Chime Group Holdings Limited

Company Number 09702342

Annual Report and Financial Statements

for the year ended 31 December 2020

Chime Group Holdings Limited

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CHAIRMAN'S STATEMENT

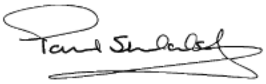
"2020 was a year like no other for society and business, due to the deep impact Covid-19 had and continues to have on economies all over the world.

Our sports business, CSM, was particularly challenged, with global as well as local events cancelled or delayed until 2021. VCCP also had to react to clients reducing or delaying work on their advertising campaigns and brand building projects. Some of our clients operate in the hardest hit sectors, but action was fast but in line with our longer-term ambitions and the Communications division overall finished the year strongly, with good momentum into 2021 and beyond. As you would expect, management was proactive and took steps to reduce costs, to protect our balance sheet as well as the talent we have in the business.

"Some of the highlights from a very challenging year include:

- VCCP expanding its global client roster, from five global clients to ten, including winning its first-ever global User Experience pitch, being appointed Global Brand Experience Agency of Record for Reckitt Benckiser, and winning clients based on multiple continents, such as Johnson & Johnson in Singapore and Google in San Francisco.
- VCCP achieving its best-ever pitch conversion rate of 90% and welcoming over 65 new clients to the Group. Including the most hotly contested pitch in the UK for Walkers.
- VCCP's long-standing client relationships became stronger than ever – with an average client tenure of 6.4 years. Building on the best sales growth on record for Cadbury Dairy Milk; reaching 3.8m people mid-lockdown with a 45-minute show that was, err, 'Simples' for Compare The Market; raising hundreds of thousands for The British Red Cross by launching new merchandise revenue streams; and delivering +4% YOY increase in brand consideration for the nation's favourite pizza chain, Domino's.
- VCCP Business experiencing a strong year, with continued growth in its technology specialist agencies – working with global enterprise businesses and some of the hottest unicorns.
- CSM playing a significant role at the Super Bowl, working with clients such as TikTok, FOX and Verizon until Covid-19 paused sport and entertainment events globally.
- CSM being in prime position to help live sport get back on its feet. Not only did it usher in the return of live golf in the UK with the Paddy Power Golf Shootout, but it also worked with the ECB to make its Test cricket venues biosecure, and delivered the seat coverings for 20 Premier League venues. Many projects pivoted to the digital space, as CSM took the annual Miller Music Amplified event online, delivered a virtual product event for Lenovo, and created a digital parenting skills campaign for Dove Men+ Care featuring some of our own talent. 2020 was also the year CSM launched its social impact practice in North America.

"I would like to extend my thanks to all our colleagues across the world, who worked tirelessly for our clients and supported each other through extremely challenging times. It is our culture of collaboration and our challenger mindset that I believe mean we are extremely well placed to make the most of the market rebound when it comes in 2021.



Paul S Walsh
Chairman

STRATEGIC REPORT

1. WHAT WE DO

The Group provides services within two core areas: integrated communications (70.3% of operating income) and sport and entertainment (29.7%). Our client offering is broad and we have, in the last 12 months, simplified the structure of our growing number of agencies into two divisions.

<u>Communications</u>

VCCP

VCCP is a leading, integrated advertising and marketing services group that believes ‘that it only works if it all works’. Its services span Communications (advertising, direct marketing, digital communication, PR), Experience (design, build and management of digital and physical brand experience) and Distribution (media planning, buying and implementation across owned, earned and paid channels) with brand strategy and insight at the centre. VCCP Business is the B2B offering of the Group and represents 23.5% of the Communication division’s revenue, with specialist and deep expertise in technology, financial services, health and sustainability.

<u>Sport and Entertainment</u>

CSM Sport & Entertainment (CSM)

CSM brings together leading industry experts to offer a full range of services across sport and entertainment globally. It works with brands, rights holders, governing bodies, organising committees and a range of talent. Driven by a team of 800+ people in 25+ locations, its purpose is to pursue the extraordinary, using the power of sport and entertainment to inspire a better world. It does this by connecting with people through their passion points, creating live experiences and bringing meaningful partnerships to life for its clients.

2. STRATEGY

Who are we?

We are the Challenger network for Challenger clients.

Why do we exist?

To transform our clients' businesses by challenging convention

We believe every brand, no matter what its size or the role it plays in customers' lives, has the ability to challenge itself to be better, and needs to remain vigilant in ever-changing market conditions. A 'Challenger' can also represent a market leader and doesn't mean a brand is number two, three or ten in its market, or is only in its infancy. Even market leaders have their challenges.

We are at our best working with clients who are open to working in collaboration with us to challenge the status quo, test and learn through clever thinking, and who are willing to take action to try to change things for the better right across the customer experience.

What do we believe in?

Our culture, our people

People buy people in our business. But our industry has been dogged by a perception (and reality) of talented, creative individuals being often difficult, superior and uncollaborative to work with.

At Chime, our Challenger culture intends to be the antithesis of that: driving open, honest, collaborative people and ways of working. 'Talented people, co-operating' sounds easy, but these are a special kind of person, hard to find, extremely valuable, and who we massively over-index in at Chime. We believe that great minds do not always think alike and that this drives better work.

We have found this culture to be particularly attractive to entrepreneurs, who find a home here that is supportive and agile, and it has allowed several start-ups to form within the Chime Group. We are passionate about maintaining and nurturing this culture.

How do we work?

Collaboration is the key

We are a sport, entertainment and communications network, which places us in a unique position to create and effect brand experiences for our clients all over the world. We work together across all our capabilities and divisions, for clients such as:

- **Vitality** for whom we deliver both sponsorship strategy and activation right through to fully integrated brand communications;

- **Unilever** where we collectively work for brands such as Dove, Rexona and Lynx.

We thrive when working with other agencies, and will often take the lead strategic role in these complex relationships. For some of our larger clients, such as O2, we have created bespoke planning hubs in order to ensure seamless integration across each and every communications channel and brand touchpoint.

For all of us at Chime, as change and challenge have become the norm, it's our collaborative, unprecious culture and our integrated ways of working that have stood us in good stead to be market leaders in delivering this solution for our clients.

3. OUR STRATEGIC PRIORITIES

The Group's strategy is to expand through organic growth, and this is to be supported, where it makes sense to do so, by selective acquisition. Our strategic priorities are informed by the market trends we see in our sector.

In the communications division, we are very much focused on the areas that are central to the developing needs of our clients. These include:

- Data proficiency, with brand leaders admitting they are unable to effectively use customer data (41%), due to lack of tools (41%), strategy (40%) and insights (38%)*.
- Customer experience, with consumers flocking online for purchases; 79%* of brand leaders consider it a top priority to enhance the consumer experience of their digital channels.
- Performance marketing, with a real urgency for digital marketing to drive growth.

*Forrester 2020

The global sponsorship market was expected to grow at 5% in 2020, driven by major events such as the Olympics, Euros and the Ryder Cup (WARC 2020). However, a Covid-19 impacted 2020 instead saw sponsorship revenues drop by 37% to $28.9bn (Two Circles 2020).

Positively, Covid-19 is not expected to have a lasting impact on the sports sponsorship market. Sponsorship growth is expected to be achieved in line with the global economic recovery, at an annual 2% for the next four years (Technavio 2020). Growth will likely be driven by emerging opportunities such as esports, increased digital adoption, purpose-driven partnerships, women's sport, fanbase CRM development and wider adoption of performance marketing within sport.

Our three main strategic priorities are:

i. Growing our global business

We have continued to grow our business globally, and have added five more global brands to our group portfolio: Reckitt Benckiser, Google, Oppo, Ineos and Samsung.

