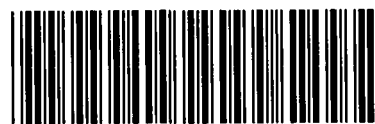


Williams Lea Limited

Annual Report

Company registered number 02119266
31 December 2021

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Company information

Company registered number

02119266

Directors

F Aghoghovbia

D Kassler

G McGaghey

R Hanks

Registered office

1-5 Poland Street

London

W1F 8PR

Strategic report

Strategic report for the period ended 31 December 2021

The directors present their strategic report on Williams Lea Limited (the 'Company') for the year ended 31 December 2021.

Introduction

The Company's immediate parent undertaking is Williams Lea Group Limited and the ultimate parent undertaking is Al Wertheimer Holdings Limited, where the results of the Company are consolidated (hereby referred to as the 'Group'). The Group is ultimately owned by funds containing institutional owners and is controlled by funds advised by Advent International Corporation, a private equity investment company.

Principal activities and review of the business

The Company is a marketing and communication supply chain services company for the Williams Lea Tag Group of companies which provides marketing production and skilled business-critical support services worldwide.

Williams Lea is a global provider of skilled business-critical support services to financial, legal and professional services firms. From its humble beginnings as a print shop in London, to its position today as a global outsourcing leader, the business is built on a strong heritage, great relationships and a talented team. Williams Lea delivers efficient business processes in complex and highly regulated environments, connecting people, processes and technology to manage documents and streamline key back office functions.

The directors consider that the Company's key financial performance indicators during the year were as follows:

	2021	2020	Change
	£000s	£000s	%
Turnover	117,709	155,882	(24.5)
EBITDA before exceptional items	14,293	4,506	217.2

EBITDA represents earnings before interest, tax, depreciation and amortisation and is the main focus of interest being the variable element of operating profit and the key performance indicator used for external financing.

Turnover for the year ended 31 December 2020 fell by 24.5% due to the carve out and separation of a portion of the marketing business. EBITDA before exceptional items amounted to £14,293,000 (2020: £4,506,000) and further exceptional costs of £6,588,000 were incurred in 2021 (2020: £3,954,000) which primarily related to transition, reorganisation and severance costs following the restructuring of the Williams Lea Tag Group following the acquisition by Advent International on 30 November 2017.

The Company continues to invest in the development of systems and processes to evolve the business to the changing environment of marketing and communication services and remains focused on exceptional delivery service to existing clients and pipeline development for growth opportunities.

Subsequent events

There are no subsequent events to highlight up to the date of signing these financial statements.

Strategic report (continued)

Principal risks and uncertainties

The Company assesses risk at board level and through other operational boards which meet on a regular basis. The principal risks and uncertainties facing the Company are set out below:

General business environment

The business of the Company substantially depends on the financial health of its customers which in turn depends on the global macro-economic environment.

Competition

The Company operates in a competitive environment and all contracts and processes are subject to regular analysis with the aim of retaining existing customers, growing the customer base and optimising the economic performance under customer contracts.

Employees

The hard work, expertise and commitment of its employees are essential to the commercial success of the Company and a high priority is placed on the effectiveness of employment practices and human resource development initiatives.

Financial risk management

The Company's activities expose it to a variety of financial risks including inflation risk, credit risk, contract risk and liquidity risk.

Inflation risk

Inflation arises when goods and services sold by the Company are purchased from external suppliers. These costs are subject to regular review and competitive procurement processes. The majority of the goods and services sold by the Company are provided by its own resources or are bought in from related parties. Where services are bought in, the costs of these are recharged to customers. The Company is partially exposed to commodity price risk as a result of key raw materials historically showing volatility in price. Where possible the Company passes the effects of such volatility on to its customers. Where not possible, this is communicated and the risk assessed by senior management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. Credit risk management follows normal best practice and includes varying levels of credit assessments according to customer size and active credit performance management through key performance indicators such as days' sales outstanding.

