

Registration number: 02387340

Credera Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021



Credera Limited

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Credera Limited

Strategic Report for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

The purpose of this strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the company).

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 company continues to execute its vision to expand as a global boutique provider of our services. Credera is part of Omnicom, a global media company with employees in over 100 countries. Credera now has more than 1,000 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, Oceania 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 33%. The company's permanent staff numbers in the UK have grown strongly during the year across its UK locations, now totalling over 300 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 debtors. 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

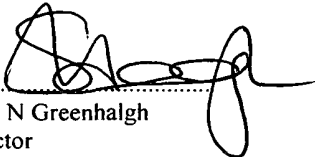
Strategic Report for the year ended 31 December 2021

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 year ended 31 December 2021 was £10,796,798 (period ended 31 December 2020 - £5,766,269). The company had net assets at 31 December 2021 of £6,646,527 (at 31 December 2020 - £7,460,082).

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.

Approved and authorised by the Board on 20th Oct 22 and signed on its behalf by:


.....
Mr S N Greenhalgh
Director

Credera Limited

Directors' Report for the year ended 31 December 2021

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

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 Director's 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 statement 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 year.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the ongoing 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.

Results and Dividends

The profit for the year, after taxation, amounted to £8,736,445 (period ended 31 December 2020 £6,894,128).

The total distribution of dividends for the year ended 31 December 2021 was £9,550,000 (period ended 31 December 2020 £5,500,000)

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 Group.

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

Directors' Report for the year ended 31 December 2021

Post balance sheet events

On 6 May 2022, the company declared dividends of £1,000,000 to its parent entity. On the 13 July 2022, the company declared dividends of £2,000,000 to the 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.

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.

Directors of the company

The directors who held office during the year were as follows:

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

Mr J M W Betts

Mr J M Walker

Mr J H Wardle

Mr M R Neale (ceased 17 May 2021)

Change of company name

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

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.

Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Reappointment of auditor

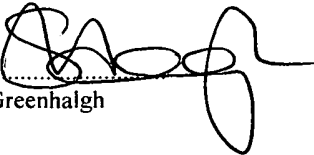
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Lubbock Fine LLP will therefore continue in office.

Credera Limited

Directors' Report for the year ended 31 December 2021

Approved and authorised by the Board on ^{20th Oct 22} and signed on its behalf by:

.....
Mr S N Greenhalgh
Director



Bankside 3
90 - 100 Southwark Street
London
SE1 0SW

Independent Auditor's Report to the Members of Credera Limited

Opinion

We have audited the financial statements of Credera Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards; 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.

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.

Independent Auditor's Report to the Members of Credera Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Directors' responsibilities

As explained more fully in the Director's Responsibilities Statement set out on page 3, 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 non-compliance 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.

Independent Auditor's Report to the Members of Credera Limited

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.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Credera Limited

The purpose of our audit work and to whom we owe our responsibilities

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



.....
Lee Facey (Senior Statutory Auditor)
For and on behalf of Lubbock Fine LLP, Statutory Auditor
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 20/12/2022

Credera Limited

Profit and Loss Account for the year ended 31 December 2021

	Note	2021 £	9 months to 31 December 2020 £
Turnover	2	47,835,634	26,882,624
Direct costs		<u>(25,712,528)</u>	<u>(15,009,457)</u>
Gross profit		22,123,106	11,873,167
Administrative expenses		<u>(11,323,834)</u>	<u>(6,111,266)</u>
Operating profit	3	10,799,272	5,761,901
Other interest receivable and similar income	7	366	4,379
Interest payable and similar expenses	8	<u>(2,840)</u>	<u>(11)</u>
Profit before taxation		10,796,798	5,766,269
Tax on profit	9	<u>(2,060,353)</u>	<u>1,127,859</u>
Profit after taxation		<u>8,736,445</u>	<u>6,894,128</u>

The results shown above are derived wholly from continuing operations.

There was no other comprehensive income for 2021 (2020:£NIL).

The company has no recognised gains or losses for the year other than the results above.

