

Registered number: 01244084

THE CREATIVE ENGAGEMENT GROUP LIMITED
UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



THE CREATIVE ENGAGEMENT GROUP LIMITED

COMPANY INFORMATION

Directors

N G Jones
R J Lidstone
M Morrow
D M Sharrock

Registered number

01244084

Registered office

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THE CREATIVE ENGAGEMENT GROUP LIMITED

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THE CREATIVE ENGAGEMENT GROUP LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The Directors present their report and the financial statements for the year ended 31 December 2019.

Business review

The Company provides the creation and delivery of marketing and live communication and is expected to continue to do so in the foreseeable future.

The Company is a subsidiary of Huntsworth Ltd, previously Huntsworth plc (refer to Post balance sheet events note), for which the key performance indicators have been identified as revenue and profit before tax growth.

The Company's revenue has decreased in the year by £1,038,522 to £16,430,262. The operating margin is - 1.2% (2018: 5.3%). Net assets have decreased by £193,344 to £1,890,933 in the year.

The Directors aim to maintain the management policies that have been applied to the Company in the period.

Effective 31 December 2019 the trade and assets of the The Moment Content Company Limited and Just Communicate Limited (other group entities) were sold to The Creative Engagement Group Limited, at net book value.

Principal risks and uncertainties

The ultimate parent of the Company reviews the principal risks and uncertainties facing the Group and individual companies. The Company's key risks and uncertainties are identified as: economic downturn; political instability; currency risk; service offering fails to evolve to meet changing market needs; client dissatisfaction and loss of key clients; loss of key talent; poor profitability; information systems access and security; unethical business practices and legal and regulatory compliance.

This report was approved by the board on 15th December 2020 and signed on its behalf.



D M Sharrock
Director

THE CREATIVE ENGAGEMENT GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £218,644 (2018 - profit £840,804).

The Directors did not recommend the payment of a dividend in the year (2018: nil).

Directors

The Directors who served during the year were:

N G Jones
R J Lidstone
M Morrow
D M Sharrock

Future developments

The Directors expect that the company will continue with its existing operations for the foreseeable future.

Post balance sheet events

After the year end, on 1 May 2020, the Company's ultimate parent undertaking was acquired by Clayton, Dubilier & Rice Holdings, LLC. The ultimate parent undertaking was subsequently delisted and changed its name to Huntsworth Ltd. The company is no longer party to the Group's multi-currency loan facility as this was settled as part of the acquisition.

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, the most significant of which were safety and health measures whereby our people have been largely working from home. Due to the nature of our business we have been able to fully service our clients. We have experienced a decline in demand for our services however this has not affected the ability of the Company to continue as a going concern.

The impact on our business and 2020 results has been significant however we have taken actions to minimise this and the result have improved in the second half of 2020. Based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

This report was approved by the board on 15th December 2020

and signed on its behalf.



D M Sharrock
Director

THE CREATIVE ENGAGEMENT GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

THE CREATIVE ENGAGEMENT GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	59,437,489	60,245,640
Cost of sales		(43,007,227)	(42,776,856)
Revenue		16,430,262	17,468,784
Administrative expenses		(16,493,379)	(16,319,405)
Exceptional expenses		(140,085)	(230,938)
Operating (loss)/profit	5	(203,202)	918,441
Interest receivable and similar income	9	4,336	5,619
Interest payable and similar expenses	10	(38,949)	(2,243)
(Loss)/profit before tax		(237,815)	921,817
Tax on (loss)/profit	11	19,171	(81,013)
(Loss)/profit for the year		(218,644)	840,804

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 8 to 33 form part of these financial statements.

