VCCP Group LLP

Annual report and financial statements

for the year ended 31 December 2021

Registered number: OC370529

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COMPANIES HOUSE

VCCP Group LLP

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Officers and professional advisors

Designated members

A M Coleman
VCCP Holdings Limited
M J Frost
C A B Vallance

Registered Office

PO Box 70693
10a Greencoat Place
London
United Kingdom
SW1P 9ZP

Auditor

KPMG LLP
Statutory Auditor
15 Canada Square
Canary Wharf
London
United Kingdom
E14 5GL

Bankers

Royal Bank of Scotland
250 Regent Street
London
W1B 3BN

VCCP Group LLP

Members' Report

The members present their annual report and the audited financial statements for the year ended 31 December 2021.

Firm Structure

VCCP Group LLP ("VCCP") is a Limited Liability Partnership under the Limited Liability Partnerships Act 2000 registered in the United Kingdom.

Principal activity

VCCP is principally engaged in acting as an integrated creative services agency and it is the intention of the members that it should continue to do so. There were no significant changes in these activities during the year. The members do not anticipate any major changes in the foreseeable future.

Review of the business

VCCP's Income Statement is set out on page 15 and shows a profit on ordinary activities before members' remuneration for the year ended 31 December 2021 of £17,863,250 (2020: £15,309,340).

VCCP has performed well in 2021. While the effects of the Covid-19 pandemic continued to be felt during that year, VCCP experienced a strong uplift in trading to near pre-pandemic levels. In addition, conversion of EBITDA to cash was good, resulting in a strong year-end liquidity position. VCCP expects continued improvements in EBITDA during 2022.

In response to the Covid-19 pandemic, VCCP made a number of cost reductions during 2020 and 2021, to right-size the business. This provided a solid base from which to invest, as trading conditions improved during 2021. Some of the cost savings are permanent in nature; for example property, where VCCP has adopted a hybrid working policy.

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000), who served during the year and to the date of signing were as follows:

A M Coleman
VCCP Holdings Limited
M J Frost
C A B Vallance

VCCP Group LLP

Members' Report (continued)

Members' drawings and the subscription and repayment of members' capital

The amount of profit to be distributed to members is determined by the members' agreement, details of which are set out in note 1(q).

The policy for members' drawings is the payment of a monthly amount out of each member's profit share. These monthly drawings are determined by the Management Board, taking into account the need to retain sufficient funds to finance the working capital and other needs of the business.

All members are equity members and subscribe to the entire capital of VCCP. Each member's capital is linked to his or her share of profit and repaid in full on retirement.

Members' indemnities

As at the date of this report, indemnities are in force under which VCCP has agreed to indemnify the members, to the extent permitted by law and VCCP's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as members of VCCP. Chime Group Holdings Ltd ("Chime"), the ultimate holding company, has purchased and maintains members' and officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its members or officers in the execution of their duties, on behalf of VCCP.

Financial Risk management, Objectives and Policies

The members consider the principal risks and uncertainties facing VCCP to be consistent with those reported within the Annual Report of the parent undertaking, Chime, which is publicly available (please refer to note 18). In addition to the general economic and competitive risks affecting the business, the members consider that the principal risks impacting VCCP are credit risk, currency risk and liquidity risk. The policies for managing these risks are reviewed and agreed annually by Chime.

Credit risk: VCCP's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. A provision is made for known and, based on previous experience, expected bad debts. The credit worthiness of customers is assessed and monitored on an ongoing basis. If necessary, credit insurance or payments in advance are sought. Debtors are reviewed regularly as part of financial management reviews. Where deemed necessary, finance managers will review any proposal for further commitments to a client where payments are outstanding. Where costs are incurred on behalf of clients, VCCP seeks to have these pre-funded by the client to minimise any risk to related work in progress exposure.

Currency risk: Fluctuations in exchange rates between currencies, in which VCCP operates, relative to pounds sterling, may cause fluctuations in its financial results. The main foreign currencies which impact VCCP's operations are the Euro and US Dollar. Client and supplier contracts are, where possible, denominated in local currency to alleviate risk. Additionally, supply and delivery contracts are, where possible, agreed in the same currency to minimise foreign exchange losses on a particular project. Where material client contracts exist not in the currency of the agency entity providing the service, foreign exchange forward contracts are considered and, if appropriate, put in place. Assessments of the impact of significant fluctuations in exchange rates of the main foreign currencies used by Chime are regularly performed and monitored centrally.

Members' Report (continued)

Liquidity risk: VCCP, together with the ultimate parent company and certain other companies in the Chime Group Holdings Limited group ("Chime"), has given an unlimited cross-guarantee in favour of its bankers. VCCP operates under Chime's banking facility.

Chime has a committed facility of £237.3m (2020: £251.2m) with a syndicate of banks. £34.2m matures in August 2023 and £203.1m matures in August 2024. Chime manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2021, Chime had borrowings net of cash of £169.5m (2020: £199.1m) and the undrawn committed facility was £25m (2020: £25m).

Cash flow movements are monitored to ensure that sufficient financial resources are available. VCCP has seen an increase in client pressure to extend credit terms and the resulting terms are closely monitored.