To support this, we have continued to invest in our international footprint, and have grown our businesses in key territories and regions. Our office in Shanghai, which we opened in 2020, has grown despite the challenges it's faced, and our Singapore office has been recognised as Campaign Agency of the Year after just two years in operation. During the year the Group also acquired the market-leading Prolab Digital, a branding and signage activation business based in the Middle East, and The Agency of SomeOne, a branding agency operating in the UK and Australia.

ii. Developing digital and data services

We have seen greater focus on and growth in our digital and data capabilities from within media, direct and social communications.

VCCP CX, our experience design and engineering studio, delivers digital platforms for a range of clients, both globally and domestically. It had a great year of growth in 2020, working with brands such as O2, Kia, Müller and Holland & Barrett, reacting quickly to the online demand created by the diverted spend from outdoor and traditional media.

CSM has continued to enhance and strengthen its digital and data offering through the launch of Connect, in partnership with Greenroom Digital. Connect is a performance marketing platform that will enable exponential commercial growth from audiences in the sport and entertainment industry. This bolsters our existing

Engage offering, to give us a unique point of difference against our competitors, enabling us to offer the following services to both rights holders and brands:

1. **Engage**: strategic and managed services focused on maximising direct return on investment from partnerships.
2. **Grow**: suite of fan engagement products focused on data acquisition and deeper audience insights.
3. **Connect**: driving real-time communications and performance marketing through market-leading technology and accelerated data connectivity.

Clients include HSBC, AIA, Betfair, Hisense, Alpine F1, Tottenham Hotspur FC and many more.

iii. Investing in our people

Our people and our culture are our biggest assets, and we have brought in some exciting new talent to the business, such as a Chief Data Officer at VCCP and a Sustainability Director for Chime. However, we regretfully had to reduce our average headcount during the year from 2,421 in 2019 to 2,227 in 2020 – an 8% reduction versus a drop of 23% in our Operating Income.

4. KEY PERFORMANCE INDICATORS (KPIs)

Financial KPIs

The Group monitors its financial performance using the following KPIs:

	2020	2019	Variance
Revenue	£352.6m	£536.3m	£(183.7)m
Operating income[(1)]	£210.2m	£273.1m	£(62.9)m
Adjusted EBITDA[(2)]	£29.5m	£44.6m	£(15.1)m
EBITDA margin	14.0%	16.3%	(2.3)%
Loss before tax	£(24.2)m	£(4.0)m	£(20.2)m
Free cash flow[(3)]	£58.5m	£42.4m	£16.2m

(1) 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.

(2) Earnings Before Interest, Tax, Depreciation and Amortisation. Adjusted EBITDA does not reflect adoption of IFRS 16.

(3) Adjusted EBITDA less Capex less working capital.

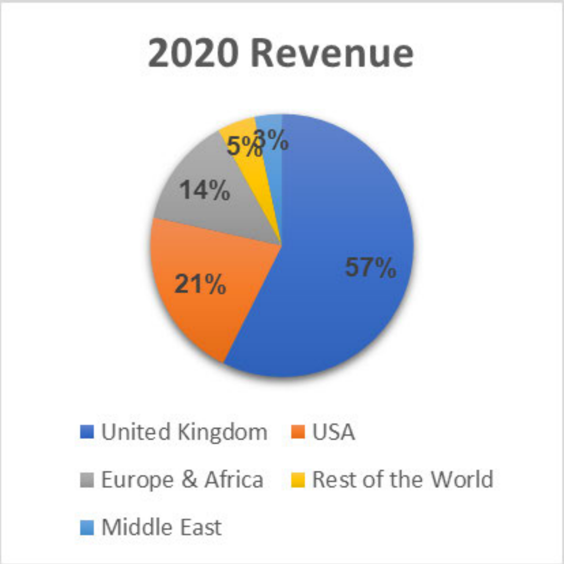
A detailed financial review, along with a reconciliation between the adjusted and statutory numbers, is contained on page 12.

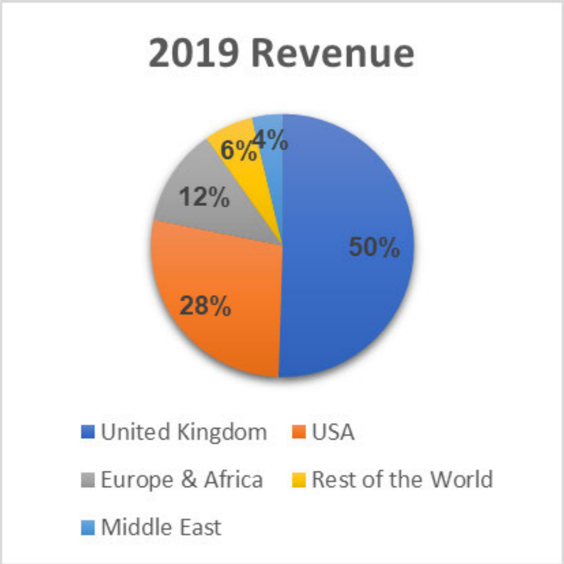
Non-Financial KPIs

Our international performance

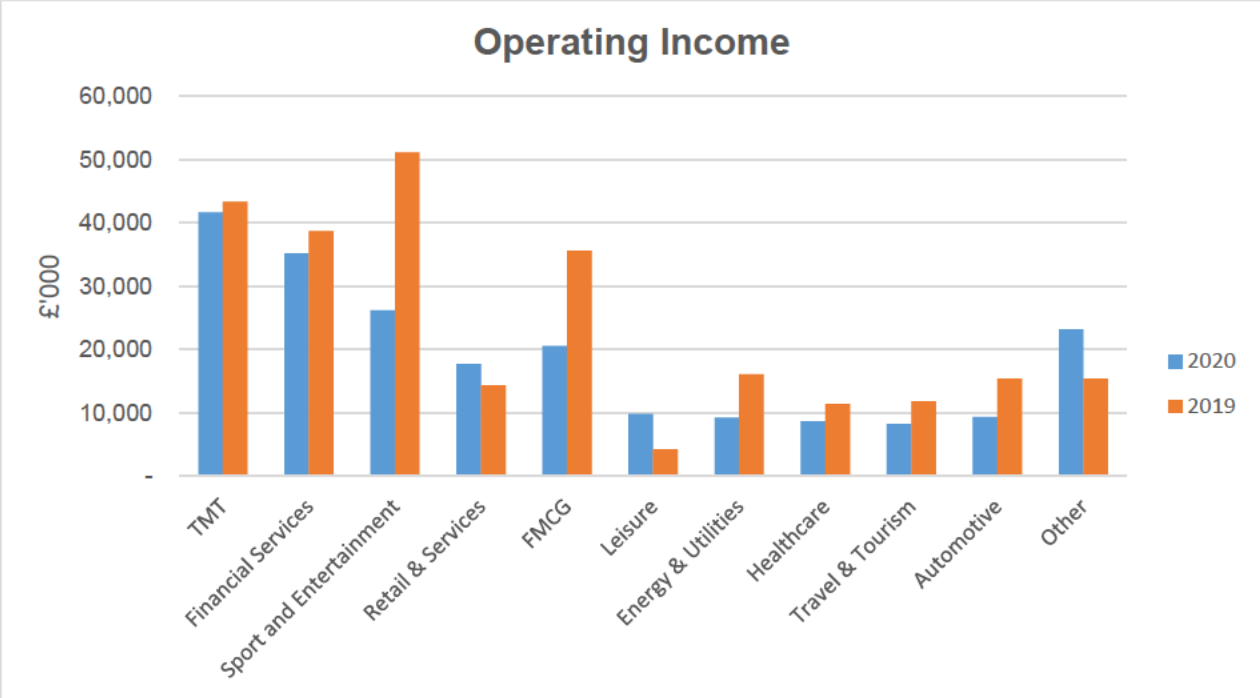
2020 saw an increase in the proportion of UK revenues, due to a number of international client wins that were delivered from the UK.