Contract risk

Contract risk is the risk of financial loss to the Company arising from contract breach. Contract risk is managed by a formal contract approval processes, active operational management and, to in some cases, certain risks are insured.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, for example through applying cash collection targets.

By order of the Board



G McGaghey
Director

16 December 2022

1-5 Poland Street
London
W1F 8PR

Directors' report

Directors' report for the year ended 31 December 2021

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

Results and dividends

The turnover of the Company for the year was £117,709,000 (2020: £155,882,000). EBITDA for the year before exceptional items amounted to £14,293,000 (2020: £4,506,000) and the profit/loss for the financial year, including exceptional items of £6,588,000 (2020: £3,954,000), total profit of £949,000 (2020: loss of £8,391,000). No dividend was paid nor is recommended by the directors for the year (2020: nil).

The Company had net current assets at the year end of £47,456,000 (2020: £40,459,000) and net assets of £49,181,000 (2020: £48,232,000).

Directors

Unless otherwise indicated, the directors who served during the year and up until the date of approval of this report were as follows:

F Aghoghovbia

D Kassler

G McGaghey

R Hanks (Appointed 28 July 2022)

Subsequent events

Details of subsequent events are provided in the Strategic report.

Going concern

The directors make an estimate of the future performance of the Group and Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors consider financial projections which reflect current expected market conditions, liquidity requirements and opportunities and risks. On the basis of their assessment, the directors are confident that the Group and Company has adequate resources to continue to trade for the foreseeable future, being a period of at least 12 months from the date of approving these financial statements. The Group and Company therefore continue to adopt the going concern as a basis for the preparation of these financial statements. The COVID-19 pandemic has added additional uncertainty and risk to future operations of the Group due to the global footprint of its operations. The impact of and steps taken by the directors to mitigate the impact of the pandemic are set out in the Strategic Report.

Future developments

The directors intend to follow the strategy as set out in the Strategic report to continue to be a global provider of skilled business-critical support services.

Directors' report (continued)

Qualifying third-party indemnities

The directors have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the UK Companies Act 2006. A qualifying third-party indemnity provision was in force during the period and up until the date of approval of the financial statements.

Employees

The Company believes that the wellbeing of its employees and their active participation in two-way communication forums is fundamental to the success of the business. Regular meetings, conference calls and webcasts are held where Company strategy and operational matters are discussed. Training is provided according to structured training and development plans for employees at all levels.

Employee engagement surveys are conducted annually and the most recent one had a higher participation rate than in recent years. The results of the survey are built into communication and consultation plans for each employee or, where more relevant, group of employees.

Full consideration is given to all applications for employment and to treat all staff fairly, regardless of gender, religion, race, age or disability. Where existing employees become disabled, it is the Company's policy, where practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion opportunities to disabled employees.

Senior employees participate directly in the success of the business through the Company's bonus schemes.

Gender diversity information

The Company is committed to providing equal opportunities in employment and eliminating unlawful and unfair discrimination in employment and against clients.

The Company values the differences that a diverse workforce brings to the organisation and will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation (each of these being a "protected characteristic" in discrimination law). It will not discriminate because of any other irrelevant factor and will build a culture that values openness, fairness and transparency.

Donations

During the year, no political donations were made by the Company (2020: £nil). Charitable donations amounted to £nil (2020: £nil).

Branches outside the UK

During the year, the Company operated branches in the following countries:

- Netherlands
- Poland
- Finland
- Sweden
- Spain
- Switzerland
- Turkey
- Saudi Arabia
- United Arab Emirates

