	217	14,983	15,2005	402	15,602
Dividends	-	-	-	(9,069)	(9,069)	(484)	(9,553)
Balance at 31 December 2020	1	30	791	31,783	32,605	192	32,797
Balance at 1 January 2021	1	30	791	31,783	32,605	192	32,797
Profit for the period	-	-	-	23,471	23,471	583	24,054
Other comprehensive income for the period	-	-	62	-	62	-	62
Total comprehensive income for the period	-	-	62	23,471	23,533	583	24,116
Dividends	-	-	-	(12,117)	(12,117)	(336)	(12,453)
Balance at 31 December 2021	1	30	853	43,137	44,021	439	44,460

The & Partners Group Limited

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Net cash from operating activities	24	7,813	5,197
Investing activities			
Increase in goodwill		(8)	(95)
Decrease/(increase) in interest in associates		294	(1,518)
Interest received		471	343
Purchases of property, plant and equipment		(1,089)	(315)
Net cash used in investing activities		(332)	(1,585)
Financing activities			
Dividends paid		(12,453)	(9,553)
Interest paid		-	(428)
(Decrease)/increase in borrowings		(522)	522
Net cash used in financing activities		(12,975)	(9,459)
Net decrease in cash and cash equivalents		(5,494)	(5,847)
Cash and cash equivalents at beginning of year		56,989	62,105
Effect of foreign exchange rate changes		(437)	731
Cash and cash equivalents at end of year		51,932	56,989

Notes to the consolidated financial statements

For the year ended 31 December 2021

1. General information

The & Partners Group Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006 and is the holding Company of the & Partnership group of companies limited by shares, registered in England and Wales, the address of the company's office is shown on page 34.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations 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 group operates. Foreign operations are included in accordance with the policies set out in note 2.

For the year ending 31 December 2021 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by The & Partners Group Limited.

Subsidiary Name	Companies House Registration Number
Muster Agency Limited	10541421
Pulse Creative London Limited	07887439
ATN Agency Limited	07685259

In accordance with section 479C of the Companies Act 2006, the Company will guarantee the debts and liabilities of the above UK subsidiary undertakings. As at 31 December 2021 the total sum of these debts and liabilities is £6.131m.

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

The financial statements have been prepared on the historical cost basis, , as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power to govern the financial and operating policies of an investee entity;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The

2. *Significant accounting policies (continued)*

Basis of consolidation (continued)

Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

2. Significant accounting policies (continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group 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 Group 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 Group 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 lease liability is presented as a separate line in the consolidated statement of financial position.

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 Group 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 Group 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 Group 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 Group 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.

2. Significant accounting policies (continued)

Leases (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' 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 line "Other operating expenses" in profit or loss

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 Group 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 Group 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 Group as a lessee

Assets held under finance leases are recognised as assets of the Group 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 statement of financial position 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 Group'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 income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease 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.

Going concern

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

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

2. Significant accounting policies (continued)

Business combinations (continued)

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss. When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually, through a financial review of current and future revenues and profitability of the entity to which the goodwill relates. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2. Significant accounting policies (continued)

Investments in associates (continued)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with IAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method (see the accounting policy regarding investments in associates above).

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 goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred

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 Group 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 Group 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.

Foreign currencies

The individual financial statements of each group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group Company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity'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.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

2. Significant accounting policies (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial assets), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

Contract assets and liabilities

The group and its subsidiaries do not have a 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 recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group'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 group'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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2. Significant accounting policies (continued)

Deferred tax (continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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 Group 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their cost less accumulated depreciation and any recognised impairment loss. Buildings include leasehold improvements.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	Straight-line over life of lease
Fixtures and equipment	3 – 5 years

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.

Right-of-use assets are depreciated over the shorter period of the lease term and the 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 Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. 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 scrappage of an asset is determined as the difference between the sales' proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Notes to the consolidated financial statements

For the year ended 31 December 2021

2. Significant accounting policies (continued)

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.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or

- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

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 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. There are no critical judgements in applying accounting policies or the financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2021

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

Key sources of estimation uncertainty (continued)

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.