The Group is focused on continuing to develop its international presence, with the opening of an office in Shanghai and the acquisition of Prolab Digital in the Middle East.





Our sector performance



Sport and entertainment includes governing sports bodies, sporting events and sports clubs.

5. FINANCIAL REVIEW

Like many businesses, the Group was significantly impacted by the effects of Covid-19 in 2020. Up until Q1 2020, the Group was trading in line with its original budget, however there was a slowdown in activity after that time. In response to the Covid-19 pandemic, at the end of Q1 2020 the Group revised its budget for 2020 and exceeded this revised budget for EBITDA and Liquidity.

Despite the Group having significant actual and forecast liquidity, due to the impact of Covid-19 on EBITDA, during the year the Group renegotiated the leverage covenant contained within the Senior Facilities Agreements (SFA) with its lenders. This resulted in the covenant level being raised during the period to 31 December 21 such that the Group expects to remain within the revised covenants with adequate headroom. Due to the ongoing Covid-19 pandemic, whilst the Group's FY21 budget takes into account the expected impact of Covid-19 on trading (for example no return of spectators to sporting events until Q4 2021), it is possible that the actual impact may differ. As such note 2 sets out the potential effect on the Group of a more severe but plausible trading environment.

In terms of trading, the Sport and Entertainment division experienced a significant, but expected, temporary reduction in Operating Income of 42.6%, due to the suspension and cancellation of large aspects of the sporting calendar in 2020. The Communications division was not impacted to the same extent, albeit still experienced a 10.2% reduction in Operating Income. While certain client sectors such as Travel, Retail (including FMCG) and Media spend have been negatively impacted, others such as TMT and Financial Services remain robust for the Group.

In response to the reduction in Operating Income, cost reductions were made to mitigate the impact on EBITDA. Such measures included reductions in personnel costs generated by a cessation (other than in exceptional circumstances) of new hires and pay increases. The Group benefited from the Government furlough scheme, but also had to make redundancies in certain areas. In addition, variable personnel costs, such as freelancers and bonuses, were significantly reduced.

The Group also made significant savings in other areas such as Property, exiting one of its London offices, marketing, travel and entertaining and other overheads.

Such measures ensured that the Group delivered the EBITDA contained in the revised budget, had significant headroom to the year-end leverage covenant, and finished the year with a very robust balance sheet containing £63.7m of cash and liquidity of £88.2m.

During the year the Group acquired Prolab Digital, a branding and signage activation business based in the Middle East, and The Agency of SomeOne, a branding agency operating in the UK and Australia. It also sold iLuka, a corporate hospitality business focused on the Olympics and Football World Cup.

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The commentary which follows, focuses on the Group's adjusted results, which the Directors consider to provide an indication of the underlying trading performance. A reconciliation of the Adjusted to Statutory results is given below:

	Adjusted results 2020 £'000	Adjusted results 2019 £'000	Adjustments 2020 £'000	Adjustments 2019 £'000	Statutory results 2020 £'000	Statutory results 2019 £'000
Operating income	**210,156**	273,096	**-**	-	**210,156**	273,096
Other Income	**5,936**	**-**	**-**	**-**	**5,936**	**-**
Operating costs	**(186,623)**	(228,480)	**11,984**	10,898	**(174,639)**	(217,582)
EBITDA[2]	**29,469**	44,616	**11,984**	10,898	**41,453**	55,514
Depreciation[2]	**(4,514)**	(4,467)	**(10,836)**	(9,574)	**(15,350)**	(14,041)
Amortisation	**(1,279)**	(1,392)	**(15,732)**	(17,485)	**(17,011)**	(18,877)
Foreign exchange	**-**	-	**4,102**	16	**4,102**	16
Deemed remuneration	**-**	-	**(7,525)**	(5,431)	**(7,525)**	(5,431)
Exceptional items	**-**	-	**(7,725)**	(3,265)	**(7,725)**	(3,265)
M&A related costs	**-**	-	**(985)**	(229)	**(985)**	(229)
Discontinued agencies	**-**	-	**(4,822)**	-	**(4,822)**	-
Disposal of fixed assets	**-**	-	**(83)**	(390)	**(83)**	(390)
Operating profit[1]	**23,676**	38,757	**(31,622)**	(25,460)	**(7,946)**	13,297
EBITDA	**29,469**	44,616	**11,984**	10,898	**41,453**	55,514
Working capital	**31,971**	3,679	**(11,984)**	(10,898)	**19,987**	(7,219)
Capital expenditure	**(2,895)**	(5,928)	**-**	-	**(2,895)**	(5,928)
Free cash flow	**58,545**	42,367	**-**	-	**58,545**	42,367

(1) From continuing operations.

(2) Adjustment to EBITDA and depreciation to reverse the impact of adopting IFRS 16.

The following amounts are excluded from the Statutory results in arriving at the Adjusted results:

- Operating costs reduction of £12.0m (2019: £10.9m) in respect of leased assets accounted for under IFRS 16
- Depreciation of £10.8m (2019: £9.6m) in respect of leased assets accounted for under IFRS 16
- Amortisation charges of £15.7m (2019: £17.5m) in respect of intangible assets recognised on acquisition
- Foreign exchange gains of £4.1m (2019: nil)
- Deemed remuneration charges of £7.5m (2019: £5.4m) in respect of employment-linked earn-out payments on acquisitions
- Costs deemed to be exceptional in nature, including those relating to business restructures and non-recurring items of £7.7m (2019: £3.3m)
- Costs associated with M&A activities of £1.0m (2019: £0.2m)
- Results of discontinued agencies of £4.8m (2019: nil)
- Loss on disposal of fixed assets of £0.1m (2019: £0.4m)

Revenue and Cost of sales

Revenue includes both fees charged to clients for the services the Group provides (Operating income) and also recharges to clients for third-party costs incurred on clients' behalf. Such third-party costs include advertisement production costs and media purchasing costs, for example.

Revenue reduced £183.7m (34.3%) to £352.6m, due to both a reduction in Operating income (see below) and recharges for third-party costs which are recorded in Cost of sales. Such costs of sales have reduced £120.7m (45.9%) to £142.4m (2019: £263.2m) as production activity slowed during the Covid-19 pandemic.

Operating income

As noted above, due to the Covid-19 pandemic the Group's operating income reduced £62.9m (23.0%) to £210.2m (2019: £273.1m). At a divisional level this reduction was split £46.2m (42.6%) CSM and £16.7m (10.2%) Communications.

Other Income

Other Income of £5.9m (2019: nil) relates to insurance receipts in respect of cancelled events due to the pandemic.

Operating costs

In response to the reduced Operating Income, adjusted operating expenses were reduced by £41.9m (18.3%) to £186.6m (2019: £228.5m).

Personnel costs of £158.3m (2019: £183.1m) represented 75.3% of operating income (2019: 67.0%), net of receipts of £5.4m from job retention schemes. Property costs of £17.0m (2019: £18.0m) represented 8.1% of operating income (2019: 6.6%). Other costs, including travel and entertainment, marketing, IT and professional fees, were £11.3m (2019: £27.4m) and represented 5.4% of operating income (2019: 10.0%).