Fair values of financial assets and financial liabilities: At 31 December 2021 there was no material difference between the fair value of financial assets and financial liabilities and their book value. All monetary assets and liabilities are denominated in the same currency as the functional currency of the operations involved.

Client retention: VCCP competes for clients in a highly competitive industry. VCCP manages this risk by providing added value services to its clients and by maintaining strong client relationships.

Client concentration: VCCP continues to maintain strong relationships with key clients and seeks to establish reputations in the industry that will attract and retain further key clients and talent.

Employees: Retention of employees is considered to be a key priority.

Brexit: Brexit has been removed as a principal risk as the impacts on the trading environment have either been managed or have not been material.

Creditor payment terms

VCCP's policy on suppliers is that they will be paid in accordance with agreed terms and conditions of trade on a regular basis. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to trade payables at the year-end 31 December 2021 as a proportion of the amounts invoiced by suppliers during the year, was 32 days in aggregate (2020: 62 days).

Employee involvement

VCCP places considerable value on the involvement of its employees and has continued to keep them informed and, where appropriate consult with them on matters affecting them as employees and on the various factors affecting the performance of VCCP. This is achieved principally via e-mails and formal and informal functions.

VCCP believes in an equality of opportunity for all employees based on merit and that no employee or job applicant should receive less favourable treatment on the grounds of: age, sex, marital status, disability, colour, race, religion, nationality or ethnic origin.

Employment of disabled persons

VCCP gives full and fair consideration to all applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Opportunities for training, career development and promotion do not disadvantage these employees or any members of staff who become disabled during their time with us.

VCCP Group LLP

Members' Report (continued)

Going concern

The financial statements have been prepared on a going concern basis which the Members consider to be appropriate for the reasons set out below.

The Members have prepared cash flow forecasts for a period to 31 December 2023 which indicate that, taking account of reasonably possible downsides, including the potential impact of COVID-19 on the operations and its financial resources, VCCP will have sufficient funds to meet its liabilities as they fall due for that period. In forming this opinion, the members have used VCCP's budgets and forecasts for that period as the base case. The base case shows that VCCP will continue to have a strong cash and liquidity position.

In addition, VCCP has modelled a reasonable but severe downside scenario arising from currently unforeseen events, including a re-instatement of COVID-19 lockdowns in the Q1 2023. Such a reasonable but severe downside shows that VCCP will again continue to have adequate liquidity. In this reasonable but severe downside scenario the projections include mitigating actions that would be taken to limit the financial impact. Such financial actions include reductions in variable personnel costs including bonuses, salary increases and number of freelancers; reducing the assumption in respect of the number of new hires and related recruitment costs; and a reduction in Travel and Entertaining expenditure.

VCCP together with the ultimate parent company and certain other companies in the Group, has given an ultimate cross-guarantee in favour of its banks. VCCP operates under the Group's banking facility and hence its going concern is intrinsically linked to that of the Group.

To give further assurance over the going concern assumption, VCCP modelled the level of reduction in Operating Income and EBITDA that would be necessary to result in a breach of covenants contained in the senior debt agreement. Such a reduction is significantly beyond VCCP's reasonable but severe case. In addition, even in this scenario VCCP retains adequate liquidity and therefore would seek a temporary covenant adjustment. At 31 December 2021, Chime had liquidity (cash plus undrawn committed debt facilities) of £81.4m and covenant headroom of 35%. Since the year end liquidity and leverage have improved and are expected to improve further during 2022.

Please see note 1 for further details.

Members' Report (continued)

Environmental matters

We acknowledge that our customers, staff and other stakeholders have an interest in our impact on the environment and, therefore, we have committed to monitor and improve our environmental performance where possible.

We deliver services to clients based on image, ideas, research and content execution. We regularly incorporate our environmental performance in business credentials presentations (including new business pitches) to clients, as we believe this is an important consideration when evaluating our approach to responsible and ethical trading.

Chime has strived to continually reduce its carbon footprint on a normalised basis since 2006. They are participants in the UK CDP Climate Change programme, and have been calculating their UK carbon footprint since 2012.

Chime calculated its carbon footprint using the UK Government Environmental Reporting Guidelines and the latest UK Government Conversion Factors for Company Reporting to estimate GHG emissions for the period under review. The boundary of Chime's carbon footprint includes Global and UK operations over which they have direct operational control. The Board at Chime receives regular updates on the work in this area as part of governance reports.

VCCP Group LLP meets the definition of a "large" undertaking under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and is therefore required to report its annual emissions and an intensity ratio in the Members' Report. However, as a subsidiary undertaking of Chime Group Holdings Limited, this requirement has been met by the disclosures made by that entity in respect of the Group of which VCCP Group LLP is a subsidiary. Details may be found in the Directors Report of the 2021 Annual Report of Chime Group Holdings Limited (company number: 09702342).

Coronavirus - COVID-19

While the business has adapted to the challenges posed by the Covid-19 pandemic over the last two years, there is still the potential for a new, more severe, strain to emerge, which might see the reintroduction of social distancing measures – impacting upon the VCCP's business.