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors

For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

By order of the Board



G McGaghey
Director
16 December 2022

1-5 Poland Street
London
W1F 8PR

Balance sheet
At 31 December 2021

	<i>Note</i>	2021	2020
		£000	Restated £000
Fixed assets			
Intangible assets	12	1,149	5,568
Tangible assets	13	1,090	3,377
Investments	14	2,124	2,100
		<u>4,363</u>	<u>11,045</u>
Current assets			
Stocks	15	412	1,584
Debtors	16	208,584	521,879
Cash at bank and in hand		929	3,534
		<u>209,925</u>	<u>526,997</u>
Creditors: amounts falling due within one year	17	(162,469)	(486,448)
Net current assets		<u>47,456</u>	<u>40,549</u>
Total assets less current liabilities		51,819	51,594
Creditors: amounts falling due after more than one year	18	(314)	(1,808)
Provisions for liabilities and charges	19	(2,324)	(1,554)
Net assets		<u>49,181</u>	<u>48,232</u>
Capital and reserves			
Called up share capital	20	500	500
Capital contribution reserve		3,324	3,324
Retained earnings		45,357	44,408
Total equity		<u>49,181</u>	<u>48,232</u>

For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were authorised for issue by the board of directors on 16 December 2022 and were signed on its behalf by:



G McGaghey
Director

Company registered number: 02119266

**Statement of comprehensive income
for the year ended 31 December 2021**

		2021	2020
	<i>Note</i>	£000	Restated £000
Turnover	5	117,709	155,882
<hr/>			
EBITDA before exceptional items		14,293	4,506
Exceptional items	7	(6,588)	(3,954)
Amortisation	8	(4,150)	(3,656)
Depreciation	8	(981)	(1,414)
Amounts written off investments		-	-
<hr/>			
Operating profit/(loss)	6,8	<u>2,575</u>	<u>(4,519)</u>
Interest payable and similar expenses	9	(3,845)	(3,570)
Profit/(loss) before taxation		<u>(1,270)</u>	<u>(8,089)</u>
Tax credit/(charge)	11	2,219	(302)
Profit/(loss) for the financial year		<u>949</u>	<u>(8,391)</u>
Other comprehensive income for the year		-	-
Total comprehensive income/(expense) for the year		<u><u>949</u></u>	<u><u>(8,391)</u></u>

**Statement of changes in equity
for the year ended 31 December 2021**

	Called up share capital £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020**	500	3,324	34,735	38,559
Prior year restatement*	-	-	18,064	18,064
Balance at 1 January 2020 - restated	500	3,324	52,799	56,623
Loss for the financial year	-	-	(8,391)	(8,391)
Total comprehensive expense for the year	-	-	(8,391)	(8,391)
Balance at 31 December 2020	500	3,324	44,408	48,232
Balance at 1 January 2021	500	3,324	44,408	48,232
Profit for the financial year	-	-	949	949
Total comprehensive income for the year	-	-	949	949
Balance at 31 December 2021	500	3,324	45,357	49,181

*2020 opening retained earnings have been restated for an accounting error relating to under-accrued income receivable from group undertakings in 2019 of £18,064,000

**1 January 2020 balance also restated due to tax impacts of the above adjustment

Notes to the financial statements

1. General information

Williams Lea Limited ('the Company') is a marketing and communication supply chain services company for the Williams Lea Tag Group of companies which provides marketing production and skilled business-critical support services worldwide. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 1-5 Poland St, London W1F 8PR.

2. Statement of compliance

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

3. Summary of significant accounting policies

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

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Prior year adjustment

2020 opening retained earnings have been restated for an accounting error relating to under-accrued income receivable from group undertakings in 2019 of £18,064,000. This has also led to prior year adjustments for tax which are reflected in the profit and loss and profit and loss account.

b. Going concern

The directors make an estimate of future performance of the Company in order to prepare the financial statements on a going concern basis. When assessing future performance, the directors consider financial projections which reflect current market conditions, liquidity requirements and opportunities and risks facing the Company. The Company has obtained written confirmation from its parent undertaking AI Wertheimer Holdings Limited that it will provide finance, if required, for a period of at least 12 months from the date of approval of the Company's financial statements in order for the Company to meet its liabilities as they fall due. On this basis, the directors consider that the use of the going concern basis of accounting is appropriate.

c. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48 and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements of AI Wertheimer Holdings Limited;
- from disclosing key management personnel compensation in total, paragraph 33.7; and
- from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, AI Wertheimer Holdings Limited, includes the Company's cash flows in its consolidated financial statements.