Work in Progress

Work in progress represents production costs which have not yet been recharged to clients. When work in progress has a debit balance, this represents costs incurred on behalf of clients that will be receivable on completion of the contract to which the costs relate. These costs are estimated by project managers and are accrued as incurred. Project managers utilise the best information available to generate the estimations of costs, with actual costs being recorded as soon as invoiced by the supplier.

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

The Group's revenue arises from the following major service lines:	2021 £000	2020 £000
Integrated agency revenue	728,626	619,169

The Group's customer base is broad and diversified with only one customer accounting for more than 10% of the Group's total revenue. The Group services it's largest client across 21 locations or countries from 14 offices. 54% of the Group's revenue is generated in the UK, with 46% being generated from the Rest of the World.

5. Profit for the year

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

	2021 £000	2020 £000
Depreciation of property, plant and equipment	1,607	1,864
Staff costs (see note 7)	70,412	60,746

Notes to the consolidated financial statements

For the year ended 31 December 2021

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:	2021 £000	2020 £000
Fees payable to the company's auditor and their associates for the audit of the company's annual financial statements	20	15
Fees payable to the company's auditor and their associates for other services to the group		
-The audit of the company's subsidiaries	180	160
Total audit fees*	200	175

**There were nil non audit fees in the current year (PY: Nil)*

7. Staff costs

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

	2021 No.	2020 No.
Production	952	814
Administration	76	62
	1,028	876

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	61,233	53,381
Social security costs	7,257	5,935
Other pension costs	1,922	1,430
	70,412	60,746

Company only:

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

	2021 No.	2020 No.
Production	134	73
Administration	29	29
	163	102

7. Staff costs (continued)

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	16,603	4,132
Social security costs	1,442	513
Other pension costs	387	147
	18,432	4,792

8. Investment revenue

	2021 £000	2020 £000
Interest income:		
Other loans and receivables, including:		
Bank deposits	471	343
Total interest income for financial assets not designated at fair value through profit or loss	471	343
Total investment revenue	471	343

9. Finance costs

	2021 £000	2020 £000
Interest payable on bank overdrafts and loans	156	66
Interest on lease liabilities	197	362
Total interest expense	353	428

10. Tax

	2021 £000	2020 £000
Corporation tax:		
Current year	6,849	5,592
Deferred tax	(843)	(634)
	6,006	4,958

The tax calculations take into consideration future changes substantively enacted in jurisdictions when determining the appropriate level of deferred tax to be provided on future reversals.

UK corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year.

Notes to the consolidated financial statements

For the year ended 31 December 2021

10. Tax (continued)

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

	2021 £000	2020 £000
Profit before tax on continuing operations	30,060	20,343
Tax at the UK corporation tax rate of 19% (2020: 19%)	5,711	3,865
Other short-term timing differences	295	31
Tax effect of expenses that are not deductible in determining taxable profit	82	-
Tax effect of non-deductible depreciation	(3)	-
Adjustments to tax charge in respect of previous periods - current tax	-	784
Effect of different tax rates of subsidiaries operating in other jurisdictions	764	913
Tax expense for the year	6,849	5,592

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

11. Dividends

The proposed interim dividend for the year ended 31 December 2021 was £14.9m, £65.7 per share (2020: £12.1m, £53.6 per share) and was paid after the balance sheet date.

12. Goodwill

	£000
Cost	
At 1 January 2020	2,712
At 31 December 2020	2,807
Increase as a result of investment	8
At 31 December 2021	2,815
Net book value	
At 31 December 2021	2,815
At 31 December 2020	2,807

The recoverable amount of Goodwill is equal to the carrying value

The & Partners Group Limited

Notes to the consolidated financial statements
For the year ended 31 December 2021

