

Registered number: 02387340

CREDERA LIMITED

FINANCIAL STATEMENTS

**PERIOD FROM 1 APRIL 2020
TO 31 DECEMBER 2020**



**LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

CREDERA LIMITED

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CREDERA LIMITED

COMPANY INFORMATION

Directors

Mr C A Dean
Mr S N Greenhalgh
Mrs H A Kilvington
Mr M E Rubin
Mr D F A Webb
Mr J W Bell (Non-Executive)
Mr J M W Betts (Non-Executive)
Mr M Walker (Non-Executive)
Mr J H Wardle (Non-Executive)

Company secretary

Mrs S-A Bray

Registered number

02387340

Registered office

Bankside 3
90-100 Southwark Street
London
SE1 0SW

Independent auditors

Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

CREDERA LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the company for the period ended 31 December 2020.

Principal activities and business review, including future developments

The principal activity of the company has remained in the supply of IT consultancy, delivery management and software engineering. Our focus area has remained digital transformation accelerated using cloud and data services, for which expertise, independent advice and practical assistance are in strong demand.

The vision for the company remains to become a global boutique provider of our services. To serve this aim, on 27 July 2020, Credera's parent company, Omnicom – a global media company with employees in over 100 countries – acquired a majority stake in Credera Limited (previously DMW Group Limited). Credera now has more than 600 consultants across the globe and we partner with some of the world's best-known brands in a variety of industries, including clients ranging from FTSE 100 companies to large government departments. Over the coming years, we plan to set up additional offices under the Credera brand across mainland Europe and Asia, led by client demand. We focus on delivering IT strategy, delivery management and software engineering expertise to create tangible business results. Credera's deep business acumen and technical expertise, combined with a deep dedication to build trusted relationships, unlocks extraordinary business performance to our clients. Our mission is to make an extraordinary impact on our clients and our people. More information is available at www.credera.co.uk.

Operational performance over the last year has accelerated, with turnover increasing by 23%. The company's permanent staff numbers in the UK have grown strongly during the year across its UK locations, now totalling over 200 staff. It has been careful to maintain its strong cultural identity during this growth and has once again placed highly in the "Great places to work" event this year.

Principal risks and uncertainties

The company continues to operate a comprehensive risk management process covering market trends, quality, key accounts and other external factors. Because its business spans three growing sectors, which the directors monitor to ensure no over dependence on any client relationship, it believes there are no major risks to its continued growth.

Financial risk management objectives and policies

The directors consider the Company's principal financial instruments to be its debtors and creditors. These instruments are used to provide finance and working capital for the Company's operations. The Company continually reviews the risks applicable to these financial statements and manage these with formal procedures including:

- Continuous review of cash flow and working capital requirements
- Ensuring trade creditors are paid when they fall due

The company is exposed to credit risk through its trade receivables. The directors believe that the company does not have significant exposure to credit risk due to the nature of the clients they work with and the nature of the work performed which delivers key programmes that are critical to the client's business. It operates a credit insurance policy through its parent company, Omnicom.

CREDERA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Financial key performance indicators

Profit before tax is considered to be one of the company's key performance indicator and regular management accounts are prepared and compared to budget. The company's profit before tax for the period ended 31 December 2020 was £5,766,269 (year ended 31 March 2020 - £5,231,715). The company had net assets at 31 December 2020 of £7,460,082 (at 31 March 2020 - £6,065,954).

The company has had significant growth in demand for its services, which has resulted in increased profits. The ability to recruit and retain staff to service this demand is a key risk for the business. The risk is being successfully managed. Attrition is below industry norms, and the company continues to receive external recognition for its development of its employees. It has developed its ability to recruit in house and successfully increased headcount in the period.

Impact of COVID-19

Throughout the period and at the date of approval of these financial statements, the covid-19 pandemic has been ongoing. There is currently no impact on the going concern of the company and the company has seen an increase in demand for its services during the period and the directors believe it will continue to trade ahead of plan. The business is able to rely on its reserves and continuing group support in the case of any unforeseen downturn in trading.

This report was approved by the board and signed on its behalf.

Simon Greenhalgh

Mr S N Greenhalgh
Director

Date: 27 September 2021

CREDERA LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the period ended 31 December 2020.