Notes to the financial statements (continued)

d. Consolidated financial statements

The Company is a wholly owned subsidiary of Williams Lea Group Limited and its ultimate parent undertaking is AI Wertheimer Holdings Limited. It is included in the consolidated financial statements of AI Wertheimer Holdings Limited which are publicly available.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The intermediate parent undertaking and the largest UK group to consolidate these financial statements is AI Wertheimer Parentco UK Limited. The address of AI Wertheimer Parentco UK Limited is 1-5 Poland Street, London, W1F 8PR.

e. Turnover

Turnover represents amounts receivable primarily for services provided in the UK and overseas net of trade discounts, value added tax, and other sales related taxes. Turnover is recognised when the risks and rewards of ownership have transferred, the Company retains no continuing involvement or control, the amount of turnover can be measured reliably, it is probable that future economic benefits will flow to the entity and when the specific criteria below have been met.

Print management services are generally recognised on despatch of outputs such as printed materials. Where turnover is derived from mailroom services it is normally recognised as a monthly service fee over the length of the contract. Document management services such as copy centres are normally recognised on a "click" charge based on the number of copies made. Special project work is recognised on a percentage completed basis.

Where work is performed on behalf of other group companies, turnover is recognised to the extent to which the Company bears the risks and rewards of the arrangement.

f. Intangible assets

Computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

g. Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation on assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Short leasehold improvements	- over the life of the lease
Plant and machinery	- 3 - 7 years
Computer equipment (disclosed within plant and machinery)	- 1 - 5 years
Fixtures and fittings	- 3 - 10 years

Assets in the course of construction are not depreciated.

Notes to the financial statements (continued)

g. Tangible assets and depreciation (continued)

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

The carrying values of tangible assets are reviewed for impairment by management in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

h. Investments

Investments held in subsidiary companies are held at cost less accumulated impairment losses.

The carrying values of investments are reviewed for impairment by management in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

i. Leased assets

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Finance leased assets

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

j. Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises purchase cost on a weighted average basis.

Work in progress is valued at the lower of the cost, which includes labour and other costs that are directly associated with work carried out to bring the unfinished projects to their current stage of completion, and estimated selling price less costs to complete and sell.

Where necessary, provision is made for obsolete, slow moving and defective inventories.

k. Amounts recoverable on contracts

Direct incremental costs incurred on contracts prior to and during service commencement and reimbursable during the contract are included in amounts recoverable on contracts and amortised over the life of the contract.

Notes to the financial statements (continued)

l. 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 are shown within borrowings in current liabilities.

m. Financial instruments

Financial assets and liabilities

Basic financial assets and liabilities, including trade and other receivables, cash and bank balances, trade and other payables and loans from fellow group companies are recognised at transaction price, unless the arrangement constitutes a financing transaction. The Company currently has no such financing transactions.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

n. Provisions for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular, restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

o. Share capital

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

p. Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Notes to the financial statements (continued)

p. Taxation (continued)

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

q. Foreign currencies

The Company's functional and presentational currency is the pound sterling. 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 exchange 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 the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

r. Pension costs

The Company participates in a retirement savings plan that is funded by the payment of contributions to a separately administered fund. In respect of current service the Scheme operates on a money purchase basis, the contributions for which are charged to the statement of comprehensive income as they are incurred.

s. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items that are material either because of their size or nature, or that are non-recurring and they are disclosed separately within the line items to which they best relate.

t. Dividends

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

u. Related parties

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

Notes to the financial statements (continued)

4. Critical accounting judgments and estimation uncertainty

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

Critical accounting estimates and assumptions

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

(i) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, and economic utilisation of the assets. See note 13 for the carrying amount of intangible assets, and note 3(f) for the useful economic lives for each class of asset.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible assets, and note 3(g) for the useful economic lives for each class of asset.