13. Property, plant and equipment

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 January 2020	7,838	5,904	13,742
Additions	15	300	315
Disposals	(126)	(326)	(452)
At 31 December 2020	7,727	5,878	13,605
Additions	447	203	650
Disposals	(286)	-	(286)
At 31 December 2021	7,888	6,081	13,969
Accumulated depreciation and impairment			
At 1 January 2020	4,539	3,883	8,422
Charge for the year	1,005	859	1,864
Disposals	(101)	(507)	(608)
At 31 December 2020	5,443	4,235	9,678
Charge for the year	660	1,084	1,744
Disposals	(143)	(489)	(632)
At 31 December 2021	5,960	4,830	10,790
Carrying amount			
At 31 December 2021	1,928	1,250	3,179
At 31 December 2020	2,284	1,643	3,927

14. Leases (Group as a lessee)

Right-of-use assets

	Buildings £000	Total £000
Cost		
At 1 January 2020	15,420	15,420
Additions	(588)	(588)
At 31 December 2020	14,832	14,832
Additions	437	437
Disposals	(1,006)	(1,006)
At 31 December 2021	14,263	14,263
Accumulated depreciation		
At 1 January 2020	2,071	2,071
Charge for the year	3,144	3,143
At 31 December 2020	5,215	5,214
Charge for the year	2,069	2,069
At 31 December 2021	7,284	7,284

14. Leases (Group as a lessee) (continued)

Right-of-use assets

Carrying amount	**Buildings** £000	**Total** £000
At 31 December 2021	6,979	6,979
At 31 December 2020	9,617	9,617

The Group leases several buildings. The average lease term is 5 years (2020: 5 years).

The maturity analysis of lease liabilities is presented in note 20.

	2021 £
Amounts recognised in profit and loss	
Depreciation expense on right-of-use assets	2,069
Interest expense on lease liabilities	197

The total cash outflow for leases amount to £2.902m (2020: £2.906m).

15. Subsidiaries

The group consists of a parent company, The & Partners Group Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by The & Partners Group Limited, which operate and are incorporated around the world. Note 31 to the company's separate financial statements lists details of the interests in subsidiaries.

Information about the composition of the Group at the end of the reporting period is as follows:

Company	**Country of registration or incorporation**	**Class**	**Shares held %**
Subsidiary undertakings			
The & Partners London Limited	England and Wales	Ordinary	100
The And Partnership Holdings Inc	United States of America	Ordinary	100
The And Partnership North America LLC	United States of America	Ordinary	94*
CHI America Partners LLC	United States of America	Ordinary	94*
The&Partnership Inc	Canada	Ordinary	94
The&Partners SARL	France	Ordinary	100
TheAndPartnership Germany GmbH	Germany	Ordinary	100
The & Partners S.r.l	Italy	Ordinary	100
The & Partnership Korlatolt Feleossegu Tarasag	Hungary	Ordinary	100
The & Partnership Limited sp. Z.o.o w organizaeji	Poland	Ordinary	100
The & Partners Aps	Denmark	Ordinary	100
The & Partnership AB	Sweden	Ordinary	100
The & Partnership Iberia Publicidad, S.L	Spain	Ordinary	100
The & Partnership İletisim Hizmetleri A.S	Turkey	Ordinary	100
The & Partnership Australia PTY Limited	Australia	Ordinary	100
The & Partnership Belgium	Belgium	Ordinary	100
MSIX Communications Limited	England and Wales	Ordinary	100
Pulse Creative London Limited	England and Wales	Ordinary	100
Halpern Limited	England and Wales	Ordinary	73.3
Muster Agency Limited	England and Wales	Ordinary	80
ATN Agency Limited	England and Wales	Ordinary	100

***indirect subsidiary**

15. Subsidiaries (continued)

Registered offices for companies listed above:

