

Virgo Health Limited

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

Year ended 31 December 2020

Registered Number: 4798253



Virgo Health Limited

Strategic Report for the year ended 31 December 2020

The directors present their strategic report of Virgo Health Limited (the "Company") registered number 4798253 for the year ended 31 December 2020.

Principal activities and review of the business

The Company's principal activity during the year was the provision of public relations and medical education to the pharmaceutical industry.

The Company's profit for the year was £1,103,000 (2019: profit £663,000). The directors consider that the result for the year is in line with expectations. The Company had net assets of £4,975,000 as at 31 December 2020 (2019: net assets of £3,872,000).

Despite the challenging environment in 2020 due to both Covid-19 and the uncertainty around the UK leaving the EU, the Company was able to maintain its revenue due to strong client relationships and continued recognised expertise in the industry. Profit margin was increased compared to the previous year due to careful cost management throughout the year.

Key performance indicators

The following are key performance indicators of the business:

	2020	2019
Revenue growth (%)		
Year on year revenue growth expressed as a percentage	0.9%	13.2%
Operating margin (%)		
Ratio of operating profit to revenue expressed as a percentage	20.9%	14.5%
Staff costs / revenue (%)		
Staff costs as a percentage of revenue	42.4%	42.3%
Headcount (number)	36	38

Financial Reporting Standard 102 (FRS 102)

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

Virgo Health Limited

Strategic Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties

The Company is subject to a variety of possible risks and uncertainties that could adversely impact its revenues, results of operations or financial condition.

- The COVID-19 pandemic has significantly increased financial and economic volatility and uncertainty. The continued downturn in the economy has had, and may continue to have, a negative impact on a number of the Company's clients. This may continue to impact the Company's business, financial condition, results of operations and forward-looking expectations.
- If the Company's business is significantly adversely affected by unfavorable economic conditions or other market disruptions that adversely affect client spending, the negative impact on its revenue could pose a challenge to its operating income and cash generation from operations.
- The advertising and marketing communications business is highly competitive and constantly changing. Competitive challenges also arise from rapidly-evolving and new technologies in the marketing and advertising space. Any failure to keep up with rapidly changing technologies and standards could harm the Company's competitive position.
- An important aspect of the Company's competitiveness is its ability to identify and develop the appropriate talent and to attract and retain key employees and management personnel. If it were to fail to attract key personnel or lose them to competitors or clients, or fail to manage its workforce effectively, its business and results of operations could be adversely affected.
- At any given time, one or more of the Company's clients may experience financial difficulty, file for bankruptcy protection or go out of business. The direct impact on the Company could include reduced revenues and write-offs of accounts receivable and expenditures billable to clients.
- The Company faces continued uncertainty surrounding the implementation and consequences of the United Kingdom's exit from the European Union, commonly referred to as "Brexit." As the parties implement and adjust to their new relationship, it is possible that Brexit and changes resulting from Brexit will cause increased regulatory and legal complexities, large exchange rate fluctuations and negative economic impacts.
- The Company's business, which increasingly involves the collection, use and transmission of customer data, may make the Company an attractive target for malicious third-party attempts to access this data. Data privacy or cybersecurity breaches may pose a risk that sensitive data could be exposed to third parties or to the general public. Any such breaches or breakdowns could expose the Company to legal liability, be expensive to remedy, result in a loss of its clients' or vendors' proprietary information and damage its reputation.
- As the Company is ultimately owned by The Interpublic Group of Companies, Inc., the performance of The Interpublic Group of Companies, Inc. has an impact on the Company's financial position. Please refer to The Interpublic Group of Companies, Inc., consolidated financial statements which can be obtained from The Interpublic Group of Companies, Inc., 909 Third Avenue, New York, NY 10022, USA.