THE CREATIVE ENGAGEMENT GROUP LIMITED
REGISTERED NUMBER: 01244084

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Tangible assets	13	2,327,475	510,375
Investments	14	1,892,027	1,856,843
		<u>4,219,502</u>	<u>2,367,218</u>
Current assets			
Work in progress	15	434,987	1,695,757
Debtors: amounts falling due within one year	16	13,380,141	12,319,520
Cash at bank and in hand	17	18,514	4,355,918
		<u>13,833,642</u>	<u>18,371,195</u>
Creditors: amounts falling due within one year	18	(14,698,212)	(18,250,549)
Net current (liabilities)/assets		<u>(864,570)</u>	120,646
Total assets less current liabilities		<u>3,354,932</u>	<u>2,487,864</u>
Creditors: amounts falling due after more than one year	19	(846,595)	(114,683)
		<u>2,508,337</u>	<u>2,373,181</u>
Provisions for liabilities			
Property provisions	22	(617,404)	(288,904)
Net assets		<u><u>1,890,933</u></u>	<u><u>2,084,277</u></u>

THE CREATIVE ENGAGEMENT GROUP LIMITED
REGISTERED NUMBER: 01244084

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	23	361	361
Share premium account	24	100,000	100,000
Profit and loss account	24	1,790,572	1,983,916
		<u>1,890,933</u>	<u>2,084,277</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15th December 2020.



D M Sharrock
Director

The notes on pages 8 to 33 form part of these financial statements.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	361	100,000	1,983,916	2,084,277
Comprehensive income for the year				
Loss for the year	-	-	(218,644)	(218,644)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(218,644)	(218,644)
Charge for share-based payments	-	-	25,300	25,300
Total transactions with owners	-	-	25,300	25,300
At 31 December 2019	361	100,000	1,790,572	1,890,933

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2015	361	100,000	1,096,481	1,196,842
Comprehensive income for the year				
Profit for the year	-	-	840,804	840,804
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	840,804	840,804
Charge for share based payments	-	-	46,631	46,631
Total transactions with owners	-	-	46,631	46,631
At 31 December 2018	361	100,000	1,983,916	2,084,277

The notes on pages 8 to 33 form part of these financial statements.

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The Creative Engagement Group Limited f.k.a WRG Creative Communication Limited ('the Company') provides the creation and delivery of marketing and live communication. The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 29.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with Huntsworth plc and fellow subsidiaries.

On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Neither the acquisition of Huntsworth plc on 1 May 2020 nor the COVID-19 pandemic (refer to post balance sheet events note) has affected the treasury and banking arrangements and has had no effect on the going concern assessment.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

- the Company has not reassessed contracts that were not identified as leases under IAS 17 and IFRIC 4 to determine whether these is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after 1 January 2019.
- for leases previously classified as operating leases under IAS 17 -
- the Company has applied a single discount rate to a portfolio of leases with similar characteristics.
- the Company has adjusted the right-of-use assets by the amount of IAS 37 onerous contract provisions immediately before the date of initial application, as an alternative to an impairment review.
- the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
- the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Balance sheet (extract)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Fixed assets			
Tangible assets	510,375	539,178	1,049,553
	-	539,178	539,178
Current assets			
Total current assets	-	-	-
Creditors: amounts falling due within one year	(18,250,549)	(87,950)	(18,338,499)
Total assets less current liabilities	-	451,228	451,228
Creditors: amounts falling due after more than one year	(114,683)	(542,374)	(657,057)

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

Balance sheet (extract) (continued)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Net assets	-	(91,146)	(91,146)
Capital and reserves	-	-	-

Right-of use-asset: The recognition of the right-of-use asset relates solely to the recognition of operating leases, no reclassifications for finance leases were required.

Lease liability: The adjustment includes lease liabilities in relation to newly recognised right-of-use assets.

The following reconciles the minimum lease commitments disclosed in the Company's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019:

Minimum operating lease commitment at 31 December 2018:	£747,062
Less: effect of discounting using incremental borrowing rate at date of initial application: (£116,738)	
Lease liability as at 1 January 2019:	£630,324

There was no adjustment to retained earnings at 1 January 2019.

The incremental borrowing rate applied as at 1 January 2019 was 3.05%.

2.5 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Revenue

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

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Turnover comprises charges for fees, commissions, rechargeable expenses incurred on behalf of clients and sales of marketing products. Revenue is turnover less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark ups on rechargeable expenses and marketing products.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. [Provide an explanation how the incremental borrowing rate is determined].