VCCP continues to monitor its operations to ensure that it remains compliant with all applicable laws and regulations relating to the coronavirus pandemic.

VCCP has adopted flexible working arrangements for most employees within its agencies, and ensures that remote working arrangements are in place, where possible.

VCCP continues to offer services to clients that enable clients to engage with customers remotely, and has developed solutions to expand its digital offering alongside more traditional forms of engagement.

VCCP works with clients to ensure contingency plans are in place, particularly for large-scale events.

VCCP Group LLP

Members' Report (continued)

Disclosure of other information to the auditor

In the case of each of the persons who are members of VCCP at the date when this report is approved:

- so far as each of the members is aware, there is no relevant audit information of which VCCP's auditor is unaware; and

- each of the members has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that VCCP's auditor is aware of that information.

Approved by the members and signed on their behalf by:

M Frost
Designated Member
27th April 2022

Registered Office:

PO Box 70693
10a Greencoat Place
London
United Kingdom
SW1P 9ZP

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of VCCP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess VCCP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate VCCP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain VCCP's transactions and disclose with reasonable accuracy at any time the financial position of VCCP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of VCCP and to prevent and detect fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on VCCP's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent Auditor's Report to the Members of VCCP Group LLP

Opinion

We have audited the financial statements of VCCP Group LLP ("VCCP") for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet and Statement of changes in Members' interests and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of VCCP as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of VCCP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the LLP or to cease its operations, and as they have concluded that the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the members' conclusions, we considered the inherent risks to the LLP's business model and analysed how those risks might affect the LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the LLP will continue in operation.

KPMG

Independent Auditor's Report to the Members of VCCP Group LLP (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of members, the audit committee and inspection of policy documentation as to the Chime high-level policies and procedures to prevent and detect fraud and Chime's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- reading Board minutes.
- considering remuneration incentive schemes and performance targets.
- using analytical procedures to identify any usual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that project and revenue from retainership is recorded in the wrong period and the risk that the management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as recoverability of WIP and accrued income, valuation of goodwill and intangibles, valuation of trade receivables and acquisition and disposal of subsidiaries accounting.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Chime wide fraud risk management controls. We also performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by specific users, those posted to unusual accounts, post close entries, unusual entries to cash account.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management, and from inspection of VCCP's regulatory and legal correspondence and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

KPMG

Independent Auditor's Report to the Members of VCCP Group LLP (continued)

VCCP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Firstly, VCCP is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Secondly, VCCP is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law, recognising the nature of VCCP's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

KPMG

Independent Auditor's Report to the Members of VCCP Group LLP (continued)

Members' responsibilities

As explained more fully in their statement set out on page 10, the members are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing VCCP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate VCCP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the members of VCCP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to VCCP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than VCCP and VCCP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

P Barron

Paul Barron (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28th April 2022

VCCP Group LLP

Income Statement
For the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue	3	192,582,162	129,732,059
Cost of sales		(123,563,242)	(71,841,998)
Operating income		**69,018,920**	**57,890,061**
Administrative expenses - other	4	(51,009,397)	(41,728,278)
Administrative income/(expenses) - deemed remuneration	4	165,727	(75,316)
Operating profit		**18,175,250**	**16,086,467**
Finance income	7	320,524	53,923
Finance cost	7	(632,524)	(831,050)
Profit on ordinary activities before members' remuneration and profit shares		**17,863,250**	**15,309,340**
Members' remuneration charged as an expense			
Individual members		(5,681,444)	(5,010,142)
Corporate members		(12,181,806)	(10,299,198)
Result for the financial year available for discretionary division among members	6	-	-

The notes on pages 20 to 35 form an integral part of these financial statements.

All operations are related to continued operations.

VCCP Group LLP

Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Intangible assets	8	2,044,799	2,006,505
Property, plant and equipment	9	6,813,463	14,285,343
Investment in subsidiary	10	1	1
		8,858,263	16,291,849
Current assets			
Work in progress	11	820,072	578,437
Trade and other receivables	12	95,641,828	66,437,602
Cash and cash equivalents		22,642,974	24,100,980
		119,104,874	91,117,019
Total assets		**127,963,137**	**107,408,868**
Current liabilities			
Trade and other payables	13	(66,899,618)	(51,170,091)
Other borrowings	14	(2,593,170)	(2,621,556)
		(69,492,788)	(53,791,647)
Net current assets		49,612,086	37,325,372
Total assets less current liabilities		58,470,349	53,617,221
Non-current liabilities			
Other borrowings	14	(7,818,683)	(11,963,427)
Net assets attributable to members		**50,651,666**	**41,653,794**

Balance Sheet (continued)
As at 31 December 2021

		2021	2020
		£	£
Represented by:			
Loans and other debts due to members within one year:			
Members' capital classified as a liability		4,525,553	4,528,118
Other amounts		46,126,113	37,125,676
Net assets attributable to members		**50,651,666**	**41,653,794**
Amounts due from members	12	(43,588,571)	-
Total members' interests		**7,063,095**	**41,653,794**

The notes on pages 20 to 35 form an integral part of these financial statements.