Virgo Health Limited

Strategic Report for the year ended 31 December 2020 (continued)


Management and mitigation of principal risks and uncertainties

- During the course of 2020, a primary objective for the Company's management team was to safeguard the physical and mental well-being of its employees. This, in turn, allowed the Company to deliver effective work and strong results for its clients.
- The Company has been able to adapt to meet the various impacts of the COVID-19 pandemic. It has benefited from having a flexible workforce and has been able to be flexible with the allocation of its resources, in order to meet the changing needs of its clients over the period of the pandemic. The Company continued to be disciplined with respect to expenses and strategic in its approach to costs, while simultaneously investing in its business during the year to accelerate areas of strongest opportunity and growth.
- As the wider economy has its usual fluctuations over the course of time, the Company will continue to work with its clients in order to maximise future growth and profitability prospects, assisting them in developing new areas of growth. This in turn helps minimise the risk to the growth of the Company, as management stays focused on unlocking the enormous opportunities that exist due to the change and disruption that occurred during the year and beyond. Our ultimate goal is to help ensure that clients' businesses and brands can thrive in the digital economy.
- The Company seeks to combine the power of creativity within the business, with the benefits of technology, fueling its offerings with a deep understanding of the clients' needs at the same time as and in combination with ethical data practices, which are carried out throughout the business. This has helped the Company grow its digital capabilities. The Company, with the assistance of the resources of the wider IPG Group, has invested time and resources into employee training and technological solutions to ensure data privacy laws are not breached and cybersecurity breaches are protected against. The Company ensures ongoing monitoring and updating of technologies and cyberattack strategies to mitigate cybersecurity, data and privacy threats.
- The Company continues to recognise the need to focus on investing in talent within the business. For many years now, this has involved ensuring that the Company has the right people and investing in skills, training and technology in order to meet the rapidly changing technology development and needs within the marketing and advertising business.
- The Company continuously monitors and assesses credit offered to clients to ensure the amount are recoverable and do not become excessive. Management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.
- With the potential of an adverse impact from "Brexit" in the UK being a risk and uncertainty in 2020 and 2021, the Company assessed the potential impact of the changes on the way the business works and planned ahead as far as was possible, in order to make changes to the business where it made sense to do so. However, the impact, in comparison to the COVID-19 pandemic has so far been minimal to the business.

Strategy and future developments

The Company will continue its goal of driving sustainable profitable growth by providing strategic, creative and impactful communications and medical education support.

On behalf of the Board


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
15 September 2021

Virgo Health Limited

Directors' Report for the year ended 31 December 2020

The directors present their report and audited financial statements of Virgo Health Limited (the "Company") registered number 4798253 for the year ended 31 December 2020.

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

Future developments

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

Dividends

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

Objectives and policies

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

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

Financial risk management

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

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

Credit risk

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2020 was mainly as follows: trade debtors £1,524,000, amounts owed by group undertakings £1,319,000, other debtors £7,000, prepayment and accrued income £356,000 and debtors due after more than one year £nil (2019: £1,208,000, £620,000, £4,000, £717,000, £nil respectively).

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

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

Liquidity risk

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

Political donations

The Company made no political donations in 2020 (2019: £nil).

Virgo Health Limited

Directors' Report for the year ended 31 December 2020 (continued)

Branches outside the UK

The Company has no branches outside the UK.

Disabled employee note

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

Employee involvement

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

Directors

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

	Date of Appointment	Date of Resignation
B J Beck		
M R Neale	16 January 2020	
S Topping	16 January 2020	
O Whittington	7 August 2020	
D S Nichols		16 January 2020

Events post statement of financial position

No material events post statement of financial position have occurred.

Virgo Health Limited

Directors' Report for the year ended 31 December 2020 (continued)

Statement of directors' responsibilities

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

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

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2020 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company;
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors in the Directors' Report

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.