All companies in England and Wales:	7 Rathbone Street, London, W1T 1LY
All companies in United States of America:	75 Spring Street, New York, 10012
Company in	
Canada:	99 Spadina Avenue, Toronto, M5V 3P8
France:	57 Rue de Villiers, 92576 Neuilly Sur Seine Cedex, Paris
Germany:	Derendorfer Allee, Dusseldorf, NW 40476
Italy:	Via Tortona 37, 20144 Milano
Spain:	Calle Norias 92, 28221 Majadahonda, Madrid
Sweden:	Birger Jarlsgatan 52, 114 49, Stockholm.
Denmark:	Kristen Bernikows Gade 1,4.
Poland:	Ul. Prosta 51, 00-838 Warszawa, wojewodztwo Mazowieckie
Hungary:	1123 Budapest, Alkotas, utca 53. C. ep. 2.em
Turkey:	Buyukdere Cd Astoria AVM No: 127 K:2, Istanbul
Belgium:	Rue Jules Cockx 8-10, 1160 Auderghem
Australia	Level 25, 2 Southbank Boulevard, Southbank Melbourne, Melbourne

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 31 December 2021 £000	Profit for the period ended 31 December 2021 £000
The And Partnership Holdings Inc	Non-trading holding company	3,180	761
The & Partnership Inc	Multi-disciplined integrated agency	2,828	1,558
CHI America Partners LLC	Multi-disciplined integrated agency	1,510	-
The And Partnership North America LLC	Non-trading holding company	803	616
The & Partners SARL	Multi-disciplined integrated agency	933	855
TheAndPartnership Germany GmbH	Multi-disciplined integrated agency	2,268	1,142
The & Partners S.r.l	Multi-disciplined integrated agency	2,416	1,811
The & Partnership Iberia Publicidad, S.L	Multi-disciplined integrated agency	1,057	940
The & Partnership AB	Multi-disciplined integrated agency	1,717	869
The & Partners Aps	Multi-disciplined integrated agency	558	268
The & Partnership Limited sp. Z.o.o w organizaeji	Multi-disciplined integrated agency	1,152	197
The & Partnership Korlatolt Feleossegu Tarasag	Multi-disciplined integrated agency	111	68
The & Partnership İletisim Hizmetleri A.S	Multi-disciplined integrated agency	488	163
The & Partnership Australia PTY Limited	Multi-disciplined integrated agency	-	-
The & Partnership Belgium	Multi-disciplined integrated agency	-	-
-Muster Agency Limited*	Experiential agency	435	348
MSIX Communications Limited	Full service media agency	4,888	4,350
Pulse Creative London Limited*	On-site full service agency	54	-
The & Partners London Limited	Multi-disciplined integrated agency	4,434	2,579
ATN Agency Limited*	Creative content agency	1,086	437
Halpern Limited	PR agency	2,178	1,268

15. Subsidiaries (continued)

*See note 1 for associated disclosure regarding audit exemptions taken for the period ended 31st December 2021.

16. Investment in associates

Details of material associates

Details of the Group's material associate at the end of the reporting period is as follows:

Company	Country of registration or incorporation	Class	Shares held %
Associate undertakings			
CHI Wunderman Partnership LLC	US	Ordinary	50
CHI Wunderman Limited	UK	Ordinary	50
MSIX Communications LLC	US	Ordinary	46.9
MSIX Communications Ltd	Canada	Ordinary	46.9
The Greenhouse Communications Agency Limited Partnership	Canada	Ordinary	46.9
The Greenhouse GP Inc	Canada	Ordinary	46.9
The Showroom GP Inc	Canada	Ordinary	46.9
The Showroom Limited Partnership	Canada	Ordinary	46.9

Registered office for the companies above

Company	Registered office
CHI Wunderman Partnership LLC	874 Walker Road, Dover, Delaware, 19004
CHI Wunderman Limited	Greater London House, Hampstead Road, London, England, NW1 7QP
MSIX Communications LLC	75 Spring Street, New York, 10012
MSIX Communications Ltd	99 Spadina Avenue, Toronto, M5V 3P8
The Greenhouse Communications Agency Limited Partnership	99 Spadina Avenue, Toronto, M5V 3P8
The Greenhouse GP Inc	99 Spadina Avenue, Toronto, M5V 3P8
The Showroom GP Inc	99 Spadina Avenue, Toronto, M5V 3P8
The Showroom Limited Partnership	99 Spadina Avenue, Toronto, M5V 3P8