These financial statements of VCCP Group LLP, (registered number OC370529) were approved by the members on 27th April 2022.

Signed on behalf of the Members

M Frost
Designated Member

VCCP Group LLP
Statement of changes in members' interests

	Loans and other debts due to members		Total members' Interests
	Members capital classified as a liability	Other amounts	
	£	£	£
Members' interest at 1 January 2020	4,528,118	28,315,104	32,843,222
Members' remuneration charged as an expense:			
Individual members	-	5,010,142	5,010,142
Corporate member	-	10,299,198	10,299,198
Members interests after profit for the year	4,528,118	43,624,444	48,152,562
Deemed remuneration recharge from corporate member	-	75,316	75,316
Loans to corporate member	-	(1,563,942)	(1,563,942)
Advances to members	-	-	-
Drawings and distributions	-	(5,010,142)	(5,010,142)
Members' interest at 31 December 2020	4,528,118	37,125,676	41,653,794

VCCP Group LLP
Statement of changes in members' interests (continued)

	Loans and other debts due to members		Total members' Interests
	Members capital classified as a liability	Other amounts	
	£	£	£
Members' interest at 1 January 2021	4,528,118	37,125,676	41,653,794
Members' remuneration charged as an expense:			
Individual members	-	5,681,444	5,681,444
Corporate member	-	12,181,806	12,181,806
Members interests after profit for the year	4,528,118	54,988,926	59,517,044
Members' capital repaid	(2,565)	-	(2,565)
Deemed remuneration recharge from corporate member	-	(165,727)	(165,727)
Loans to corporate member	-	(46,604,213)	(46,604,213)
Advances to members			
Drawings and distributions	-	(5,681,444)	(5,681,444)
Members' interest at 31 December 2021	4,525,553	2,537,542	7,063,095

The notes on pages 20 to 35 form an integral part of these financial statements.

VCCP Group LLP
Notes to the financial statements
For the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a) General information and basis of accounting

VCCP Group LLP ("VCCP") is incorporated, domiciled and registered in England in the UK. The registered number is OC370529 and the registered address is PO Box 70693, 10a Greencoat Place, London, United Kingdom SW1P 9ZP. The nature of VCCP's operations and its principal activities are set out in the Members' Report on pages 4 to 9.

The financial statements have been prepared under historical cost convention, modified to include certain items at fair value, and in accordance with FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council and the requirements of the LLP Regulations.

The detailed accounting requirements relating to UK LLPs are currently set out in the following Statutory Instruments, collectively known as the "LLP Regulations":

- The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (SI 2008/1911);
- The Small Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1912); and
- The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1913).

As permitted by FRS 101, VCCP has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. VCCP proposes to continue to apply the reduced disclosure framework of FRS 101 in its next financial statements.

The functional currency of VCCP is considered to be pounds sterling because that is the currency of the primary economic environment in which VCCP operates.

VCCP is a wholly-owned subsidiary of Chime Group Holdings Limited. It is included in the consolidated financial statements of the Parent which are publicly available (see note 18). Therefore, VCCP is exempt by virtue of section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements. These financial statements are VCCP's separate financial statements.

b) Going concern

The financial statements have been prepared on a going concern basis, which the members consider to be appropriate for the reasons set out below.

The members have prepared cash flow forecasts for a period to 31 December 2023, which indicate that, taking account of reasonably possible downsides, including the potential impact of Covid-19 on the operations and its financial resources, VCCP will have sufficient funds to meet their liabilities as they fall due for that period.

In forming this opinion, the members have used VCCP's budgets and forecasts for that period as the base case. The base case shows that VCCP will continue to have a strong cash and liquidity position.

In addition, VCCP has modelled a plausible but severe downside scenario arising from currently unforeseen events, including a reinstatement of Covid-19 lockdowns in Q1 2023. Such a reasonable but severe downside shows that VCCP will again continue to have adequate liquidity.

1. Accounting policies (continued)

b) Going concern (continued)

In this plausible but severe downside scenario, the projections include mitigating actions that would be taken to limit the financial impact. Such financial actions include reductions in variable personnel costs, including bonuses, salary increases and number of freelancers; reducing the assumption in respect of the number of new hires and related recruitment costs; and a reduction in travel and entertaining expenditure.

VCCP together with the ultimate parent company and certain other companies in the Group, has given an ultimate cross-guarantee in favour of its banks. VCCP operates under the Group's banking facility and hence its going concern is intrinsically linked to that of the Group.

To give further assurance over the going concern assumption, VCCP modelled the level of reduction in Operating Income and EBITDA that would be necessary to result in a breach of covenants contained in the senior debt agreement. Such a reduction is significantly beyond VCCP's reasonable but severe case. In addition, even in this scenario VCCP retains adequate liquidity and therefore would seek a temporary covenant adjustment. At 31 December 2021, Chime had liquidity (cash plus undrawn committed debt facilities) of £81.4m and covenant headroom of 35%. Since the year end liquidity and leverage have improved and are expected to improve further during 2022.