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Leases (continued)

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.8 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

L/Term Leasehold Property	-
Short Term Leasehold Property	- 25% straight line
Fixtures & fittings	- 20% straight line
Computer equipment	- 25% straight line

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

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

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Work in progress

Work in progress is stated at the lower of cost and net realisable value, and consists of third party costs incurred on behalf of clients which have still to be recharged.

2.11 Debtors

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

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

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

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

2.15 Finance costs

Finance costs are charged to profit or loss 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.

2.16 Dividends

2.17 Share based payments

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

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Interest income

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

2.20 Provisions for liabilities

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

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

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

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

In the application of the Company's accounting policies, the Directors are required to make judgements and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Revenue Recognition

The Company recognises revenue on projects based on the proportion of work completed at the balance sheet date. Judgement is required in assessing the fair value of the proportion of work completed and hence the appropriate value of revenue to be recognised in the year. Management make this judgement using estimates of expected hours required to complete the project against the budget, alongside any milestones set out in the contract.

Carrying value of investments

The Company tests annually whether investments have suffered any impairment. The recoverable amounts of investments have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	37,928,910	38,685,193
Rest of Europe	7,164,822	21,056,317
Rest of the world	14,343,757	504,130
	<u>59,437,489</u>	<u>60,245,640</u>

Timing of revenue recognition:

	2019 £	2018 £
Goods and services transferred over time	59,437,489	60,245,640
	<u>59,437,489</u>	<u>60,245,640</u>

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	476,375	196,811
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	27,212	-
Exchange differences	48,075	44,192
Other operating lease rentals	41,912	426,967
	493,574	1,068,070

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	27,212	-
	27,212	-

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2019 £	2018 £
Wages and salaries	8,917,645	7,853,213
Social security costs	971,925	926,601
Cost of defined contribution scheme	246,216	131,209
	10,135,786	8,911,023

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Creative and Productions	169	158
Administrative and Directors	36	22
	205	180

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	454,937	399,733
Company contributions to defined contribution pension schemes	15,168	15,168
	<u>470,105</u>	<u>414,901</u>

During the year retirement benefits were accruing to no Directors (2018 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £296,250 (2018 - £242,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,584 (2018 - £7,584).

9. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	4,336	5,619
	<u>4,336</u>	<u>5,619</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	18,483	2,243
Finance leases and hire purchase contracts	1,258	-
Interest on lease liabilities (IFRS 16)	19,208	-
	<u>38,949</u>	<u>2,243</u>

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on losses for the period	(12,090)	183,564
Adjustments in respect of previous periods	(18,416)	(104,100)
Total current tax	<u>(30,506)</u>	<u>79,464</u>
Deferred tax		
Origination and reversal of timing differences	(3,182)	11,538
Changes to tax rates	12,517	-
Adjustment in respect of prior period	2,000	(9,989)
Total deferred tax	<u>11,335</u>	<u>1,549</u>
Taxation on (loss)/profit on ordinary activities	<u>(19,171)</u>	<u>81,013</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>(237,815)</u>	<u>921,817</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(45,185)	175,145
Effects of:		
Expenses not deductible for tax purposes	25,106	71,106
Adjustments to tax charge in respect of prior periods	(16,416)	(114,089)
Recognition and utilisation of tax losses	12,517	(60,009)
Impact of share based remuneration	4,807	8,860
Total tax charge / (credit) for the period	<u>(19,171)</u>	<u>81,013</u>

Factors that may affect future tax charges

The UK Government has enacted a reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. The impact of this change is incorporated in the deferred tax numbers reported.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Exceptional items

	2019 £	2018 £
Write downs in investments and amounts due from subsidiaries	-	244,282
Acquisition costs	30,407	8,535
Reorganisation and restructuring (credit) / costs	109,678	(21,879)
	140,085	230,938

Acquisition costs relate to costs incurred on acquisitions of another entity within the Group. Reorganisation costs included expenses incurred as a result of the change of ownership of the Company from prior periods.