The company has shortened its accounting period to 31 December 2020, therefore the results presented represent the 9 month period from 1 April 2020 to 31 December 2020. The comparative results represent the year ended 31 March 2020.

On 11 March 2021 the company changed its name from The DMW Group Limited to Credera Limited.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

CREDERA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

Results and dividends

The profit for the period, after taxation, amounted to £6,894,128 (year ended 31 March 2020 - £4,268,485).

The total distribution of dividends for the period ended 31 December 2020 was £5,500,000 (year ended 31 March 2020 - £nil).

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Mr C A Dean
Mr S N Greenhalgh
Mrs H A Kilvington
Mr M E Rubin
Mr D F A Webb (appointed 17 May 2021)
Mr J W Bell (appointed 27 July 2020)
Mr J M W Betts (appointed 27 July 2020)
Mr C F Gangi (appointed 27 July 2020, resigned 4 December 2020)
Mr J H Wardle (appointed 27 July 2020)
Mr J M Walker (appointed 4 December 2020)
Mr M R Neale (resigned 17 May 2021)
Mr A Buckroyd (resigned 27 July 2020)
Dr J C Dowthwaite (resigned 27 July 2020)

Financial risk management

Consideration of financial risk management has been included in the company's Strategic Report.

Future developments

The company continues to develop its current customers for ongoing growth in turnover whilst maintaining gross margins. The company continues to seek new customers and opportunities in a variety of industry sectors. For further information refer to the Strategic Report.

Qualifying third party indemnity provisions

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'). The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the period and remain in force.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CREDERA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

Post balance sheet events

On 4 March 2021, the company declared dividends of £2,100,000 to its parent entity.

On 16 August 2021, the company declared dividends of £3,750,000 to its parent entity.

No adjustments have been made to the amounts in the financial statements as the dividends had not been declared at the balance sheet date.

Auditors

The auditors, Lubbock Fine LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Simon Greenhalgh

Mr S N Greenhalgh

Director

Date: 27 September 2021

CREDERA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDERA LIMITED

Opinion

We have audited the financial statements of Credera Limited (the 'Company') for the period ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. 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.

CREDERA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDERA LIMITED (CONTINUED)

Opinion 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 period 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - o Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and FRS 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These general data protection regulations, health and safety regulations, and employment law, etc.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition and management override.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- reviewing revenue recognition on a sample basis;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the company's operations.

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

CREDERA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDERA LIMITED (CONTINUED)

Auditors' Report.

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 Auditors' 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.

Lee Facey

Lee Facey (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 27 September 2021

CREDERA LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31 DECEMBER 2020**

		Period ended 31 December 2020 £	Year ended 31 March 2020 £
	Note		
Turnover	4	26,882,624	28,847,753
Cost of sales		(15,009,457)	(15,975,176)
Gross profit		11,873,167	12,872,577
Administrative expenses		(6,111,266)	(7,327,845)
Share based payments	22	-	(324,672)
Operating profit	5	5,761,901	5,220,060
Interest receivable and similar income	8	4,379	12,029
Interest payable and similar expenses		(11)	(374)
Profit before tax		5,766,269	5,231,715
Tax on profit	9	1,127,859	(963,230)
Profit for the financial period		6,894,128	4,268,485

There were no recognised gains and losses for the period to 31 December 2020 or the year to 31 March 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2020:£NIL).

The notes on pages 14 to 32 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	31 December 2020 £	31 March 2020 £
Fixed assets			
Tangible assets	11	382,927	427,626
Current assets			
Debtors: amounts falling due within one year	12	9,911,615	7,810,224
Current asset investments	13	-	88
Cash at bank and in hand	14	3,021,857	3,084,200
		<u>12,933,472</u>	<u>10,894,512</u>
Creditors: amounts falling due within one year	15	<u>(5,813,761)</u>	<u>(5,256,184)</u>
Net current assets		<u>7,119,711</u>	<u>5,638,328</u>
Total assets less current liabilities		<u>7,502,638</u>	<u>6,065,954</u>
Creditors: amounts falling due after more than one year		(42,556)	-
Net assets		<u><u>7,460,082</u></u>	<u><u>6,065,954</u></u>
Capital and reserves			
Called up share capital	20	76,216	76,216
Other reserves	21	-	333,609
Profit and loss account	21	7,383,866	5,656,129
		<u>7,460,082</u>	<u>6,065,954</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Simon Greenhalgh

Mr S N Greenhalgh
Director

Date: 27 September 2021

The notes on pages 14 to 32 form part of these financial statements.