(iii) Estimation of work in progress

The Company makes an estimate of the recoverable value of work in progress. When assessing the recoverable value of work in progress management considers factors including selling price, the ageing profile and historical experience. See note 13 for the carrying amount of work in progress.

(iv) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

5. Turnover

The Company's turnover of £117,709,000 (2020: £155,882,000) is derived from the provision of marketing and communication supply chain services, and is substantially carried out in the United Kingdom. £40,162,000 (2020: £50,954,000) arose outside the United Kingdom, of which £34,061,000 (2020: £45,100,000) arose in the rest of Europe and £6,101,000 (2020: £5,854,000) in the rest of the world.

6. Operating expenses

Net operating expenses of the Company, including exceptional items (note 7), comprise:

	2021	2020
	£000	£000
Cost of sales	61,573	97,544
Administrative expenses	57,811	73,246
	119,384	170,790

Notes to the financial statements (continued)

7. Exceptional items

Exceptional items included within operating expenses (note 6) are categorised as

	2021 £000	2020 £000
Administrative expenses:		
Cost reduction project	6,588	3,954
	<u>6,588</u>	<u>3,954</u>
	<u>6,588</u>	<u>3,954</u>

Exceptional items were incurred as a result of and subsequent to the restructuring of the Williams Lea Tag Group following the acquisition by Advent International on 30 November 2017.

8. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2021 £000	2020 £000
Wages and salaries	34,201	39,196
Social security costs	3,514	3,715
Other pension costs	991	1,298
Total staff costs	<u>38,706</u>	<u>44,209</u>
(Profit)/loss on disposal of tangible fixed assets	(17,169)	79
Inventory recognised as an expense	61,534	97,450
Operating lease rentals	-	-
Other Financial Charges	1,628	8,272
Foreign exchange losses	-	-
Exceptional administration expenses (note 7)	6,588	3,954
Impairment of investments	-	-
Amortisation	-	3,656
Depreciation	5,130	1,414
Impairment of trade receivables	48	272

9. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group undertakings	4,145	3,338
Other interest payable	(300)	232
	<u>3,845</u>	<u>3,570</u>

Notes to the financial statements (continued)

10. Employees and directors

Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2021 Number	2020 Number
Production	1,276	1,763
Administration	92	71
Selling	14	17
	<u>1,382</u>	<u>1,851</u>

Directors

Directors' remuneration is paid by Wertheimer UK Limited and the Company (one director whose services relate wholly to the Company). However it is not possible to make an accurate apportionment of their remuneration in respect of the Company. Accordingly, these financial statements include no disclosures in respect of directors' remuneration.

Notes to the financial statements (continued)

11. Tax on profit/(loss)

Analysis of credit in year:

	2021 £000	2020 £000 Restated
<i>Current tax</i>		
Adjustments in respect of prior years	-	331
Corporate tax on profits for the period	(1,299)	(186)
Total current tax	<u>(1,299)</u>	<u>145</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(54)	93
Impact of change in tax rates	(488)	144
Adjustments in respect of prior years	(379)	(79)
Rounding	1	(1)
	<u>(920)</u>	<u>157</u>
Tax (credit)/expense to the profit and loss	<u>(2,219)</u>	<u>302</u>

Reconciliation of tax credit

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000 Restated
Profit/(loss) before taxation	<u>(1,270)</u>	<u>(8,088)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(241)	(1,537)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,662	178
Transfer pricing adjustments	-	(1)
Effects of group or other relief	425	
Income not subject to UK tax	(3,342)	-
Movement on deferred tax not provided	1,442	1,649
Impact of change in tax rates	(379)	(79)
Adjustments in respect of prior years	(1,786)	(43)
Fixed asset transfers	-	135
Tax (credit)/expense to the profit and loss	<u>(2,219)</u>	<u>302</u>

Factors that may affect future, current and total tax charges

The UK corporation tax rate is 19% (2020: 19%)

An increase in the corporation tax rate from 19% to 25% (effective from 1 April 2023) was announced in the Chancellor's Budget on 3 March 2021. The rate change was enacted during the accounting period and has been used to value deferred tax assets and liabilities.