Company	Principal activity
CHI Wunderman Partnership LLC	Multi-disciplined integrated agency
CHI Wunderman Limited	Multi-disciplined integrated agency
MSIX Communications LLC	Full service media agency
MSIX Communications Ltd	Full service media agency
The Greenhouse Communications Agency Limited Partnership	Multi-disciplined integrated agency
The Greenhouse GP Inc	Multi-disciplined integrated agency
The Showroom GP Inc	Multi-disciplined integrated agency
The Showroom Limited Partnership	Multi-disciplined integrated agency

Notes to the consolidated financial statements
For the year ended 31 December 2021

16. Investment in associates (continued)

	2021 £000	2020 £000
Investment in associate		
Opening balance at 1 January 2021	7,029	5,511
Reclassification	-	1,754
Equity accounted income	3,621	2,887
Dividends paid	(3,849)	(2,918)
Exchange rate variance	(66)	(205)
Closing balance 31 December 2021	6,735	7,029

Associates are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.

Dividends received from associates represent the actual amounts attributable and hence received by the group. The other summary information that precedes the reconciliation to the group's carrying amount represents amounts included in the IFRS financial statements of the associate, not the entity's share of these amounts, although they are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments.

17. Work in progress

	2021 £000	2020 £000
Work-in-progress	24,193	14,662

18. Trade and other receivables

	2021 £000	2020 £000
Trade Receivables	98,188	91,018
Other debtors and accrued income	58,009	45,847
Prepayments	18,574	25,666
	174,771	162,531

The Directors consider the carrying amount of those trade and other receivables that are classified as financial assets to approximate their fair value and no allowance for impairment is required. Information about the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in note 2.

19. Trade and other payables

	2021 £000	2020 £000
Trade and other payables	116,517	176,702

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2020: 25). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

The fair value is the amount for which an asset or liability could be exchanged or settled on an arm's length basis. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists.

20. Lease liabilities

	2021 £000	2020 £000
Maturity analysis:		
Year 1	2,991	3,754
Year 2	2,942	2,873
Year 3	1,653	2,393
Year 4	175	1,596
Year 5	-	46
	7,761	10,662
Analysed as:		
Non-current	4,770	6,908
Current	2,991	3,754
	7,761	10,662

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. All lease obligations are denominated in currency units.

All lease obligations are denominated in currency units.

The fair value of the Group's lease obligations as at 31 December 2021 is estimated to be £7.760m 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.

21. Share capital

	2021 £	2020 £
Authorised:		
113,261 ordinary 'A' shares of 0.5p each	566	566
112,809 ordinary shares of 0.5p each	564	564
	1,130	**1,130**
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
	1,130	**1,130**

22. Translation reserve

	Translation *reserve* £000
Balance at 1 January 2020	574
Exchange differences on translating the net assets of foreign operations	217
Balance at 31 December 2020	791
Exchange differences on translating the net assets of foreign operations	62
Balance at 31 December 2021	853

23. Retained earnings

	£000
Balance at 1 January 2020	25,869
Dividends paid	(9,069)
Net profit for the year	14,983
Balance at 31 December 2020	31,783
Dividends paid	(12,117)
Net profit for the year	23,471
Balance at 31 December 2021	43,137

24. Notes to the cash flow statement

	2021 £000	2020 £000
Profit for the year less share of associates	21,143	17,084
Adjustments for:		
Share of profit of associates	8,917	3,259
Finance costs	353	428
Disposal of property, plant and equipment	663	424
Depreciation of property, plant and equipment	3,819	5,000
Operating cash flows before movements in working capital	34,895	26,195
Decrease in WIP	(9,531)	(7,485)
Increase in receivables	(12,240)	(22,322)
(Decrease)/increase in payables	(1,633)	16,598
	11,491	12,986
Interest paid	(353)	(428)
Tax paid	(3,325)	(7,361)
Net cash from operating activities	7,813	5,197

Cash and cash equivalents

	2021 £000	2020 £000
Cash and bank balances	51,932	56,989

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

Analysis of changes in net debt

	1 January 2021 £000	Cash Flow £000	Exchange movements £000	31 December 2021 £000
Cash and bank balances	56,989	(5,494)	437	51,932
Borrowings	(522)	522	-	-
Net debt	56,467	(5,326)	791	51,932

Balances at 31 December 2021 comprise:

	Current assets £000	Current liabilities £000	Total £000
Cash and bank balances and net debt	51,932	-	51,932
Total	51,932	-	51,932

25. Retirement benefit schemes

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the group 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 group are reduced by the amount of forfeited contributions.