Finance costs

Finance costs were £16.4m (2019: £18.2m), comprising interest on borrowings of £13.6m (2019: £15.6m), finance cost of deemed remuneration and deferred consideration of £0.3m (2019: £0.4m), and finance cost of lease assets of £2.5m due to the finance cost of leased assets in accordance with IFRS 16 (2019: 2.2m).

The average interest rate on borrowings during the year was 5.0% (2019: 5.7%).

Tax

The Group's tax charge was £1.4m (2019: £1.4m credit) split between a current tax charge of £4.3m (2019: £3.0m) and a deferred tax credit of £2.9m (2019: £4.4m). Due to the level of non-deductible expenses (including deemed remuneration charges and amortisation) and other items on which deferred tax asset could not be recognised, the Group's effective tax rate was (5.8)% (2019: 35.2%).

Exceptional items

The Group incurred one off non-recurring costs of £7.7m (2019: £3.3m). The majority of the exceptionals were incurred as a response to Covid-19 in respect of personnel costs, including redundancies and one-off property costs, including office adaptations, of £5.7m. In addition, costs associated with the covenant reset are included.

Balance sheet

The Group held non-current assets, mainly relating to goodwill, acquired intangible assets, and property, plant and equipment totalling £343.6m (2019: £364.4m).

Current assets, mainly trade and other receivables and cash and cash equivalents, totalled £165.6m (2019: £188.1m).

Current liabilities, mainly trade and other payables, totalled £141.7m (2019: £148.8m).

The Group held non-current liabilities, mainly relating to bank loans, of £262.7m (2019: £266.0m).

Net debt and liquidity

The Group has a strong balance sheet, significant headroom on its financial covenants and a committed debt facility, the majority of which is secured for a further four years with a full maturity profile shown in note 22.

At the year-end the Group had net debt of £162.9m (2019: £177.5m). The reduction is due to the cash generation in the year, which is discussed below.

		2020 £'000	2019 £'000
Cash and cash equivalents	20	63,679	46,448
Loan notes outstanding	21	(67)	(78)
Bank loans	22	(226,214)	(223,750)
Other borrowings	23	(273)	(75)
Net debt		**(162,875)**	**(177,455)**
EBITDA		29,469	44,616
Leverage		5.5x	4.0x

Year-end liquidity, measured as cash plus undrawn committed facilities, remained strong at £88.2m (2019: £73.4m). The Group's leverage ratio, measured as net debt divided by Adjusted EBITDA, increased to 5.5 (2019: 4.0).

		2020 £'000	2019 £'000
Total debt facilities	22	251,214	251,214
Less restricted facility		(500)	(500)
Less drawn debt	22	(226,214)	(223,750)
Add cash	23	63,679	46,448
Liquidity		**88,179**	**73,412**

Under the terms of the banking facilities agreement, the Group is required to meet a financial leverage covenant test on a quarterly basis. The Group complied with covenant requirements during the year ended 31 December 2020, with management forecasts indicating continued covenant headroom for the foreseeable future, see note 2 page 60.

Cash flow

The Group's Adjusted EBITDA of £29.5m (2019: £44.6m) resulted in cash generated from operations of £49.1m (2019: £45.5m) after the effects of working capital movements.

The Group paid £7.5m in interest during the year (2019: £14.7m), the reduction being due to a six-month interest period roll that matured in January 2021. In addition, the Group paid £4.2m (2019: £3.6m) in tax.

The Group incurred £22.5m on investing activities (2019: £23.2m). The Group paid £6.8m (2019: £9.6m) in respect of earn-outs on past acquisitions, and £4.8m (2019: £4.5m) on the acquisitions including the purchase of minority interests. The Group also invested £2.9m (2019: £5.9m) in tangible and intangible fixed assets.

After a net cash inflow from financing activities of £2.4m (2019: outflow £31.5m), the Group generated £17.2m in cash.

Changes in equity

In addition to the loss for the year, the Group incurred a loss on revaluation of foreign exchange hedges of £0.4m (2019: £0.6m gain), exchange losses on translation of foreign operations of £5.4m (2019: £3.6m loss) and paid dividends to minority shareholders of £0.3m (2019: £0.2m).

Financial risk management

The Group's financial risk management objectives are designed to mitigate the financial risks set out on pages 22 and 23. The Group seeks to maintain an appropriate level of liquidity to ensure the business can meet the day-to-day working capital needs. In addition, the Group maintains a suitable level of headroom in respect of its leverage covenant. Both liquidity and leverage covenant compliance are monitored on a monthly basis through medium-term projections.

6. GOING CONCERN BASIS

The uncertainty as to the future impact on the Group of the Covid-19 outbreak has been considered as part of the Group's adoption of the going concern basis. The Group's 2021 budget and financial forecasts on which this assessment is based include the expected impact of the continued Covid-19 pandemic. Due to the uncertainty of the overall impact of Covid-19, the Group has performed a sensitivity analysis on its 2021 budget and financial forecasts to assess the impact of a more severe downside scenario, the results of which are contained in note 2.

More generally, in preparing forecasts, the Directors have taken into account the following key factors:

- the rate of growth of the UK and global economy on the Group's business;
- key client account renewals;
- planned acquisitions and disposals;
- anticipated payments under deemed remuneration and deferred and contingent consideration; and
- the level of committed and variable costs.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a minimum period of 12 months from the date of these accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

More details on the Group's cash position and facilities at 31 December 2020, as well as maturities of the financial liabilities, can be found in note 31. Details of potential contingent liabilities and potential cash outflows in relation to these liabilities can be found in note 28.

7. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company has specific policies and processes in place, to ensure risks are properly evaluated and managed at the appropriate level within the Group.

The control and risk management procedures are designed to highlight any weaknesses and/or failures in the system to the Board at the earliest opportunity, together with action taken and/or proposed. It is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or loss.

In addition to the general economic and competitive risks affecting businesses operating in our markets, the following are considered to be the principal risks impacting the Group. These risks are regularly assessed and monitored by the senior management team in each division, and by the Executive Management Team.

Principal risk and context	Possible impact	Mitigation
OPERATIONAL RISKS		
Coronavirus (Covid-19)	The spread of the Covid-19 virus had an impact on the Group's prospects, business and financial condition, as a result of restrictive measures implemented by state authorities to contain the virus, and the likely economic impact upon clients and disruption to supply chains resulting from the spread of the virus and/or public concern resulting in a downturn in consumer spending.	**Processes and controls:** Measures have been implemented to ensure that all Group locations comply with local laws and best practice. A Covid-19 cross Group team, chaired by the Group's COO, continues to meet regularly to consider changes in advice, the status of office opening and travel guidelines, and to take appropriate actions. **People:** The safety and wellbeing of the Group's staff are paramount, and the Group is closely monitoring the spread of the virus and has adopted advice from relevant authorities in terms of working practices, as well as working closely with our landlords. With most of the Group's offices currently closed or with a significant number of staff working from home, arrangements to enable effective working from home and regular check-ins with staff, including wellbeing surveys and support, have been extended to all our colleagues. **Clients and Suppliers:** The Group is working closely with clients regarding the impact upon our work with them, in particular associated with large-scale events, and is assisting clients in planning for delay and/or suspension. The Group has considered and will continue to monitor the impact upon its supply chain, and has taken steps to identify alternative sources of supplies and their cost implications. **IT Resilience and Security**: The Group had moved to the Cloud, and so its workforce can work remotely with clients all over the world. Additional cyber security training has been implemented as a priority.