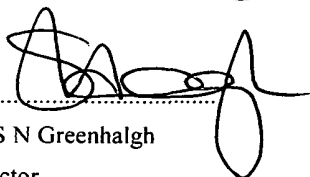
The notes on pages 13 to 26 form an integral part of these financial statements.

Credera Limited

**(Registration number: 02387340)
Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	457,955	382,927
Current assets			
Debtors (including £35,608 (2020: £22,214) due after more than one year)	12	13,399,169	9,911,615
Cash at bank and in hand	13	<u>1,286,231</u>	<u>3,021,857</u>
		14,685,400	12,933,472
Creditors: Amounts falling due within one year	14	<u>(8,309,787)</u>	<u>(5,813,761)</u>
Net current assets		<u>6,375,613</u>	<u>7,119,711</u>
Total assets less current liabilities		6,833,568	7,502,638
Creditors: Amounts falling due after more than one year	14	<u>(187,041)</u>	<u>(42,556)</u>
Net assets		<u><u>6,646,527</u></u>	<u><u>7,460,082</u></u>
Capital and reserves			
Called up share capital	17	76,216	76,216
Retained earnings		<u>6,570,311</u>	<u>7,383,866</u>
Total equity		<u><u>6,646,527</u></u>	<u><u>7,460,082</u></u>

Approved by the Board on 20th Oct 22 and signed on its behalf by:



 Mr S N Greenhalgh
 Director

Credera Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Share capital £	Retained earnings £	Total £
At 1 January 2021	<u>76,216</u>	<u>7,383,866</u>	<u>7,460,082</u>
Profit for the year	<u>-</u>	<u>8,736,445</u>	<u>8,736,445</u>
Total comprehensive income	-	8,736,445	8,736,445
Dividends	<u>-</u>	<u>(9,550,000)</u>	<u>(9,550,000)</u>
At 31 December 2021	<u><u>76,216</u></u>	<u><u>6,570,311</u></u>	<u><u>6,646,527</u></u>

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 April 2020	<u>76,216</u>	<u>333,609</u>	<u>5,656,129</u>	<u>6,065,954</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>6,894,128</u>	<u>6,894,128</u>
Total comprehensive income	-	-	6,894,128	6,894,128
Dividends	-	-	(5,500,000)	(5,500,000)
Other reserve movements	<u>-</u>	<u>(333,609)</u>	<u>333,609</u>	<u>-</u>
At 31 December 2020	<u><u>76,216</u></u>	<u><u>-</u></u>	<u><u>7,383,866</u></u>	<u><u>7,460,082</u></u>

The notes on pages 13 to 26 form an integral part of these financial statements.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

1 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

Basis of preparation

The company's financial year started on 1 January 2021 and ended on 31 December 2021. The company had a shortened accounting period from 1 April to 31 December 2020, therefore the comparative results presented for 2020 represent the 9 month period from 1 April 2020 to 31 December 2020.

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 judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

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 England SE1 0SW.

Summary of 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 Credera Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

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 Group.

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.

Contract revenue recognition

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.

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.

Leases

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.

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

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

Fixed assets and depreciation

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.

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, fittings and equipment - 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.

Trade and other 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.

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.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

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 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 Profit and Loss Account.

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.

Trade and other 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.

Foreign currency transactions and balances

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 Profit and Loss account within 'administration expenses'.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

Finance income and costs policy

Finance costs are charged to the Profit and Loss account 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.

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

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.

Provisions

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.

Defined contribution pension obligation

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 year ended 31 December 2021

Tax

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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Judgements

The preparation of the financial statements requires management to make judgements, 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 judgements and sources of estimation uncertainty.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

2 Turnover

The analysis of the company's turnover for the year from continuing operations for rendering of services is as follows:

	2021	9 months to 31 December 2020
	£	£
UK	40,445,212	21,596,773
Jersey	2,676,096	2,846,538
United States	2,563,068	-
Ireland	1,917,338	2,169,238
Netherlands	203,428	238,067
Switzerland	30,492	32,008
	<u>47,835,634</u>	<u>26,882,624</u>

	2021	9 months to 31 December 2020
	£	£
Sales	47,831,294	26,872,228
Recharged expenses	4,340	10,396
	<u>47,835,634</u>	<u>26,882,624</u>