The total cost charged to the consolidated income statement is £1.922m (31 December 2020: £1.430m), which represents contributions payable to these schemes by the group at rates specified in the rules of the schemes. As at 31 December 2021 £nil contributions (2020: £nil) due in respect of the current reporting period had not been paid over to the schemes.

26. Financial Instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt (borrowings disclosed in note 24 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in the statement of changes in equity).

The Group is not subject to any externally imposed capital requirements.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group does not have a policy to hedge its risk against currency exposure as it has a natural hedge, given the cost and income base in US and Canadian dollars.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

27. Events after the balance sheet date

After the balance sheet date, the Directors declared a dividend of £14.9m (2020: £12.1m).

28. Controlling party and related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The & Partners Group Limited, 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, 7 Rathbone Street, London WLT 1LY.

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.

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.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2021 £000	2020 £000
Short-term employee benefits	41	41
	41	41

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2021 £000	2020 £000
Salaries, fees, bonuses and benefits in kind	1,846	1,289
Money purchase pension contributions	3	23
	1,849	1,312

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to one (2020: two).

	2021 £000	2020 £000
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	1,389	922

The & Partners Group Limited

Company Statement of Financial Position

As at 31 December 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Investment in subsidiaries	31	3,121	3,113
Property, plant and equipment		8	28
		3,129	3,141
Current assets			
Work-in Progress		19,029	(149)
Trade and other receivables	32	49,560	20,931
Cash and bank balances		5,389	1,024
		73,978	21,806
Total assets		77,107	24,947
Current liabilities			
Trade and other payables	33	20,621	6,149
Deferred income		43,974	9,057
Current tax liabilities		3,492	107
		68,087	15,313
Net current assets		5,891	6,493
Total assets less current liabilities		9,020	9,634
Total liabilities		68,087	15,313
Net assets		9,020	9,634
Equity			
Share capital	34	1	1
Share Premium		-	-
Retained earnings	34	9,019	9,633
Equity attribtable to owners of the Company		9,020	9,634

The Company reported a profit for the financial year ended 31 December 2021 of £11.503m (2020: £14.353m).

The financial statements of The & Partners Group Limited (registered number 08721455) were approved by the board of directors and authorised for issue on 27 May 2022.

David Graham

Director

The & Partners Group Limited

Company statement of changes in equity
For the year ended 31 December 2021

	Equity attributable to equity holders of the Company			
	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	1	-	4,349	4,350
Total comprehensive income for the year	-	-	14,353	14,353
Dividends	-	-	(9,069)	(9,069)
Balance at 31 December 2020	1	-	9,633	9,634
Total comprehensive income for the year	-	-	11,503	11,503
Dividends	-	-	(12,117)	(12,117)
Balance at 31 December 2021	1	-	9,019	9,020

Notes to the Company financial statements

For the year ended 31 December 2021

29. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, 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 certain related party transactions. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

30. Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

31. Investment in subsidiaries and associates

As provided in note 15 and 16 to the consolidated financial statements, all information (balances, shareholdings) regarding the company's investments in subsidiaries and associates has been provided.

32. Trade and other receivables

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade and other debtors	49,806	19,818
Amounts owed by group undertakings	1,034	1,113
	48,526	20,931

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

33. Trade and other payables

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade and other payables	18,192	5,039
Amounts owed to group undertakings	2,429	1,110
	20,621	6,149

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

34. Share capital and share premium account

The movements on these items are disclosed in note 21 to the consolidated financial statements.