Following the assessment described above, the members are confident that VCCP will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

c) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on the following basis over its expected useful life:

Leasehold improvements - 5 years straight-line
Fixtures and fittings - 4 years straight-line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

d) Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, has been capitalised as an intangible non-current asset. In most cases, the asset will not have a defined economic life and will not therefore be amortised. Carrying values are reviewed annually for impairment and adjusted to the recoverable amount as necessary.

1. Accounting policies (continued)

d) *Intangible assets (continued)*

Other intangibles

Other intangibles comprise trademarks and computer software. Trademarks are capitalised if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to VCCP. Computer software is capitalised based on the cost incurred to acquire and bring to use the specific software. Intangible assets are stated at cost net of amortisation and any provision for impairment. The costs are amortised over their estimated useful lives using the following rates:

Computer software	4 years
Trademarks	5 years

e) Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, VCCP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, VCCP estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years.

f) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. For further information on how impairment is assessed, please see note 10.

g) Work in Progress and accrued income

Work in progress ("WIP") is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside VCCP awaiting billing to clients at the year end and directly attributable overhead costs.

Accrued income relates to earned revenue in relation to fees due to VCCP at the balance sheet date (as opposed to WIP which relates to reimbursable costs).

1. Accounting policies (continued)

h) Provisions

Provisions are recognised when VCCP has a present obligation (legal or constructive) as a result of a past event, it is probable that VCCP will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i) Financial instruments

Financial assets and financial liabilities are recognised on VCCP's balance sheet when VCCP becomes a party to the contractual provisions of the instrument.

Equity instruments

Equity instruments issued by VCCP are recorded at the fair value of proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash comprises cash, overdrafts and cash held on short-term deposit (up to three months). Cash equivalents are cash deposits held on three months deposit at the Natwest Group plc. The deposits guarantee the loan note creditors. Interest accruing on the deposits are payable to the holders of the loan notes less any costs arising.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An 'expected credit loss' impairment model is applied.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

j) Revenue recognition

VCCP has applied the IFRS 15 '5-step model' to each of the revenue streams, enabling the identification of distinct performance obligations within a contract, as well as the method for revenue recognition; either at a point in time when the performance obligation is satisfied, or over time as the performance obligation is satisfied. Where revenue is variable, revenue recognition is constrained to the extent that it is highly probable that a significant reversal for revenue already recognised will not occur, once the uncertainty around revenue is subsequently resolved.

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. In line with IFRS 15, revenue is recognised in the income statement when the performance obligations detailed in the contract with the customer have been satisfied.

Revenue is largely derived from retainer fees and services performed subject to specific agreement. Revenue is recognised over the contract term, proportionate to the progress in overall satisfaction of the performance obligations (the services performed by VCCP), measured by cost incurred to date out of total estimated costs. In certain contracts, revenue is recognised when specific milestones are reached and the performance obligation is satisfied.

1. Accounting policies (continued)

j) Revenue recognition (continued)

Operating income is revenue 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.

Contractual arrangements are reviewed to ascertain whether VCCP acts as principal or agent with regard to third-party costs. If the relationship is that of agent then the amount of commission, plus any other amounts charged to the principal or other parties, net of corresponding sub-contractor costs, is recognised as revenue.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

k) Accrued and deferred revenue

Revenue is recognised by reference to the satisfaction of performance obligation under that contract at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues to recognise under these contracts, as well as the recoverability of this revenue. Revenue is accrued or deferred according to the revenue recognised.

l) Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

m) Foreign currency

Sterling is the functional and presentational currency of VCCP. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Net gains and losses arising on retranslation are included in the income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

n) Leases

Under IFRS 16

VCCP assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether VCCP obtains substantially all the economic benefits from the use of that asset, and whether VCCP has the right to direct the use of the asset.

VCCP recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low-value assets, which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease, or if this rate cannot be readily determined, using the VCCP incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate.

Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if VCCP is reasonably certain to exercise. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

1. Accounting policies (continued)

n) Leases (continued)

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading 'property, plant and equipment', and the lease liability is included in the heading 'other borrowings'.

o) Deemed remuneration

Deemed remuneration represents payments made for the acquisition or investments in companies and limited liability partnerships that are dependent on continuing employment, in accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS3 that this dependency means that they should be treated as remuneration regardless of other factors.

Deemed remuneration arises in two circumstances. Either by reason of the buy-out clause implicit to VCCP agreement which affords the right for the corporate member to purchase, or the individual members to require the corporate member to purchase, the individual members' capital interests in VCCP at a date in the future (as specified within each individual member's schedule), or by reason of certain commercial agreements between the ultimate parent company and various employees put into place upon the original acquisition of the underlying businesses by the ultimate parent company where the employees were the previous owners.

The terms of the agreements stipulate that in the case of the individual members, they will be entitled to receive a lump sum payment upon exercise of the option under the buy-out clause in exchange for the sale of their capital interest in VCCP. In the case of the previous owners of the underlying businesses, they will be entitled to receive a lump sum payment at a future date, specified in each case, in final settlement of the sale of their original interests in the underlying businesses to Chime.