3 Operating profit

Arrived at after charging/(crediting)

	2021	9 months to 31 December 2020
	£	£
Depreciation and other amounts written off tangible fixed assets: owned	225,116	172,995
Foreign exchange gains/losses	5,675	20,297
Profit/loss on disposal of property, plant and equipment	982	-
Operating lease expense - property	<u>197,693</u>	<u>632,551</u>

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

4 Auditor's remuneration

	2021	9 months to 31 December 2020
	£	£
Fees payable to the company's auditors for the audit of the company's annual financial statement	19,740	10,260
Fees payable to the company's auditors for non-audit services	500	5,700
Fees payable to the company's predecessor auditor for the audit of the company's annual financial statements	-	30,000
Fees payable to the company's predecessor auditor for non-audit services	-	8,890
	851,409	396,540

5 Directors' remuneration

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

The highest paid director received remuneration of £270,172 (31 December 2020 - £243,644).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,850 (31 December 2020 - £11,419).

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

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

	2021	9 months to 31 December 2020
	£	£
Directors' emoluments	773,189	355,100
Company contributions to defined contribution pension schemes	78,220	41,440
	851,409	396,540

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	9 months to 31 December 2020
	£	£
Wages and salaries	20,467,332	11,082,363
Social security costs	2,407,911	1,536,656
Pension and other post-employment benefit costs	2,574,489	1,424,126
	25,449,732	14,043,145

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	9 months to 31 December 2020 No.
Directors	3	3
Consultants	172	128
Employees	30	20
	<u>205</u>	<u>151</u>

7 Other interest receivable and similar income

	2021 £	9 months to 31 December 2020 £
Bank interest receivable	366	4,379
	<u>366</u>	<u>4,379</u>

8 Interest payable and similar expenses

	2021 £	9 months to 31 December 2020 £
On bank loans and overdrafts	39	11
Finance charges payable in respect of finance leases and hire purchase contracts	2,801	-
	<u>2,840</u>	<u>11</u>

9 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	9 months to 31 December 2020 £
Current taxation		
Current tax on income for the period	2,073,747	(1,105,645)
Deferred taxation		
Origination and reversal of timing differences	(13,394)	(22,214)
Tax expense/(income) in the profit and loss account	<u>2,060,353</u>	<u>(1,127,859)</u>

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	9 months to 31 December 2020
	£	£
Profit before tax	<u>10,796,798</u>	<u>5,766,269</u>
Corporation tax at standard rate	2,051,392	1,095,591
Effect of expense not deductible in determining taxable profit (tax loss)	247	7,600
Decrease from effect of tax incentives	-	(2,229,889)
Increase/(decrease) in UK and foreign current tax from unrecognised temporary difference from a prior period	<u>8,714</u>	<u>(1,161)</u>
Total tax charge/(credit)	<u>2,060,353</u>	<u>(1,127,859)</u>

Factors that may affect future tax charges

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated at 25% (2020: 19%).

Deferred tax

Deferred tax assets and liabilities

		Asset
	£	£
2021		
Depreciation in excess of capital allowances		35,608
Pension surplus		-
		<u>35,608</u>
2020		
Depreciation in excess of capital allowances		19,759
Pension surplus		2,455
		<u>22,214</u>

10 Dividends

	2021	9 months to 31 December 2020
	£	£
Dividends on ordinary shares	<u>9,550,000</u>	<u>5,500,000</u>

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

11 Tangible fixed assets

	Leasehold improvements £	Furniture, fittings and equipment £	Office equipment £	Total £
Cost or valuation				
At 1 January 2021	49,304	57,141	678,726	785,171
Additions	-	-	305,002	305,002
Disposals	(41,323)	-	(31,585)	(72,908)
Transfers	-	38,361	(38,361)	-
At 31 December 2021	<u>7,981</u>	<u>95,502</u>	<u>913,782</u>	<u>1,017,265</u>
Depreciation				
At 1 January 2021	41,603	57,141	303,500	402,244
Charge for the year	5,727	14,059	205,330	225,116
Disposal	(39,349)	-	(28,701)	(68,050)
Transfers	-	2,958	(2,958)	-
At 31 December 2021	<u>7,981</u>	<u>74,158</u>	<u>477,171</u>	<u>559,310</u>
Carrying amount				
At 31 December 2021	<u>-</u>	<u>21,344</u>	<u>436,611</u>	<u>457,955</u>
At 31 December 2020	<u>7,701</u>	<u>-</u>	<u>375,226</u>	<u>382,927</u>