Notes to the financial statements (continued)

11. Tax on profit/(loss) (continued)

Deferred tax

A summary of the Company's deferred tax asset is as follows:

	2021 £000	2020 £000 Restated
Accelerated capital allowances	1,460	576
Other timing differences	120	83
R&D expenditure credit	65	65
Trading and other losses	-	-
Net deferred tax asset	<u>1,645</u>	<u>724</u>

Deferred tax is calculated at rates between 17% and 19% (2020: between 17% and 19%).

At 1 January 2021	724	882
Adjustments in respect of prior years	488	(144)
Deferred tax charge to income statement for the period	433	(14)
Movement arising from the transfer of trade	-	-
Charge to tax on profit	-	-
At 31 December 2021	<u>1,645</u>	<u>724</u>

12. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	47,455
Additions	1,586
Disposals	(27,743)
Transfers	(2,524)
Impairment	(218)
At 31 December 2021	<u>18,556</u>
Accumulated amortisation	
At 1 January 2021	41,887
Disposals	(27,346)
Transfers	(1,283)
Charge for period	4,150
At 31 December 2021	<u>17,408</u>
Net book value	
At 31 December 2021	<u>1,148</u>
At 31 December 2020	<u>5,568</u>

There are no individually material intangible assets.

Notes to the financial statements (continued)

13. Tangible assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2021	7,368	30,125	3,150	163	40,806
Additions	-	2,110	-	279	2,389
Transfers	(2,616)	(2,403)	-	(442)	(5,461)
Disposals	(3,072)	(27,596)	(2,914)	-	(33,582)
Impairment	(214)	(1,328)	-	-	(1,542)
At 31 December 2021	1,466	908	236	-	2,610
Accumulated depreciation					
At 1 January 2021	5,620	28,943	2,866	-	37,429
Impairment	-	(572)	-	-	(572)
Transfers	(2,555)	(2,243)	-	-	(4,798)
Charge for period	-	981	-	-	981
Disposals	(2,308)	(26,512)	(2,699)	-	(31,519)
At 31 December 2021	757	597	167	-	1,521
Net book value					
At 31 December 2021	709	313	69	-	1,089
At 31 December 2020	1,748	1,182	284	163	3,377

14. Investments

	Shares in subsidiaries
	£000
Cost	
At 1 January 2021	2,100
Additions	23
At 31 December 2021	2,123
Provisions	
At 1 January 2021	0
Charge for period	-
At 31 December 2021	0
Net book value	
At 31 December 2021	2,123
At 31 December 2020	2,100

The directors believe that the book value of investments is supported by their underlying net assets.

Details of the Company's subsidiary undertakings can be found in note 26.

Notes to the financial statements (continued)

15. Stocks

	2021	2020
	£000	£000
Raw materials and consumables	0	0
Work in progress	230	1,323
Finished goods and goods for resale	182	261
	<u>412</u>	<u>1,584</u>

The difference between purchase price or production cost of inventories and their replacement cost is not material. Inventories are stated after provisions for impairment of £nil (2020 £nil).

16. Debtors

	2021	2020
	£000	*Restated £000
Trade debtors	13,450	41,669
Amounts owed by group undertakings	181,438	470,152
Other debtors	1,767	(5,567)
Corporation tax	1	1
Other taxation and social security	4,813	6,561
Deferred tax	1,644	723
Amounts recoverable on contracts	2,715	4,433
Prepayments and accrued income	2,754	3,907
	<u>208,582</u>	<u>521,879</u>

*2020 amounts owed by group undertakings have been restated for an accounting error relating to under-accrued income receivable of £18,064,000

Trade debtors are stated after provisions for impairment of £314,727 (2020: £447,354).