In both cases, these lump sum payments are dependent upon two factors; the individual members' or employees' continuing service within the business over the period between the original acquisition and the settlement date and the growth in the profitability of VCCP or respective underlying businesses over the same period. As such, for accounting purposes, the anticipated settlement amount is recognised as deemed remuneration and spread across the accounting periods where the services are seen to have taken place. The deemed remuneration charge arising in any one year therefore includes an element of judgement as to the expected performance of the underlying business across the relevant period and should cumulative performance fail to meet target at the settlement date, the ultimate cash payment could be lower than the cumulative charge, resulting in a true-up in the final year. Equally, should absolute targets not be met, then the amount received by the individual members or the employees in final settlement may be nil

The liability for deemed remuneration payments to be made subsequent to the balance sheet date rests with the corporate member. To this end, the related provision is included within the VCCP Holdings Limited financial statements and is recharged onto VCCP via loans and debts owing to the corporate member.

p) Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

1. Accounting policies (continued)

q) Divisible profits and members' remuneration

All profits are automatically allocated under VCCP members' agreement. Allocated profits are reported as 'Loans and other debts due to members within one year' until such time as they are all paid out in the form of drawings.

Allocated profits are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

Individual members

Members' share of profits and interest earned on members' balances together with members' benefits, are treated as members' remuneration charged as an expense to the profit and loss account.

Corporate member

Profit remaining after sums allocated to individual members is allocated to the corporate member, VCCP Holdings Limited.

r) Standards and interpretations

New and revised IFRSs in issue but not yet effective

There are no standards that are not yet effective and that would be expected to have a material impact on VCCP in the current or future reporting periods.

s) Government grants

Government grants related to the Coronavirus Job Retention Scheme are included within wages and salaries in the period in which the related costs are incurred.

2. Critical accounting estimates

In the application of VCCP's accounting policies, which are described in note 1, the members are required to make estimates that may affect the financial statements. Management believes that the estimates made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated.

Revenue and cost recognition on long-term contracts

Revenue and costs are recognised on contracts, by reference to the stage of completion of activity under that contract at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues and costs to recognise under these contracts. Management is satisfied that the amounts recognised in 2021 are appropriate and consistent with the terms of the contracts and the stage of work completed.

In the process of applying VCCP's accounting policies, management is required to make estimations and assumptions that may affect the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are discussed below:

2. Critical accounting estimates (continued)

Valuation of goodwill and other intangible assets

There are a number of assumptions management has considered in determining the 'value in use' of goodwill and intangible assets. Valuation requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the net present value. Note 8 details the assumptions that have been applied.

Accrued and deferred revenue

Revenue is recognised by reference to the satisfaction of performance obligation under that contract at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues to recognise under these contracts, as well as the recoverability of this revenue. Revenue is accrued or deferred according to the revenue recognised.

Recoverability of work in progress

Services performed for clients include related expenditure, for example production costs, which are funded by the client. On any given project there is a net work in progress balance, which whilst the company expects to recover in full, such recoverability includes estimation.

3. Revenue

An analysis of VCCP's revenue is as follows:

	Year ended 2021 £	Year ended 2020 £
Continuing operations		
Sales of services	192,582,162	129,732,059
	192,582,162	129,732,059

In the opinion of the members, all revenue is derived from a single class of business.
An analysis of the revenue by geographical market is set out below.

	2021 £	2020 £
Revenue:		
United Kingdom	162,773,954	108,609,862
Europe, Middle East and Africa	23,769,333	16,751,760
USA and rest of world	6,038,875	4,370,437
	192,582,162	129,732,059

4. Profit on ordinary activities before members' remuneration and profit shares

Profit on ordinary activities before taxation and members' remuneration and profit shares for the year has been arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation of property, plant and equipment - owned (note 9)	865,812	845,679
Depreciation of property, plant and equipment – right-of-use assets (note 9)	2,051,531	2,747,742
Profit on disposal of property, plant and equipment	-	(99,578)
Amortisation of intangible assets (note 8)	12,673	17,933
Staff costs (note 5)	41,042,942	32,512,448
Deemed remuneration	(165,727)	75,316
Net foreign exchange loss/(gain)	179,830	(47,497)

Deemed remuneration represents payments made for the acquisition or investments in companies and limited liability partnerships that are dependent on continuing employment, in accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS3 that this dependency means that they should be treated as remuneration regardless of other factors.

Auditor remuneration

Fees payable to VCCP's auditor for the audit of VCCP's financial statements were £69,608 (2020: £69,716).

Fees payable to the auditor for non-audit services to VCCP were £nil (2020: £nil).

5. Staff costs

The average monthly number of employees (excluding members) was:

	2021 Number	2020 Number
Sales and Administration		
Creative services	422	375
Media buying	58	62
Administration	84	83
	564	520

Their aggregate remuneration (excluding members remuneration) included in administrative expenses comprised:

	2021 £	2020 £
Wages and salaries	34,303,829	27,037,754
Social security costs	4,134,096	3,239,796
Pension costs (see note 17)	2,605,017	2,234,898
	41,042,942	32,512,448

Wages and salaries expense above is stated net of receipts from job retention schemes. The total amount included above for 2021 is £11,576 (2020: £959,127).