13. Tangible fixed assets

	Right-of-use assets £	S/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £
Cost or valuation					
At 1 January 2019	-	510,843	-	407,227	1,082,341
Impact of change in accounting policy	539,178	-	-	-	-
At 1 January 2019 (adjusted balance)	539,178	510,843	-	407,227	1,082,341
Additions	145,313	601,214	-	76,945	246,133
Transfers intra group	603,480	193,894	10,000	-	-
Disposals	-	(26,967)	-	426	-
Transfers between classes	-	-	-	325,271	227,972
At 31 December 2019	1,287,971	1,278,984	10,000	809,869	1,556,446
Depreciation					
At 1 January 2019	-	449,308	-	306,356	734,372
Charge for the year on owned assets	160,077	113,616	-	34,988	167,694
Transfers intra group	95,839	89,083	9,513	-	-
Disposals	-	(11,241)	-	(718)	-
Transfers between classes	-	-	-	277,784	189,124
At 31 December 2019	255,916	640,766	9,513	618,410	1,091,190

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets (continued)

Net book value

At 31 December 2019	<u>1,032,055</u>	<u>638,218</u>	<u>487</u>	<u>191,459</u>	<u>465,256</u>
<i>At 31 December 2018</i>	<u>-</u>	<u>61,535</u>	<u>-</u>	<u>100,871</u>	<u>347,969</u>

**Total
£**

Cost or valuation

At 1 January 2019	2,000,411
Impact of change in accounting policy	<u>539,178</u>
At 1 January 2019 (adjusted balance)	2,539,589
Additions	1,069,605
Transfers intra group	807,374
Disposals	(26,541)
Transfers between classes	553,243
At 31 December 2019	<u>4,943,270</u>

Depreciation

At 1 January 2019	1,490,036
Charge for the year on owned assets	476,375
Transfers intra group	194,435
Disposals	(11,959)
Transfers between classes	466,908
At 31 December 2019	<u>2,615,795</u>

Net book value

At 31 December 2019	<u>2,327,475</u>
<i>At 31 December 2018</i>	<u>510,375</u>

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance sheet is as follows:

	2019 £
Tangible fixed assets owned	1,295,420
Right-of-use tangible fixed assets	1,032,055
	<u>2,327,475</u>

Information about right-of-use assets is summarised below:

Net book value

	2019 £
Right-of-use assets - buildings	1,032,055
	<u>1,032,055</u>

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	1,856,843
Additions	35,184
At 31 December 2019	<u>1,892,027</u>

Deferred consideration payable was adjusted by £35,184 to reflect the fair value of the amount payable at 31 December 2019.

15. Work in progress

	2019 £	2018 £
Work in progress	434,987	1,695,757
	<u>434,987</u>	<u>1,695,757</u>

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments (continued)

16. Debtors

	2019 £	2018 £
Trade debtors	3,655,252	6,727,181
Amounts owed by group undertakings	6,725,067	2,823,180
Other debtors	337,714	381,125
Prepayments and accrued income	2,555,712	2,337,224
Deferred taxation	106,396	50,810
	13,380,141	12,319,520
	13,380,141	12,319,520

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	18,514	4,355,918
Less: bank overdrafts	(1,402,795)	-
	(1,384,281)	4,355,918
	(1,384,281)	4,355,918

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	1,402,795	-
Trade creditors	2,647,283	5,587,755
Amounts owed to group undertakings	3,619,717	5,940,237
Corporation tax	-	89,093
Other taxation and social security	646,931	292,023
Lease Liability	328,710	-
Other creditors	270,064	615,238
Accruals and deferred income	5,782,712	5,726,203
	14,698,212	18,250,549
	14,698,212	18,250,549

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments (continued)

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

	2019 £	2018 £
Lease Liability	846,595	-
Other creditors	-	114,683
	<u>846,595</u>	<u>114,683</u>

20. Leases

Company as a lessee

The company has several offices across the UK. The amounts recognised in respect of these leases in the financial statements are as follows:

Lease liabilities are due as follows:

	2019 £
Not later than one year	328,710
Between one year and five years	846,595
	<u>1,175,305</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2019 £
Interest expense on lease liabilities	<u>19,208</u>

21. Deferred taxation

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments (continued)

21. Deferred taxation (continued)

	2019 £	2018 £
At beginning of year	50,810	52,359
(Charge)/credit to the profit or loss	(11,335)	(1,549)
Intra-group transfer	66,921	-
At end of year	106,396	50,810

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	106,396	50,810
	106,396	50,810

THE CREATIVE ENGAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Fixed asset investments (continued)

22. Provisions

	Property £
At 1 January 2019	288,904
Charged to profit or loss	364,000
Arising on business combinations	14,500
Utilised in year	(50,000)
At 31 December 2019	617,404

Property provision

The Company provides for amounts payable, under the terms of lease agreements for premises, to restore premises to their original condition at the end of each lease. The total liability is estimated at the outset of each lease and is charged to the profit and loss account as the liability is incurred.

23. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
361 (2018 - 361) Ordinary shares of £1.00 each	361	361

24. Reserves

Share premium account

The share premium account is used to record the premium on shares issued. It is calculated as the amount paid over the par value of shares issued.

Profit & loss account

Includes all current and prior period retained profits and losses.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments (continued)

25. Share based payments

The employees of the Company participate in a share based remuneration scheme operated by Huntsworth plc, the ultimate parent undertaking. The details of this share option scheme is summarised below:

Scheme:	The Huntsworth Long Term Incentive Plan 2016
Length of share option:	10 years
Exercise period:	March 2021 to May 2019
Exercise price (p):	£NIL
Exercise conditions:	Divisional revenue and operating profit margin

	Weighted average exercise price (pence) 2019	Number 2019	<i>Weighted average exercise price (pence) 2018</i>	<i>Number 2018</i>
Outstanding at the beginning of the year	-	302,833	-	302,833
Granted during the year	-	168,645	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	471,478	-	302,833

No share options were exercisable at 31 December 2019.

26. Contingent liabilities

The Company is a party to the Group's multi-currency facility with Lloyds Bank plc, HSBC UK Bank plc, The Governor and Company of the Bank of Ireland and Santander UK plc, which the Company entered into through cross guarantee and indemnity arrangements. As at 31 December 2019 the Group had available a £130 million multi-currency revolving credit facility with a £50 million accordion option, committed until March 2023, together with a £5 million uncommitted overdraft and a \$10 million uncommitted overdraft. This facility was settled after the year end.

The Company is registered with HM Revenue & Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date the outstanding VAT group liability was £1.3 million (2018: £1.1 million).

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments (continued)

27. Post balance sheet events

After the year end, on 1 May 2020, the Company's ultimate parent undertaking was acquired by Clayton, Dubilier & Rice Holdings, LLC. The ultimate parent undertaking was subsequently delisted and changed its name to Huntsworth Ltd. The company is no longer party to the Group's multi-currency loan facility as this was settled as part of the acquisition.

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, the most significant of which were safety and health measures whereby our people have been largely working from home. Due to the nature of our business we have been able to fully service our clients. We have experienced a decline in demand for our services however this has not affected the ability of the Company to continue as a going concern.

The impact on our business and 2020 results has been significant however we have taken actions to minimise this and the result have improved in the second half of 2020. Based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

28. Controlling party

The Company's immediate parent undertaking is WRG Group Limited. The Company's ultimate parent undertaking and controlling party is Huntsworth plc at 31 December 2019. Huntsworth plc was the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 December 2019. Copies of Huntsworth plc's 2019 consolidated financial statements, which include the Company, are available from its registered office at 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN. The ultimate controlling party following the acquisition of Huntsworth plc is Clayton, Dubilier & Rice Holdings, LLC.

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Just Communicate Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	Ordinary	100%
WRG Creative Communication Inc	2711 Centreville Road, Suit 400, City of Wilmington 19808, County of New Castle, United States	Ordinary	100%
WRG Public Events Limited	8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN	Ordinary	100%

THE CREATIVE ENGAGEMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.