CREDERA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2019	76,216	8,937	1,387,644	1,472,797
Comprehensive income for the year				
Profit for the year	-	-	4,268,485	4,268,485
Total comprehensive income for the year	-	-	4,268,485	4,268,485
Credit relating to share based payment	-	324,672	-	324,672
At 1 April 2020	76,216	333,609	5,656,129	6,065,954
Comprehensive income for the period				
Profit for the period	-	-	6,894,128	6,894,128
Total comprehensive income for the period	-	-	6,894,128	6,894,128
Dividends: Equity capital	-	-	(5,500,000)	(5,500,000)
Transfer to/from profit and loss account	-	(333,609)	333,609	-
At 31 December 2020	76,216	-	7,383,866	7,460,082

The notes on pages 14 to 32 form part of these financial statements.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

1. General information

Credera Limited is a private company, limited by shares, incorporated in the United Kingdom. Its registered office and principal place of business is Bankside 3 90-100 Southwark Street, London, SE1 0SW.

The company has shortened its accounting period to 31 December 2020, therefore the results presented represent the 9 month period from 1 April 2020 to 31 December 2020. The comparative results represent the year ended 31 March 2020.

On 11 March 2021 the company changed its name from The DMW Group Limited to Credera Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The DMW Group Holdings Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors believe it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future based on the Company's plans and the continued support of the parent company.

The Company has the benefit of support from Omnicom Finance Limited, the Omnicom group of companies' UK treasury company, should it require additional funding. A letter of support has been obtained from Omnicom Finance Limited to confirm its intention to provide support and the directors are satisfied that this entity has the ability to provide this support. From the assessment performed, the directors consider that the Company has access to sufficient funds to meet its needs over at least the next 12 months from the date of this report.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

- Contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.

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

- the amount of revenue can be measured reliably;
 - it is probable that the Company will receive the consideration due under the contract;
 - the stage of completion of the contract, or time incurred on the service, at the end of the reporting period can be measured reliably; and
 - the costs incurred and the costs to complete the contract can be measured reliably.
- The Company recharges expenses at cost where agreed in the overall contract with the client. The costs are recognised in cost of sales and the recharged income within turnover.

2.5 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Tangible fixed assets

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

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the period of the lease
Fixtures and fittings	- 25% on cost
Office equipment	- 33% or 50% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Operating leases: the Company as lessee

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

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Accrued income

Accrued income is recognised in the accounts when the Company has a right to receive the revenue but has not yet raised an invoice for the services provided. Accrued income is recognised to the extent that services have been provided at the fee rate agreed with the client or on fixed-fee contracts based on the proportion of the total service provided.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash 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 overdrafts, when applicable, are shown within borrowings in current liabilities.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Financial instruments (continued)

out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

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

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. The financial statements are rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administration expenses'.

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where share options are awarded to employees by group companies, the fair value of the options are recognised in the company which the employee is employed. The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.20 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The company has no areas of key judgments and sources of estimation uncertainty.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Sales	26,872,228	28,613,994
Recharged expenses	10,396	233,759
	<u>26,882,624</u>	<u>28,847,753</u>

Analysis of turnover by country of destination:

	31 December 2020 £	31 March 2020 £
United Kingdom	21,596,773	26,596,753
Jersey	2,846,538	900,000
Ireland	2,169,238	742,000
Philippines	-	368,000
Netherlands	238,067	224,000
Germany	-	17,000
Switzerland	32,008	-
	<u>26,882,624</u>	<u>28,847,753</u>

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

5. Operating profit

The operating profit is stated after charging:

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Fees payable to the company's auditors for the audit of the company's annual financial statements	10,260	-
Fees payable to the company's auditors for non-audit services	5,700	-
Fees payable to the company's predecessor auditor for the audit of the company's annual financial statements	30,000	10,750
Fees payable to the company's predecessor auditor for non-audit services	8,890	10,800
Exchange differences	20,297	9,388
Other operating lease rentals	632,551	769,073
Depreciation	172,995	173,754
Other pension costs	1,424,126	1,349,358

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Wages and salaries	11,082,363	10,901,333
Social security costs	1,536,656	1,297,541
Cost of defined contribution pension scheme	1,424,126	1,349,358
	<u>14,043,145</u>	<u>13,548,232</u>

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 December 2020 No.	Year ended 31 March 2020 No.
Directors	3	5
Consultants	128	97
Employees	20	13
	<u>151</u>	<u>115</u>

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

7. Directors' remuneration

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Directors' emoluments	355,100	252,362
Company contributions to defined contribution pension schemes	41,440	13,805
	<u>396,540</u>	<u>266,167</u>

During the period retirement benefits were accruing to 3 directors (31 March 2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £143,644 (31 March 2020 - £140,466).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,419 (31 March 2020 - £3,341).