Principal risk and context	Possible impact	Mitigation
Brexit	Following the expiry of the transition period of the withdrawal by the UK from the EU, changes to import and export arrangements and to trading arrangements have the potential to adversely impact the Group's prospects, business, and financial condition, particularly in relation to projects in the EU executed from the UK.	The Group continues to closely monitor impacts, focusing on import and export requirements, right-to-work arrangements and impacts upon client contracts, the availability of supplies and our supplier relationships.
Client dependency	The reliance by the Group on a limited number of large clients for a significant proportion of its revenues continues to be a risk. The strategy of securing large-scale global mandates from key clients, and the focus on agencies collaborating in the delivery of services to those clients, will mean that client dependency continues to be an area that is closely monitored by the Board.	The Group continues to maintain strong relationships with key clients, and seeks to establish reputations in the industry that will attract and retain further clients and talent. Due to the number of services provided by the Group and the drive for cross-Group working, in many instances a shared client will be secured under a number of contracts. The loss of one contract does not necessarily mean the loss of that client.

Principal risk and context	Possible impact	Mitigation
Retention of key personnel	The Group is dependent on the talent, creative abilities and technical skills of its personnel, as well as their relationships with clients. If the Group were unable to attract and retain its key talent, or had inadequate talent management and succession planning for key management roles, the Group's performance would be adversely affected through client losses and profitability.	The Group seeks to retain and develop personnel at all levels. The Group aims to identify key talent and emerging talent at an early opportunity, and to implement incentive arrangements appropriate to seniority and experience. This is achieved by a focus on ensuring the Group remains a competitive employer, through benchmarking within the industry sectors the Group operates in, and by monitoring retention rates. The Group and its divisions continue to provide training and personal development initiatives in order to further develop and retain a motivated workforce.
Information systems and security	The failure of the Group's information systems or a breach of its security infrastructure could have a significant impact upon the operations of the Group. Loss of confidential information or failure to put in place established security arrangements could damage our relationships with clients and have a detrimental impact upon our reputation.	In 2019 the Group achieved ISO 27001 status in respect of its IT operations in all divisions. In 2020 the Group undertook a review of its cyber security arrangements, engaging a third-party specialist to carry out this work. The Group has implemented a strategy in response to the recommendations received following this work, and appointed an interim Chief Information Security Officer to lead on this work. The Group continues to take active steps to maintain and ensure continued compliance with GDPR and other data protection legislation, and has a programme of review and training in place to ensure this continues to be a focus for all Group staff.

Principal risk and context	Possible impact	Mitigation
FINANCIAL RISKS		
Leverage	There is a financial covenant associated with the Group's committed facility, being leverage measured as the ratio of net debt to adjusted EBITDA tested quarterly.	Until 27 April 2020 the Group's committed facility contained a single covenant, being leverage measured as the ratio of net debt to adjusted EBITDA tested quarterly. Following the outbreak of the Covid-19 pandemic, on 27 April 2020 revised covenants were agreed until 31 December 2021, as an amendment to the SFA, to change the ratio limit for the leverage covenant and also to add an additional minimum liquidity position, which is tested monthly. The Group has been in compliance with the revised covenants, with significant headroom, during 2020.
Credit risk	The Group'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 creditworthiness of our customers is assessed and monitored on an ongoing basis. If necessary, credit insurance or payments in advance are sought. Trade 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, the Group seeks to have these pre-funded by the client to minimise any risk to related work in progress exposure.
Interest rate risk	The Group's borrowings incur a floating rate of interest, and therefore are exposed to the impact of interest rate fluctuations.	The Group reviews the potential impact of reasonably foreseeable movements in interest rates. Should the potential impact exceed the Group's tolerance level, then an appropriate element of the floating interest rate is fixed.
Liquidity risk	The Group has a committed facility of £251.2m (2019: £251.2m), £216.8m (2019: £216.8m) of which matures in August 2024 and a further £34.5m (2019: £34.5m) in August 2023.	The Group measures liquidity as undrawn committed debt facilities plus cash contained within its cash pools. The Group's treasury policy includes a minimum level of liquidity, which the Group seeks to maintain. The Group's current liquidity levels are significantly in excess of the minimum level.

Principal risk and context	Possible impact	Mitigation
Currency risk	The Group operates globally. Fluctuations in exchange rates between currencies in which the Group operates, relative to UK sterling, may cause fluctuations in its financial results. The main foreign currencies which impact the Group's operations are the euro and US dollar. The Group's policy is not to hedge financial reporting translation risk.	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 the Group are regularly performed and monitored centrally.

8. STAKEHOLDER REVIEW

In addition to our shareholders, to whom this annual report and accounts is principally addressed, the Group recognises that there are other stakeholders critical to our future success. While the stakeholders of any company are potentially diverse, we focus below on our principal ones, being our people, our clients and the environment.

Under Section 172 of the UK Companies Act 2006 (Section 172), directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our Directors must have regard to stakeholders and the other matters set out in Section 172. Below is our Section 172 statement, which describes how the Directors have had regard to these matters when performing their duty.

Stakeholder	How we engaged in 2020	Considerations and outcomes
Employees	The Our Colleagues section commencing on page 32 gives full details of our interaction with our people during 2020. At an individual level, the interactions are managed at an agency and line manager level, including annual reviews, agency meetings and staff surveys. We also seek to connect our colleagues more widely across the Group through a series of divisional or Group-wide events and forums.	Staff surveys are the principal way of seeking employee views and taking actions to address the area's most important to our colleagues. During 2020 there was an increased focus on flexible working, which has been rolled out at an agency level in response to demand in this area.

Stakeholder	How we engaged in 2020	Considerations and outcomes
Clients	Client relationships are key to the Group's success. Many of the Group's largest clients have been with us for several years, underpinned by consistently strong work and client delivery. We regularly seek feedback from clients on the work we perform, and adapt and evolve our service offering to constantly stay ahead of the game.	2020 continued to see the evolving trend of increased digital focus of our clients. We expanded our offering in this area through CSM Engage and VCCP CX.
Environment	The environment, on both a local and a global level, is important to the Group and our employees. Page 34 sets out some of the initiatives through which the Group supports our colleagues to make a difference at a personal level or through work with clients. Page 38 sets out the steps the Group has taken on broader environmental matters.	The Group continues to support organisations, on a pro bono basis, that are making a positive difference to people. In addition, initiatives continue to minimise the Group's carbon footprint.

Approved by the Board of Directors and signed on behalf of the Board.

Matthew Vandrau

Director

Date: 13 April 2021

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the consolidated and Company financial statements and auditor's report, for the year ended 31 December 2020.

Results

The Group's income statement is set out on page 52 and shows a loss for the year ended 31 December 2020 of £24.9m (2019: £8.0m loss). Dividends to non-controlling interests of £0.3m have been declared during 2020 (2019 £0.2m).

Directors

The Directors who served throughout the year and to the date of the signed accounts were:

Paul S Walsh

John Hahn (resigned 12 October 2020)

Andrew Tisdale

Roderik Schlösser

Siniša Krnić (appointed 12 October 2020)

Christopher Satterthwaite (resigned 29 February 2020)

Matthew Vandrau

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company'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 Directors of the Company or any of its subsidiaries. There is no agreement in place between the Company and its Directors and employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company has purchased and maintains directors' & officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its Directors and/or officers in the execution of their duties.

Chime Group Holdings Limited

Identity of private equity firm

On 31 December 2020, Chime Group Holdings Limited was wholly owned by Providence Equity Partners through its investment funds, Providence Equity Partners VII L.P., and Providence Equity Partners VII-A L.P. Providence Equity Partners is a global alternative investment firm established in 1989, focused on education, media, communications and information investments. The firm's private equity platform specialises in sector-focused buyout transactions and growth capital investments. Providence Equity Partners made its investment in the Group through PM VII S.a.r.l.