In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

On behalf of the Board


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
15 September 2021

Independent auditors' report to the members of Virgo Health Limited

Report on the audit of the financial statements

Opinion

In our opinion, Virgo Health Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report, Strategic Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Virgo Health Limited *(continued)*

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the General Data Protection Regulation (GDPR), Companies Act 2006, health and safety regulations, Anti-Bribery and Corruption legislation, Anti-Money Laundering legislation, UK tax and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management's bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Addressing the risk of management override of internal controls, including testing of journal entries (in particular, journal entries posted with an unusual account combination);
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates; and
- Enquiring of management and review of internal audit reports in so far as they related to the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Virgo Health Limited *(continued)*

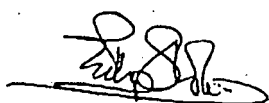
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 September 2021

Virgo Health Limited

Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 £000's	2019 £000's
Turnover	5	8,818	6,107
Cost of sales		(3,422)	(761)
		<hr/>	<hr/>
Revenue/Gross profit		5,396	5,346
Administrative expenses		(4,283)	(4,573)
Other operating income	6	13	-
		<hr/>	<hr/>
Operating profit	7	1,126	773
Interest receivable and similar income	8	20	19
Interest payable and similar expenses	9	(1)	(3)
		<hr/>	<hr/>
Profit before taxation		1,145	789
Tax on profit	12	(42)	(126)
		<hr/>	<hr/>
Profit for the financial year		1,103	663
		<hr/> <hr/>	<hr/> <hr/>

All operations are continuing.


Virgo Health Limited

Statement of financial position As at 31 December 2020

	Note	2020 £000's	2019 £000's
Fixed assets			
Tangible assets	13	32	29
		<u>32</u>	<u>29</u>
Current assets			
Work in progress		337	289
Debtors	14	3,227	2,567
Cash at bank and in hand		4,282	2,669
		<u>7,846</u>	<u>5,525</u>
Creditors: amounts falling due within one year	15	(2,895)	(1,682)
Net current assets		<u>4,951</u>	<u>3,843</u>
Total assets less current liabilities		<u>4,983</u>	<u>3,872</u>
Creditors: amounts falling due after more than one year	16	(8)	-
Net assets		<u>4,975</u>	<u>3,872</u>
Capital and reserves			
Called up share capital	17	-	-
Share premium account		12	12
Retained earnings		4,963	3,860
Total equity		<u>4,975</u>	<u>3,872</u>

The notes on pages 14 to 29 are an integral part of these financial statements.

The financial statements on pages 11 to 29 were authorised for issue by the board of directors on 15 September 2021 and were signed on its behalf.


Simon Topping (Sep 15, 2021 13:20 GMT+1)

S Topping
Director
Virgo Health Limited
Registered No. 4798253

Virgo Health Limited

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

	Called up share capital £000's	Share premium account £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2019	-	12	3,197	3,209
Profit for the financial year	-	-	663	663
At 31 December 2019	-	12	3,860	3,872

	Called up share capital £000's	Share premium account £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2020	-	12	3,860	3,872
Profit for the financial year	-	-	1,103	1,103
At 31 December 2020	-	12	4,963	4,975

Virgo Health Limited

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

1 General information

The Company's principal activity during the year was the provision of public relations and medical education to the pharmaceutical industry.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 135 Bishopsgate, London, UK, EC2M 3TP.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

a) Basis of preparation

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

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

b) Going concern

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

c) Exemptions for qualifying entities under FRS 102

As a qualifying entity, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, The Interpublic Group of Companies, Inc., includes the Company's cash flows in its own consolidated financial statements.

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

Virgo Health Limited

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

3 Summary of significant accounting policies (continued)

d) Revenue recognition

The Company's revenues are primarily derived from the planning and execution of public relations and communications programs in the United Kingdom. Revenues are directly dependent upon the marketing and corporate communications requirements of existing clients and the Company's ability to win new clients. Most client contracts are individually negotiated and, accordingly, the terms of client engagements and the bases on which the Company earns fees can vary significantly. As is customary in the industry, contracts generally provide for termination by either party on relatively short notice, usually 90 days.