The highest paid director exercised 22,647 (31 March 2020: nil) share options in the current year.

Directors are considered to be the only key management personnel of the company.

8. Interest receivable

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Bank interest receivable	4,379	12,029

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

9. Taxation

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Corporation tax		
Current tax on profits for the year	(1,105,645)	955,748
Adjustments in respect of previous periods	-	7,482
Total current tax	<u>(1,105,645)</u>	<u>963,230</u>
Deferred tax		
Origination and reversal of timing differences	(22,214)	-
Total deferred tax	<u>(22,214)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(1,127,859)</u>	<u>963,230</u>

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

9. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period is lower than (year ended 31 March 2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Profit on ordinary activities before tax	5,766,269	5,231,715
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 March 2020 - 19%)	1,095,591	994,026
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,600	81,238
Adjustments to tax charge in respect of prior periods	-	7,482
Short term timing difference leading to an increase (decrease) in taxation	(1,161)	-
Unrecognised deferred tax	-	5,357
Tax relief on EMI options	(2,229,889)	-
Group relief	-	(129,503)
Movement in deferred tax margin	-	4,000
Tax rate changes	-	630
Total tax charge for the period/year	(1,127,859)	963,230

Factors that may affect future tax charges

The March 2021 Budget announced that a rate of 25% would apply with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. This will impact the company's future current tax charge accordingly.

10. Dividends

	31 December 2020 £	31 March 2020 £
Dividends on ordinary shares	5,500,000	-

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

11. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2020	49,304	57,141	575,648	682,093
Additions	-	-	185,499	185,499
Disposals	-	-	(82,421)	(82,421)
At 31 December 2020	<u>49,304</u>	<u>57,141</u>	<u>678,726</u>	<u>785,171</u>
Depreciation				
At 1 April 2020	22,118	42,092	190,257	254,467
Charge for the period on owned assets	19,485	15,049	138,461	172,995
Disposals	-	-	(25,218)	(25,218)
At 31 December 2020	<u>41,603</u>	<u>57,141</u>	<u>303,500</u>	<u>402,244</u>
Net book value				
At 31 December 2020	<u>7,701</u>	<u>-</u>	<u>375,226</u>	<u>382,927</u>
At 31 March 2020	<u>27,186</u>	<u>15,049</u>	<u>385,391</u>	<u>427,626</u>

CREDERA LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 DECEMBER 2020****12. Debtors**

	31 December 2020 £	31 March 2020 £
Trade debtors	4,156,270	5,655,379
Amounts owed by group undertakings	4,259,248	780,300
Other debtors	853,677	161,868
Prepayments and accrued income	620,206	1,212,677
Deferred taxation	22,214	-
	<u>9,911,615</u>	<u>7,810,224</u>

13. Current asset investments

	31 December 2020 £	31 March 2020 £
Unlisted investments	-	88
	<u>-</u>	<u>88</u>

14. Cash and cash equivalents

	31 December 2020 £	31 March 2020 £
Cash at bank and in hand	3,021,857	3,084,200
	<u>3,021,857</u>	<u>3,084,200</u>

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

15. Creditors: Amounts falling due within one year

	31 December 2020 £	31 March 2020 £
Trade creditors	355,050	593,756
Corporation tax	-	549,189
Other taxation and social security	2,682,290	1,673,842
Obligations under finance lease and hire purchase contracts	13,232	-
Other creditors	37,020	8,610
Accruals and deferred income	2,726,169	2,430,787
	<u>5,813,761</u>	<u>5,256,184</u>

16. Creditors: Amounts falling due after more than one year

	31 December 2020 £	31 March 2020 £
Obligations under finance lease and hire purchase contracts	42,556	-
	<u>42,556</u>	<u>-</u>