6. Members' remuneration and transactions

Total members' remuneration in the year was £17,863,250 (2020: £15,309,340).

The profit attributable to the member with the largest entitlement, consisting of profits allocated after the balance sheet date and remuneration during the year, was £12,181,806 (2020: £10,299,198).

The average number of members during the year was 13 (2020: 14).

7. Finance costs (net)

	2021 £	2020 £
Interest receivable and similar income:		
Intercompany loan interest	71,505	53,923
Bank deposits	-	-
Other interest received	249,019	-
	320,524	53,923

Other finance costs:	2021 £	2020 £
Finance cost on deemed remuneration	(3,922)	(13,096)
Interest payable	(201)	-
Finance cost on lease liabilities (note 9)	(628,401)	(817,954)
	(632,524)	(831,050)

8. Intangible assets

	Goodwill	Other intangibles	Total
Cost	£	£	£
At 1 January 2021	1,946,414	78,024	2,024,438
Additions	-	50,967	50,967
Disposals	-	-	-
At 31 December 2021	1,946,414	128,991	2,075,405
Accumulated amortisation			
At 1 January 2021	-	17,933	17,933
Charge	-	12,673	12,673
Disposals	-	-	-
At 31 December 2021	-	30,606	30,606
Carrying amount			
At 31 December 2021	1,946,414	98,385	2,044,799
At 1 January 2021	1,946,414	60,091	2,006,505

Goodwill relates to acquired goodwill of Bridgeworks, the purchase of the trade and assets of Hooper Galton Limited that were transferred from VCCP Limited; and the purchase of the trade and assets of Tree London that were transferred from Tree (London) Limited. Together these form the VCCP CGU.

Other intangibles comprise trademarks and computer software. Trademarks are capitalised if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to VCCP. Computer software is capitalised based on the cost incurred to acquire and bring to use the specific software.

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired.

The carrying value of goodwill at the reporting date for the VCCP CGU is £1,946,414 (2020: £1,946,414).

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and has taken into consideration the risks specific to each CGU.

VCCP prepared cash flow forecasts based on the 2022 budget approved by the members and applied a number of assumptions to arrive at a five-year forecast. The budgets were prepared by local management taking into account revenues from existing clients and the resources required to service these clients. They also used their industry knowledge with regard to the marketplace and pricing when formulating the budget.

After the initial three-year forecast period, a long-term growth rate of 2.0% has been applied to the cash flow forecasts into perpetuity. This rate does not exceed the long-term growth rate for the relevant markets, and is applicable to all the CGUs.

8. Intangible assets (continued)

The pre-tax rate used to discount the forecast cash flows from all CGUs is 14.4% (2020: 12.6%).

VCCP has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. If forecasted cashflows decreased by 10% there would no impairment in any CGU. If the discount rate increased by 1%, there would be no impairment in any CGU. If forecasted cashflows decreased by 10% and discount rate increased by 1%, there would be no impairment in any CGU.

9. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets

	£
Property, plant and equipment – owned	2,432,220
Right-of-use assets – leased	4,381,243
At 31 December 2021	6,813,463

Owned assets	Short-term leasehold improvements	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2021	1,766,707	2,249,699	4,016,406
Additions	977,762	779,249	1,757,011
Disposals	-	-	-
At 31 December 2021	2,744,469	3,028,948	5,773,417
Accumulated depreciation			
At 1 January 2021	1,210,634	1,264,751	2,475,385
Charge for the year	325,261	540,551	865,812
Disposals	-	-	-
At 31 December 2021	1,535,895	1,805,302	3,341,197
Carrying amount			
At 31 December 2021	1,208,574	1,223,646	2,432,220
At 1 January 2021	556,073	984,948	1,541,021

9. Property, plant and equipment (continued)

Right-of-use assets

Property leases

VCCP leases land and buildings for its office. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of five years and may include extension option which provide operational flexibility.

Other leases

VCCP also leases other office equipment. The average contract duration is three years.

Right-of-use assets	**Short-term leasehold improvements**	**Fixtures and fittings**	**Total**
	£	**£**	**£**
Balance at 1 January 2021	12,594,070	150,252	12,744,322
Additions	445,804	-	445,804
Disposals	(6,757,352)	-	(6,757,352)
Depreciation charge for the year	(1,973,138)	(78,393)	(2,051,531)
Lease modification	-	-	-
Balance at 31 December 2021	4,309,384	71,859	4,381,243

Other lease disclosures

A maturity analysis of lease liabilities is shown in note 14 – other borrowings.

VCCP incurred interest expense of lease liabilities of £628,401 (2020: £817,954). The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant. The total cash outflow for leases amounted to £2,928,121 (2020: £1,538,687).

There are no significant lease commitments for leases not commenced at year-end.