Amounts owed by group undertakings are unsecured and repayable on demand.

The deferred tax asset is expected to be realised after more than one year.

17. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	12,118	23,022
Amounts owed to group undertakings	128,812	430,452
Taxation and social security	716	7,142
Other creditors	1,098	11,613
Accruals and deferred income	19,725	14,219
Total	<u>162,469</u>	<u>486,448</u>

Notes to the financial statements (continued)

17. Creditors: amounts falling due within one year (continued)

Bank loans and overdrafts are unsecured and repayable on demand. Interest has been borne by another group company under an offset arrangement.

Amounts owed to group undertakings are unsecured and repayable on demand. They include balances on group in-house banking arrangements of £143,872,000 (2020: £396,589,000) which bear interest at an annual rate of 1.2% (2020: 1.20%). All other amounts owed to fellow subsidiary undertakings are interest free.

18. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Accruals and deferred income	314	1,808
	<u>314</u>	<u>1,808</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed repayment date.

19. Provisions for liabilities and charges

	Property £000	Onerous £000
At 1 January 2021	1,070	484
Charge for the year	182	589
Transfer	-	-
At 31 December 2021	<u>1,252</u>	<u>1,073</u>

Property

As part of the Company's property leasing arrangements there is an obligation to restore property to its original condition at the end of the lease. The expected cost is charged to profit and loss at the start of the lease and deferred in its entirety. This deferred expenditure is amortised on a straight-line basis over the term of the lease. The provision is expected to be utilised between 2020 and 2027 as the leases terminate.

20. Share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500</u>	<u>500</u>

The ordinary shares issued by the Company have full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

21. Pension arrangements

The Company operates a defined contribution scheme, the WLT Retirement Plan, the assets of which are held separately from those of the Company and managed by external independent investment managers appointed by the Trustees.

The total defined contribution pension cost for the Company was £991,000 (2020: £1,308,000). There were no prepaid or accrued contributions at 31 December 2021 (2020: £nil).

Notes to the financial statements (continued)

22. Financial commitments

Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2021 £000	2020 £000
Payments due:		
Within one year	741	3,282
Between two and five years	663	10,898
In over five years	-	10,432
	<u>1,404</u>	<u>24,612</u>

Capital commitments

At 31 December 2021, the Company had no committed capital expenditure (2020: £nil).

23. Contingent liabilities

For Value Added Tax (VAT) purposes, the Company is grouped with other undertakings in a VAT group; under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue and Customs.

24. Related parties

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the group.

25. Parent undertaking and controlling party

Williams Lea Group Limited is the Company's immediate parent undertaking. AI Wertheimer Parentco UK Limited is the parent undertaking of the largest UK group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the group financial statements of AI Wertheimer Parentco UK Limited can be obtained from 1-5 Poland Street, London W1F 8PR.

The directors regard the ultimate controlling party as GPE VIII funds managed by Advent International Corporation.

Notes to the financial statements (continued)

26. Subsidiary undertakings

Name	Address of the registered office	Interest	Nature of business
Williams Lea Finland Oy	c/o Revico Grant, Thornton Oy, Paciusgatan 27, Helsinki, 00271, Finland	100%	Dormant
Williams Lea France SAS	122 rue Amelot 75011 Paris France	100%	Marketing and communication supply chain services
Williams Lea Germany GmbH	Opernplatz XIV, 60313, Frankfurt am Main, Hesse, Germany	100%	Marketing and communication supply chain services
Williams Lea Ireland Limited	Ground Floor, 71 Lower Baggot Street, Dublin D02 P593, Ireland	100%	Marketing and communication supply chain services
Williams Lea Sweden AB	c/o Lindebergs Grant Thornton AB, Att: Lena Douhan, Box: 547, 61110 Nyköping, Sweden	100%	Non-trading In liquidation