Incorporated on 24 July 2015, Chime Group Holdings Limited was the vehicle used to acquire the entire share capital of Chime Communications plc in October 2015. Chime had been listed on the London Stock Exchange since 1994 and following the acquisition, was delisted on 16 October 2015.

Statement of compliance with the Guidelines for Disclosure and Transparency in Private Equity

For the year ended 31 December 2020, the Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

Our Board of Directors

The role of the Board

The Board of Directors is responsible for overall strategy, acquisitions, resourcing and the consideration of significant financial matters. It meets monthly, and additionally if required. It reviews the strategic direction of the Group's trading companies, their annual budgets and their progress towards achievement of agreed targets. It is also responsible for the integrity of financial information and ensuring the financial controls and the systems of identification and management of risk, both financial and non-financial, are robust and appropriate. The Board has two committees, being the Audit Committee and the Remuneration Committee.

Chime Group Holdings Limited

Composition of the Board

Director	First Appointed
Paul S Walsh, Non-Executive Chairman	29 January 2016
John Hahn**	22 October 2015
Andrew Tisdale*	24 July 2015
Roderik Schlösser*	22 October 2015
Siniša Krnić*	12 October 2020
Christopher Satterthwaite***	22 October 2015
Matthew Vandrau	28 February 2018

*Representatives of Providence Equity Partners

**Resigned 12 October 2020

***Resigned 29 February 2020

Directors’ Biographies

Paul S Walsh – Non-Executive Chairman

Paul Walsh is chairman of McLaren Group, and is also a non-executive director of FedEx Corporation and McDonald’s Corporation.

Mr Walsh was chairman of Compass Group plc and was also a former chief executive of Diageo plc. Prior to that he was chief executive officer of the Pillsbury Company, and has served as chairman of Ontex Group N.V., as a director of GrandMet, and also as a non-executive director of Unilever plc and Centrica plc.

Mr Walsh is chairman of the Remuneration Committee.

John Hahn – Providence Equity Partners (resigned 12 October 2020)

John Hahn was previously a senior managing director at Providence Equity, based in London. Mr Hahn was also a director of Globeducate (Spain) and MásMóvil (Spain).

Chime Group Holdings Limited

Andrew Tisdale – Providence Equity Partners

Andrew Tisdale is a senior managing director of Providence Equity, based in London. Mr Tisdale is currently a director of Ambassador Theatre Group, CloserStill Media, HSE24, Superstruct Entertainment and TES.

Roderik Schlösser – Providence Equity Partners

Roderik Schlösser is a managing director of Providence Equity, based in London. He is currently a director of Superstruct Entertainment. Mr Schlösser is chairman of the Audit Committee.

Siniša Krnić – Providence Equity Partners (appointed 12 October 2020)

Siniša Krnić is a managing director of Providence Equity, based in London. Mr Krnić is currently a director of CloserStill Media and Superstruct Entertainment.

Christopher Satterthwaite – Non-Executive Director (resigned 29 February 2020)

Christopher Satterthwaite was Chief Executive Officer of Chime Communications Limited (previously plc) from 2003 until February 2018 when he became a Non-Executive Director. Mr Satterthwaite is non-executive chairman of AIM listed Access Intelligence and Spacehive, the crowd-funding website for projects of civic renewal.

Matthew Vandrau – Group Co-Chief Executive Officer

Matthew Vandrau graduated with a Bachelor of Commerce degree from Wits University in Johannesburg. He played professional cricket for Transvaal and Derbyshire for seven years, before co-founding Frontiers Group in 2000. As managing director, he oversaw Frontiers' organic growth from inception to one of the biggest independent sponsorship agencies in the UK, and its subsequent sale to Essentially in July 2007, where he joined the main board. He continued to assist in the growth of the business and the subsequent sale to Chime Communications, where he fulfilled the role of Group Chief Executive for Essentially. Mr Vandrau was appointed CEO of CSM at the beginning of 2017 before being appointed Co-Chief Executive Officer of Chime.

Who does what – Division of Responsibilities

There is a clear division of responsibility between the Non-Executive Chairman, the Non-Executive Directors and the Executive Directors.

The Non-Executive Chairman is responsible for:

- the leadership of the Board, ensuring its effectiveness and setting its agenda; and
- facilitation of the effective contribution of Non-Executive Directors and ensuring constructive relations between them and the Executive Directors.

The Non-Executive Directors are responsible for:

- using their wide and varied experience to offer independent advice, scrutiny and objectivity;
- monitoring and offering objective challenge to executive management decisions where appropriate; and
- bringing specific expertise to the Board.

The Executive Management Team is collectively responsible for:

- overseeing day-to-day management of the Group, ensuring risks are appropriately managed;
- allocating decision-making and responsibility to the Executive Management Team;
- ensuring the successful execution of the strategic objectives agreed by the Board;
- setting the strategic direction of the Group and implementing and delivering the strategy;
- preparing annual budgets and medium-term projections for the Group and monitoring performance against these forecasts;
- preparing annual financial statements;
- effective communication with all stakeholders including shareholders, employees, members and other customers; and
- safeguarding the assets of the Group; and the prevention and detection of fraud.

Chime Group Holdings Limited

Audit Committee

Members

Roderik Schlösser (Chairman)
Andrew Tisdale

Role

The role of the Audit Committee is to monitor and review the Company's internal control processes; to ensure that both the internal and external audit plans are appropriate and carried out diligently; to develop and implement policies in response to matters identified through the controls process, and to oversee the response to risks and issues emanating from regulatory reporting requirements.

The Committee oversees the work carried out in identifying and managing risks within our businesses and ensures that the outcomes are dealt with in the correct manner.

Remuneration Committee

Members

Paul S Walsh (Chairman)
Andrew Tisdale
Roderik Schlösser
Matt Vandrau (Co-CEO)

Role

The Remuneration Committee has responsibility for ensuring there is a formal, rigorous and transparent procedure for the development and implementation of policy on executive remuneration. It takes its lead from the Board on linking remuneration to achievement of both strategic and short-term goals.

Chime Group Holdings Limited

The Executive Management Team

Members

Matt Vandrau (Co-CEO)
Adrian Coleman (Co-CEO)
Joanne Parker (COO)
Stephanie Brimacombe (Group Managing Director)
David Crowther (Group Finance Director)

Role

The Executive Management Team collectively discharges the delegated decision-making and responsibilities of the Executive Directors and is responsible for maintenance of, and compliance with, Group operating standards. The Executive Management Team meets on a bi-weekly basis to monitor and review the performance of each of the three business groups, through established management reporting.

Our Colleagues

We are a people-based business. We value the contribution made to our success by the talented staff within the Group.

Nurturing talent and providing development opportunities will encourage innovation and our drive to be the best. We believe and strive to ensure that our people should be safe and free of any form of discrimination or harassment.

A new team member joining an agency can claim membership of that agency, the division and of the extended Chime family. While we want to encourage our brands to nurture their staff in their own way within a distinct culture, including participation in agency meetings and employee feedback questionnaires, we also promote interaction across divisions, ensuring that knowledge of the Group, its capabilities and successes is widely known to all.

We are aware that companies must embrace their responsibility to ensure that their staff reflect the markets they work in and face. Our approach to equal opportunities and the promotion and support of diversity, reflects that we see this as a potential competitive advantage, engaging people who reflect the audiences we address both directly and on behalf of our clients.