12 Debtors

	Note	2021 £	9 months to 31 December 2020 £
Trade and other debtors		7,138,595	4,156,270
Amounts owed by group undertakings - trading balances		4,205,665	4,259,248
Amounts owed by group undertakings - loans and advances		684,395	-
Taxation and social security		221,595	-
Other debtors		30,099	853,677
Deferred tax assets	9	35,608	22,214
Prepayments and accrued income		1,083,212	620,206
		<u>13,399,169</u>	<u>9,911,615</u>

The company participates in a cash concentration arrangement with its fellow subsidiaries, Omnicom Finance Limited and Omnicom Financial Services Limited, the Omnicom Europe Limited group's UK treasury operations, under which bank balances are cleared to zero on a daily basis either by the company depositing cash with Omnicom Finance Limited / Omnicom Financial Services Limited or by Omnicom Finance Limited / Omnicom Financial Services Limited depositing cash with the company. Included in Amounts owed by group undertakings - loans and advances is £684,395 (2020:£NIL) representing cash deposited by the company under these arrangements.

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

13 Cash and cash equivalents

	2021	9 months to 31 December 2020
	£	£
Cash at bank	<u>1,286,231</u>	<u>3,021,857</u>

14 Creditors

	2021	9 months to 31 December 2020
	£	£
Due within one year		
Obligations under finance lease and hire purchase contracts	68,120	13,232
Trade creditors	747,803	355,050
Amounts owed to group undertakings - loans and advances	3,810	-
Taxation and social security	2,284,681	2,682,290
Other creditors	268,658	37,020
Accruals and deferred income	<u>4,936,715</u>	<u>2,726,169</u>
	<u>8,309,787</u>	<u>5,813,761</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	<u>187,041</u>	<u>42,556</u>

15 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2021	9 months to 31 December 2020
	£	£
Not later than one year	68,120	13,233
Later than one year and not later than five years	<u>187,041</u>	<u>42,556</u>
	<u>255,161</u>	<u>55,789</u>

16 Financial instruments

Categorisation of financial instruments

	2021	9 months to 31 December 2020
	£	£
Financial assets measured at amortised cost	14,031,513	11,918,073
Financial liabilities measured at amortised cost	(6,212,147)	(3,174,027)

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

Financial assets that are measured at amortised cost comprise cash and cash equivalent, trade debtors, accrued income and other debtors. In the case of the Company, it also comprises amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

17 Share capital

Allotted, called up and fully paid shares

	2021		9 months to 31 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>76,216</u>	<u>76,216</u>	<u>76,216</u>	<u>76,216</u>

18 Pension and other schemes

Defined contribution pension scheme

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 £2,574,489 (period ended 31 December 2020 - £1,424,126). Pension contributions outstanding at the period ended amounted to £251,017 (at 31 December - £12,922).

19 Commitments

Non-cancellable operating lease rentals are payable as follows:

Operating leases

The Company's principal premises are leased from a fellow group company on terms with no future minimum lease payments.

The total of future minimum lease payments is as follows:

	2021	9 months to 31 December 2020
	£	£
Not later than one year	124,683	118,382
Later than one year and not later than five years	<u>20,799</u>	<u>-</u>
	<u>145,482</u>	<u>118,382</u>

Credera Limited

Notes to the Financial Statements for the year ended 31 December 2021

20 Related party transactions

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

During the year ended 31 December 2021 the company made sales of £2,706,831 (2020 - £NIL) to an other related party. At 31 December 2021 £1,112,793 of this balance was outstanding.

21 Post balance sheet events

On 6 May 2022, the company declared dividends of £1,000,000 to its parent entity. On the 13 July 2022, the company declared dividends of £2,000,000 to the 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.

22 Parent and ultimate 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, Credera 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.