10. Investments

	£
At 31 December 2021 and 31 December 2020	1

Details of VCCP's subsidiary at 31 December 2021 are as follows:

Name	**Place of incorporation and principal place of business**	**Proportion of ownership interest** %	**Proportion of voting power held** %
VCCP Overseas Limited	England and Wales	100	100

10. Investments (continued)

The investment in subsidiary is stated at cost less provision for impairment. All shares are directly held ordinary shares. The registered address of VCCP Overseas Limited is PO Box 70693, 10a Greencoat Place, London, United Kingdom, SW1P 9ZP. The principal activity of VCCP Overseas Limited is that of a holding company.

11. Work in progress

	2021 £	2020 £
Work in progress	820,072	578,437
	820,072	578,437

12. Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Amounts receivable from provision of services	30,834,960	22,690,789
Amounts owed by the members	43,588,571	-
Amounts owed by group undertakings	9,581,851	36,277,569
Other debtors	798,880	767,691
Prepayments	3,044,215	3,185,032
Accrued income	3,510,128	3,516,521
Lease receivable	4,283,223	-
	95,641,828	66,437,602

VCCP's trade receivables are stated after allowances of £59,901 (2020: £59,901) for bad and doubtful debt.

Amounts owed by group undertakings are repayable on demand. Interest is charged at 7% on loans to VCCP Spain SL (£984,476 balance at 31 December 2021 which is not expected to be paid within 12 months), and all other loans are interest free and are expected to be paid within 12 months of the year end. The amounts owed by group undertakings have reduced year on year due to a reorganisation and this has had a corresponding increase in amounts owed by the members and an associated reduction in members interests, these amounts relate to group working capital arrangements and so are considered current (2020: nil). The carrying value of trade receivables is considered to approximate fair value.

During 2021, VCCP sub-let space to other companies in the Chime Group at market rate rents. These expire in 2025.

13. Trade and other payables

	2021 £	2020 £
Amounts falling due within one year:		
Trade creditors	10,975,183	12,142,682
Amounts owed to group undertakings	13,016,913	7,471,327
Other taxes and social security	4,449,431	4,076,985
Other creditors	1,426,620	910,488
Accruals	6,387,764	5,360,500
Deferred income	2,544,024	2,896,486
Work in progress	28,099,683	18,311,623
	66,899,618	51,170,091

Intercompany balances are payable on demand. No interest is charged on these balances. The carrying value of trade payables is considered to approximate fair value.

The members consider that the carrying amount of trade payables approximates to their fair value. VCCP has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

14. Other borrowings

All borrowings relate to lease liabilities under IFRS 16.

	2021 £	2020 £
The borrowings are repayable as follows:		
Within one year	2,593,170	2,621,556
In the second to fifth years inclusive	7,818,683	11,963,427
After five years	-	-
	10,411,853	14,584,983

15. Related party transactions

Trading transactions

During the year, VCCP entered into the following trading transactions with related parties of Chime that are not 100% owned:

	Sale of services		Purchase of services	
	2021 £	2020 £	2021 £	2020 £
Associates				
Stratagile	-	-	358,500	529,003
Naked Eye	-	2,565	-	-

15. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date with related parties of Chime that are not 100% owned:

	Amounts owed by related parties		Amounts owed to related parties	
	2021	2020	2021	2020
	£	£	£	£
Associates				
Stratagile	-	-	2,079,789	1,441,818

Amounts owed to the Corporate Member:

At 31 December 2021, VCCP owed £2,471,542 to the corporate member VCCP Holdings Limited (2020: £37,125,676).

16. Contingent liabilities

VCCP, together with the ultimate parent company and certain other companies in the Chime Group Holdings Limited group ("Chime"), has given an unlimited cross-guarantee in favour of its bankers. VCCP operates under Chime's banking facility.

Chime has a committed facility of £237.3m (2020: £251.2m) with a syndicate of banks. £34.2m matures in August 2023 and £203.1m matures in August 2024. Chime manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2021, Chime had borrowings net of cash of £169.5m (2020: £199.1m) and the undrawn committed facility was £25m (2020: £25m).

Cash flow movements are monitored to ensure that sufficient financial resources are available. VCCP has seen an increase in client pressure to extend credit terms and the resulting terms are closely monitored.

17. Retirement benefit schemes

VCCP makes contributions to VCCP's defined contribution schemes. The assets of the scheme are held separately from those of VCCP and the scheme is independently administered. The amount charged in the Income Statement for the year ended 31 December 2021 amounted to £2,605,017 (2020: £2,234,898).

18. Ultimate Controlling party

PM VII S.a.r.l is the ultimate parent company and controlling party of VCCP.

The largest group for which the group financial statements are prepared and of which the group is a member is Chime Group Holdings Limited which is incorporated in the United Kingdom and has a registered in England and Wales. The address of the registered office is PO Box 70693, 10a Greencoat Place, London, United Kingdom, SW1P 9ZP.

The smallest group for which the group financial statements are prepared and of which the group is a member is Chime Group Limited which is incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is PO Box 70693, 10a Greencoat Place, London, United Kingdom, SW1P 9ZP.

Copies of their financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

19. Subsequent events

The members have assessed and there are no subsequent events to disclose.