Equal opportunity

The Group is a meritocracy, where people can succeed by their talent, skills, knowledge and application. Our defining values and equal opportunity policy underpin our talent management processes.

In addition to salary and benefits, staff are further incentivised through performance-related bonus. Payments are conditional on Company performance and stretching individual targets.

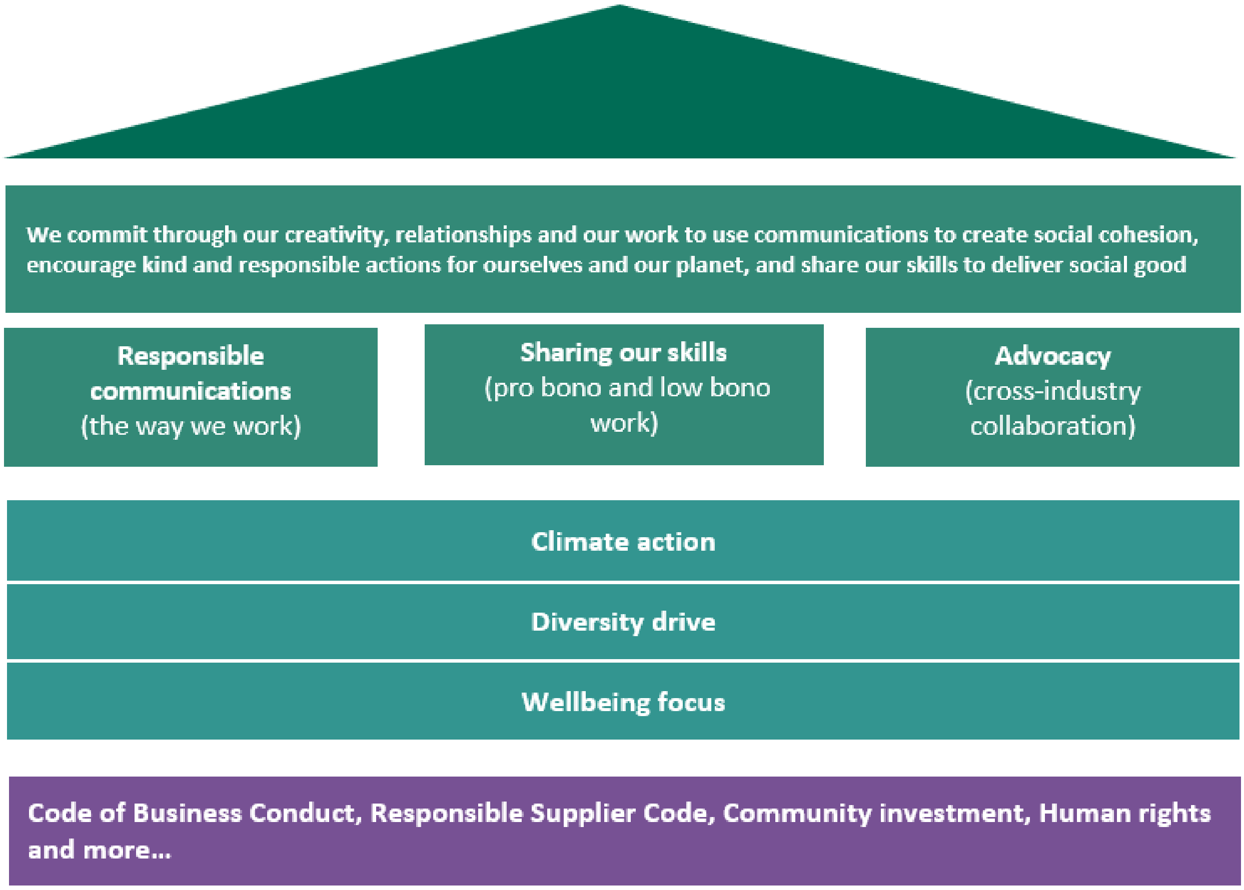
Sustainability

Our approach to Sustainability

Our pledge:

We commit through our creativity, relationships and our work to use communications to create social cohesion, encourage kind and responsible actions for ourselves and our planet, and share our skills to deliver social good.

Our Sustainability Strategy:



The Board recognises that being socially responsible is an important factor, not only in the work we do for our clients, but also in the management of our own business.

During 2020 we undertook a study, including benchmarking and consultation with stakeholders, to identify the focus areas for our sustainability strategy (above). The strategy, including the Pledge, was signed off by the Board and is being implemented at Divisional level.

Chime Group Holdings Limited

During 2021 we will be seeking certification to the Planet Mark. The Planet Mark is a sustainability certification that recognises continuous improvement, and encourages action to improve an organisation's environmental and societal impact.

Governance

The Chief Operating Officer, Joanne Parker, has responsibility on behalf of the Board to set strategy and ensure regular reporting on performance against the strategy to the Board, Audit Committee and shareholders.

The strategy is set at Group level, but implementation is at divisional level to ensure that we optimise the impact of our sustainability priorities in differing operating contexts. The divisions report to the Chief Operating Officer each month to ensure that the strategy implementation is co-ordinated across the Group, and to share best practice.

Our subsidiary, Corporate Citizenship, a leading global sustainability agency, also provides the Group with specialist expertise.

Responsible Communications

One of our most significant impacts is through the work we undertake for our clients. We support our clients to achieve their sustainability goals, and challenge them to optimise their social and environmental impacts. Work we are particularly proud of includes:

AIA – inspiring health and wellness

AIA brought its global ambassador, David Beckham and partner Tottenham Hotspur FC together in a series of films **designed to inspire health and wellness**. CSM undertook the strategic planning for the launch of the content and worked with 17 AIA markets to run local campaigns. Its work included developing toolkits, managing the translation and subtitling of all content, scripting press releases and co-ordinating the distribution of the content across AIA social channels and to media. Across the launch of the campaign, the hero films achieved 95.8m reach across AIA's, David Beckham's and Spurs' channels, 29.8m video views and 4.75m engagements and 387 pieces of coverage from AIA markets with an estimated reach of 113m.

VCCP and Cadbury – A glass and a half in everyone

The company John Cadbury founded was born to help the community – but it had lost its way. VCCP wanted to bring that spirit of generosity back to life for Cadbury and all its consumers. So rather than create just another advertising campaign, we built a campaign around an insight that over 225,000 older people in the UK go for a week without speaking to anyone.

So we worked with it to donate the words from its iconic Dairy Milk bars – leaving the front of the nation's most popular chocolate bar blank, apart from the 'glass and a half of milk' icon. The back of the pack explained that Age UK received 30p from every bar sold and encouraged the public to donate their words, too. To date, Cadbury has raised £400,000 for Age UK and more than 900,000 people have donated their words to lonely older people.

Pro/Low Bono

We encourage our agencies to use their services and talent as a force for good, including pro bono and low bono work.

Muscular Dystrophy Association (MDA)

CSM partnered with Kevin Hart and Muscular Dystrophy Association (MDA) to reimagine the iconic Jerry Lewis Telethon, by launching the MDA Kevin Hart Kids Telethon. The virtual entertainment and fundraising event drove mass awareness and donations to support research and educational programmes that give disabled and disadvantaged children a chance to live fulfilling and independent lives. CSM's role in the project included bringing on event partners such as Hisense, Hydrow, Fabletics and Fanatics, securing talent, steering the social media and PR strategy, and developing event websites. CSM also worked on six weekly lead-up events to the Telethon that raised over $85,000 with talent like Zedd, Trick2g, Jonsandman, missharvey, Claystre and Jelly Peanut.