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 December 2020 £	31 March 2020 £
Within one year	13,233	-
Between 1-5 years	42,556	-
	<u>55,789</u>	<u>-</u>

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

18. Financial instruments

	31 December 2020 £	31 March 2020 £
Financial assets		
Financial assets that are measured at amortised cost	<u>11,918,073</u>	<u>9,918,979</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,174,027)</u>	<u>(3,033,153)</u>

Financial assets that are measured at amortised cost comprise cash and cash equivalents, trade debtors, accrued income, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

19. Deferred taxation

	2020 £
Charged to profit or loss	22,214
At end of year	22,214

The deferred tax asset is made up as follows:

	31 December 2020 £	31 March 2020 £
Depreciation in excess of capital allowances	19,759	-
Pension surplus	2,455	-
	<u>22,214</u>	<u>-</u>

20. Share capital

	31 December 2020 £	31 March 2020 £
Allotted, called up and fully paid		
76,216 (31 March 2020 - 76,216) Ordinary shares of £1.00 each	76,216	76,216

21. Reserves

Other reserves

Relates to the fair value of share options in issue.

Profit and loss account

Includes all current and prior year retained profits and losses, less dividends paid and amounts paid in excess of nominal values to repurchase own shares.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

22. Share based payments

On 3 September 2018 share options were issued by the ultimate parent company to employees under an Enterprise Management Incentive Scheme. These options grant entitlement to acquire a maximum of 97,267 ordinary shares for an exercise price of £1.50 per share subject to certain qualifying conditions. The options will vest on the occurrence of an Exercise Event and will be settled in equity. During the year 95,967 options were exercised, leaving no options outstanding.

On 18 October 2019 further share options were issued to employees of the group under an Enterprise Management Incentive Scheme. These options grant entitlement to acquire a maximum of 71,350 ordinary shares for an exercise price of £2.79 per share subject to certain qualifying conditions. The options will vest on the occurrence of an Exercise Event and will be settled in equity. During the year 69,800 options were exercised, 300 options lapsed, leaving no options outstanding.

Details of the number of share options outstanding at the year end are as follows:

	31 December 2020 Weighted average exercise price (pence)	31 December 2020 Number	31 March 2020 Weighted average exercise price (pence)	31 March 2020 Number
Outstanding at the beginning of the year	204	166,067	150	97,267
Granted during the year	-	-	279	71,350
Forfeited during the year	279	(300)	216	(2,450)
Exercised during the year	204	(165,767)	150	(100)
Outstanding at the end of the year	-	-	204	166,067

The fair values of the share options were calculated using the Black-Scholes model. The inputs to the model were as follows:

	31 March 2020
Exercise price (pence)	150.00 - 279.00
Expected volatility	70%
Expected dividend growth rate	0%
Risk-free interest rate	0.74%

The Company recognised total expenses of £nil (year ended 31 March 2020 - £324,672) related to the fair value of equity settled share-based payment transactions during the year.

CREDERA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

23. Pension commitments

The company contributes to the individual pension schemes for certain employees of the company. The schemes operate on a defined contribution money purchase basis and the contributions are held separately from those of the company. The charge for the period was £1,424,126 (year ended 31 March 2020 - £1,349,358). Pension contributions outstanding at the year ended amounted to £12,922 (at 31 March 2020 - £nil).

24. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2020 £	31 March 2020 £
Not later than 1 year	118,382	696,130

25. Related party transactions

The company is exempt from disclosing transactions with companies which are 100% owned within the group.

26. Post balance sheet events

On 4 March 2021, the company declared dividends of £2,100,000 to its parent entity.

On 16 August 2021, the company declared dividends of £3,750,000 to its parent entity.

No adjustments have been made to the amounts in the financial statements as the dividends had not been declared at the balance sheet date.

27. Parent undertaking

The immediate parent undertaking of the company is The DMW Group Management Limited, a company registered in the United Kingdom with the same registered office as this company.

At the balance sheet date, The DMW Group Holdings Limited is the parent of the smallest group within which the company belongs that prepare consolidated financial statements. The consolidated financial statements can be obtained from Companies House.

From 27 July 2020, the Company's ultimate parent undertaking is Omnicom Group Inc, a New York Stock Exchange listed entity. Accordingly, there is no one ultimate controlling party.