Revenue for our services is recognised when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) services have been performed.

Fees are recognised over the period or on the date of completion of assignments or contracts. Depending on the terms of a client contract, fees for services performed can be recognised in three principal ways: proportional performance (input or output), straight-line (or monthly basis) or completed contract.

Attributable profit is computed on a combination of factors; primarily time elapsed and work done, where the final profit can be assessed on a prudent basis. Revenues that are recognised ahead of billings are shown as accrued income. If the agreed billing date is greater than 12 months ahead, the associated revenue is recorded at fair value, after recognising a discount.

As we provide services as part of our core operations, we generally incur incidental expenses, which, in practice, are commonly referred to as "out-of-pocket" expenses. These expenses often include expenses related to airfare, mileage, hotel stays, out-of-town meals and telecommunication charges. We record the reimbursements received for such incidental expenses as revenue with a corresponding offset to office and general expense.

e) Government grants

Grants, which include furlough subsidies received as part of the UK Governments' Coronavirus Job Retention Scheme, are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in other operating income within profit or loss in the same period as the related expenditure.

f) Interest income

Interest income is recognised using the effective interest rate method.

g) Employee benefits

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

- **Short term benefits**

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

- **Pension costs**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charge disclosed in note 20 represents contributions payable by the Company to the fund.

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

Virgo Health Limited

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

3 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

- **Annual bonus plan**

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

h) Foreign currencies

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

i) Borrowing costs

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

j) Leases

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

k) Lease incentives

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

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

l) Exceptional items

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

Virgo Health Limited

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

3 Summary of significant accounting policies (continued)

m) Taxation

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

Current and deferred taxation assets and liabilities are not discounted.

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

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

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

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

n) Tangible assets

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

Computer equipment	3-4 years
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The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

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

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

3 Summary of significant accounting policies (continued)

n) Tangible assets (continued)

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

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

o) Work in progress

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

p) Financial instruments

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

(i) Financial assets

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

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

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

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

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

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

3 Summary of significant accounting policies (continued)

p) Financial instruments (continued)

(ii) Financial liabilities

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

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

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

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

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

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

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

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

q) Cash and cash equivalents

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

r) Deferred income

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

s) Called up share capital

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

t) Distributions to equity holders

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

Virgo Health Limited

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

3 Summary of significant accounting policies (continued)

u) Related party disclosures

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

Under FRS 102 Advantage has been taken of the exemption for Related Party Disclosures not to disclose transactions with companies that are part of the IPG Group. The address at which the consolidated financial statements of The Interpublic Group of Companies, Inc. are publicly available is shown in note 23.

v) Incentive compensation plans

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

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

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

w) Netting off policy

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

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

4 Critical accounting estimates and assumptions

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

(a) Critical accounting estimates and assumptions

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

- (i) Impairment of trade and other debtors (note 14)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

Virgo Health Limited

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

5 Turnover

	2020 £000's	2019 £000's
Turnover by origin		
United Kingdom	8,818	6,107
	<u>8,818</u>	<u>6,107</u>

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

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

6 Other operating income

The Company received £13,000 in furlough grants during the year as part of the UK Governments' Coronavirus Job Retention Scheme (2019: £nil).

7 Operating profit

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

	2020 £000's	2019 £000's
Employee costs (note 10)	2,301	2,264
Depreciation		
- Tangible fixed assets	19	22
Remuneration of auditors		
- Statutory audit fees	19	18
Bad debt - provision increase/(decrease)	55	(22)
Exchange (gain)/loss	(74)	17
Operating lease rentals		
- Office space	472	460
- Other	-	1

The operating lease rental costs relating to office space were recharged from another group company and the Company accordingly has no lease commitments.

No non-audit services were provided by the auditors during the year 2020 or 2019.

Virgo Health Limited

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

8 Interest receivable and similar income

	2020 £000's	2019 £000's
Interest receivable on bank accounts	20	19
	<u>20</u>	<u>19</u>

9 Interest payable and similar expenses

	2020 £000's	2019 £000's
Interest payable on bank overdrafts	1	3
	<u>1</u>	<u>3</u>

10 Employee costs

	2020 £000's	2019 £000's
Wages and salaries (including directors)	1,942	1,930
Social security costs	213	218
Pension costs (note 20)		
- Defined contribution	88	90
Severance expense	1	-
Share based payment costs (note 19)	5	-
Miscellaneous, non-share based incentives and other costs	52	26
Employee costs	<u>2,301</u>	<u>2,264</u>

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

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

	2020 Number	2019 Number
United Kingdom	36	38
Average monthly number employed	<u>36</u>	<u>38</u>

Virgo Health Limited

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

10 Employee costs (continued)

Key management compensation

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

	2020 £000's	2019 £000's
Wages and salaries	16	204
Social security costs	2	27
Pension costs (note 20)		
- Defined contribution	1	8
Share based payments costs (note 19)	6	-
Miscellaneous, non-share based incentives and other costs	2	2
	<hr/>	<hr/>
Key management compensation	27	241
	<hr/> <hr/>	<hr/> <hr/>

In addition to the above, an amount of £10,000 (2019: £nil) was recharged to another group company and an amount of £81,000 (2019: £nil) was recharged from another group company in respect of key management compensation, giving rise to a total compensation for the year of £98,000 (2019: £241,000).

11 Directors' emoluments

Retirement benefits are accruing to no directors under a defined benefit scheme (2019: none).

Retirement benefits are accruing to no directors under a defined contribution scheme (2019: none)

During the year no director exercised share options (2019: none).

An amount of £41,000 (2019: £nil) was recharged from Golin/Harris International Limited, the immediate parent undertaking, in respect of emoluments for one director, giving rise to a total directors' compensation for the year of £41,000 (2019: £nil). Directors' emoluments have been reflected in the Company where the directors have spent a significant portion of their time. Emoluments for some (2019: all) directors were borne by other group companies during the year.

Virgo Health Limited

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

12 Tax on profit

	2020 £000's	2019 £000's
Current taxation		
UK corporation taxation	51	119
	<u>51</u>	<u>119</u>
Adjustments in respect of prior years - UK corporation taxation	(6)	-
	<u>(6)</u>	<u>-</u>
Total current taxation	<u>45</u>	<u>119</u>
Deferred taxation		
Origination & reversal of timing differences	(2)	(2)
Adjustments in respect of prior years	1	9
Effect of change in the tax rate	(2)	-
	<u>(3)</u>	<u>7</u>
Total deferred taxation	<u>(3)</u>	<u>7</u>
Tax on profit	<u>42</u>	<u>126</u>

Factors affecting the tax charge for the year

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

	2020 £000's	2019 £000's
Profit before taxation	1,145	789
	<u>1,145</u>	<u>789</u>
Profit before taxation at the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	218	150
Effects of:		
Expenses not deductible for taxation purposes	-	8
Group relief for nil consideration	(169)	(41)
Adjustments in respect of prior years	(5)	9
Effect of change in tax rate	(2)	-
	<u>(186)</u>	<u>(34)</u>
Total tax for the year	<u>42</u>	<u>126</u>

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

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

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

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures, as the Company has no liability to additional taxation should such amounts be remitted.

Virgo Health Limited

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

13 Tangible assets

	Computer equipment £000's
At 31 December 2019	
Cost	78
Accumulated depreciation	(49)
Net book value	<u>29</u>
Cost	
1 January 2020	78
Additions	22
Disposals	(6)
31 December 2020	<u>94</u>
Accumulated depreciation	
1 January 2020	(49)
Charge for the year	(19)
Disposals	6
31 December 2020	<u>(62)</u>
Net book value	
31 December 2020	<u>32</u>
Net book value	
31 December 2019	<u>29</u>

Virgo Health Limited

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

14 Debtors

Debtors: amounts falling due within one year

	2020 £000's	2019 £000's
Trade debtors	1,524	1,208
Amounts owed by group undertakings	1,319	620
Other debtors	7	4
Prepayments and accrued income	356	717
Deferred taxation (see below)	21	18
	<u>3,227</u>	<u>2,567</u>

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

Deferred taxation

	2020 £000's	2019 £000's
Accelerated capital allowances	15	15
Other short term timing differences	6	3
Total deferred tax asset	<u>21</u>	<u>18</u>

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

	£000's
At 1 January 2020	18
Credited to statement of comprehensive income	3
At 31 December 2020	<u>21</u>

The amount of the net reversal of deferred tax expected to occur in 2021 is £nil (2020: £nil).

Virgo Health Limited

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

15 Creditors: amounts falling due within one year

	2020 £000's	2019 £000's
Bank loans and overdrafts	525	210
Trade creditors	68	77
Amounts owed to group undertakings	767	342
Corporation Tax	164	119
Other creditors including taxation and social security	509	130
Accruals and deferred income	862	804
	<u>2,895</u>	<u>1,682</u>

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

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

16 Creditors: amounts falling due after more than one year

	2020 £000's	2019 £000's
Incentive compensation plans	8	-
	<u>8</u>	<u>-</u>

17 Called up share capital

	2020 Number	2019 Number	2020 £	2019 £
Allotted and fully paid:				
A ordinary shares of £1.00 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

18 Contingent liabilities

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

Virgo Health Limited

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

19 Share based payments

Long term incentive plans

The Interpublic Group of Companies, Inc. issues stock and cash based incentive awards to employees under a plan established by The Interpublic Group of Companies, Inc., along with other companies in the Interpublic group, participates in The Interpublic Group of Companies, Inc. long term incentive plans. Refer to The Interpublic Group of Companies, Inc. 2020 Form 10-K for further disclosures relating to their long term incentive plans.

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

	2020 £000's	2019 £000's
Total expense recognised for equity-settled share based transactions	5	-
Total expense recognised for share based transactions	<u>5</u>	<u>-</u>
Closing liability/other reserves for equity-settled share based transactions	1	-

Equity Settled Restricted Stock Units

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

There were no equity settled restricted stock units awarded to Virgo Health Limited's employees prior to 2007.

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

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

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

Share Settled Performance Related Restricted Stock Units

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

	2020 No. of units	2020 Weighted average fair value (£)	2019 No. of units	2019 Weighted average fair value (£)
Granted during the year	793	16.10	-	-
Outstanding at 31 December	793	17.23	-	-

Virgo Health Limited

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

19 Share based payments (continued)

Compensation expense in connection with the restricted stock awards was £2,000 in 2020 (2019: expense £nil). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

Share Settled Time Based Restricted Stock Units

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

	2020 No. of units	2020 Weighted average fair value (£)	2019 No. of units	2019 Weighted average fair value (£)
Granted during the year	793	16.10	-	-
Outstanding at 31 December	793	17.23	-	-

Compensation expense in connection with the restricted stock awards was £3,000 in 2020 (2019: expense £nil). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

20 Pensions

Defined contributions scheme

The Company participates in a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £88,000 (2019: £90,000). At 31 December 2020, £ 8,000 remained unpaid and accrued (2019: £16,000).

21 Events after the reporting period

No material events post statement of financial position have occurred.

22 Company information

The Company is registered in England and Wales and its registered office is at 135 Bishopsgate, London, UK, EC2M 3TP.

23 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Golin/Harris International Limited, a company registered in England and Wales. Copies of its financial statements are available 135 Bishopsgate, London, EC2M 3TP.

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

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2020.

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