Fair Money Advice

2020 pro bono client, Fair Money Advice, is an East London debt advice charity which came to Teamspirit, part of VCCP Business, to help it destigmatise debt, and encourage potential clients to openly confront their money issues before problems escalate. Teamspirit developed a strategic positioning centred around talking as the first step to taking control, and spread this message via social content, refreshed web copy and PR activity.

We also promote and facilitate volunteering by individual members of staff or groups, including through our Give As You Earn scheme, so that they can help the causes that are important to them.

Chime Group Holdings Limited

Advocacy

We want to challenge the stereotypes and legacies of our industry, to make our impact on equality, diversity and inclusivity felt. We do this by raising awareness with our peers of the issues that matter to us.

Examples include:

The Vice Chairman of VCCP, Julian Douglas, is a leading member of the IPA Diversity committee, sits on the Facebook Diversity council, and more recently co-launched an industry-wide initiative to celebrate talent in adland that is a driving force towards diversity and inclusion, named The iList.

Mike Davis, Regional Director – Middle East at CSM, is a member of the Board of Trustees for Team AngelWolf. His role is to support and advise the future direction of the CDA-licensed non-profit foundation, created to encourage inclusion of people with disabilities and for society to embrace their own health and wellbeing.

Sandy Downs, a Senior Account Manager at Teamspirit in VCCP Business, joined the CIPR (Chartered Institute of Public Relations) Diversity & Inclusion subcommittee in 2020. Teamspirit is making great strides as an agency in DE&I, and Sandy wanted to help change the industry too. The group is currently focused on racial equality and disability, and Sandy is supporting both working groups, with a particular focus on disability, to create resources to promote accessibility throughout the PR industry.

Diversity, Equity and Inclusion

Diverse teams are no longer ‘nice to haves’, but are proven critical components of a productive, creative and successful business. Chime is committed to attracting and retaining the best talent, regardless of gender, age, ethnicity, religion, disability, sexual orientation or any other manner of discrimination. This includes recruitment, development, promotion and the provision of pay and benefits.

Gender

Of our 2,169 staff at 31 December 2020, 44% were female (2019: 45%).

The Group continues to promote participation and encourage the aspirations of our female staff. We have a women’s forum called Grapevine, which meets regularly to share business ideas, encourage networking and personal development. This helps empower and inspire our female staff at all levels.

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From 2017, certain UK companies meeting size criteria on revenue or number of employees are required to report on the pay gap between men and women. In April 2019, in line with the legislation, three of our businesses (VCCP Group LLP, CSM Sport & Entertainment LLP and FIL Market Research Limited) reported on their gender pay gap; copies of their reports can be found on their respective websites. Actions which have been identified to reduce both the gender pay gap and gender split in these businesses, and which will form the basis for further progress in this area, include:

- improvements to policies on maternity, paternity, shared parental leave and flexible working;
- unconscious bias training for managers; and
- the development and expansion of Grapevine, our network for inspiring and mentoring female talent across the Group.

Disability

All Group agencies give full and fair consideration to all applications for employment made by disabled people, having regard to their aptitudes, talent 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. We always consider reasonable adjustments to our workspace or processes (including our recruitment process) in order to accommodate disabled staff or potential future employees.

Mentoring with the Leonard Cheshire Change 100 programme

Currently just half of disabled people in the UK are employed, compared with 80% of non-disabled people. During 2020, 14 colleagues from VCCP Business mentored disabled students or recent graduates as part of the Leonard Cheshire Change 100 programme, supporting the Charity's mission to improve the employment landscape for disabled people. The mentees received support and guidance to help them with their personal development, and to navigate the start of their career journey. The mentors found it to be a hugely rewarding experience, and VCCP-B learnt a great deal about how to become a more inclusive and disability confident employer, including reviewing its recruitment practices and undertaking appropriate workplace adjustments.

LBGQT+

ChimeQ

In 2019 we launched ChimeQ, the Group's LGBQT+ community. As communication experts we know our work needs to be representative and inclusive, as do our processes, hiring and culture. We need all our people to feel supported. And we need straight allies to be vocal about their support, and take a stand. 2020 saw us host a virtual pride event with a Black Lives Matter theme, as well as share resources on Trans Awareness Week and LGBTQ History Month.

Young people

We are aware of the barriers many young people face when looking for meaningful and creative employment opportunities.

Our Graduate Scheme in the UK has been running for more than ten years, and in 2019 we opened this scheme up to school leavers as well. In addition, we have offered a number of apprenticeship places in various parts of the business since 2017.

The Grassroots Programme at CSM and the Launchpad scheme in VCCP Business provide a training and development programme for all colleagues in entry-level roles, including graduates, school leavers and apprentices.

We have also established some exciting partnerships, which will help us make progress faster, such as with the Taylor Bennett Foundation and Brixton Finishing School, to widen our talent pool through new hires, and a mentoring programme, as well as participation in Advertising Unlocked.

Climate Action

The Climate Emergency is one of the biggest global challenges that we face. It is imperative that we play our part in reducing carbon emissions to prevent irreversible damage to our planet.

Chime contributes to this in three ways:

- By reducing our own, direct carbon footprint
- By undertaking client projects in as environmentally efficient a way as possible
- By influencing the environmental practices of both clients and consumers through our work

Chime's direct environmental footprint

In compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), the Chime Group reports its global energy use and emissions relating to gas, electricity and transport fuel for the year ended 31 December 2020.

Chime Group Holdings Limited

This report is prepared for Chime Group Holdings Limited and reports figures for all subsidiaries within the Group, not just those subsidiaries required to disclose by the 2018 Regulations.

Reflecting its activities, the bulk of the Group's energy usage relates to office-based activities and transportation, including transportation of people and a relatively small proportion in the transportation of finished goods.

As a people-based business, the Chime Group has elected to monitor and report on its energy efficiency using a tonnes of CO_2e per full-time equivalent intensity ratio. This is deemed the appropriate ratio, reflecting the office-based nature of most of our operations and that most transportation is for our people travelling to provide services to clients.

The Group uses the GHG Reporting Protocol in calculating its energy usage and emissions.

Activity	**2020**	
	Energy (kWh)*	**Emissions (tCO_2e)***
Scope 1 Total: *Scope 1 emissions: direct emissions from owned or controlled sources*	-	275
Natural Gas	1,195,128	221
Company Vehicles	216,275	55
Scope 2 (Location-Based) Total: *Scope 2 emissions: indirect emissions from the generation of purchased energy*		1,283
Electricity (Location-Based)	3,665,153	1,283
Scope 3 Total: *Scope 3 emissions: other indirect emissions, not covered by scope 2*		20
Hire Vehicles	79,933	20
Total	**5,156,489**	**1,579**
Emissions per FTE		**0.75**

**tonnes carbon dioxide equivalent (tCO2e); kilowatt hours (kWh);*

Chime Group Holdings Limited

As part of the Group's new sustainability strategy and its focus on climate action, work has been undertaken to obtain improved data for the purposes of calculating the Group's energy usage.

In 2021 this work will continue with a focus on data reporting improvements, and this will be used to agree science-based targets for reductions in energy usage and emissions. These targets will enable the Group to build a plan for specific reductions in energy usage and emissions reductions that are both achievable and long term. As part of its wider Climate Action initiatives, the Group has strived to continually reduce its carbon footprint on a normalised basis since 2006. We are participants in the UK CDP Climate Change programme, and have been calculating our UK carbon footprint since 2012.

Chime has committed to gaining Planet Mark accreditation during 2021. This will include setting ambitious Group-wide and divisional carbon reduction targets.

Each division has a Climate Action Group, with members from across the agencies and at all levels of seniority. This enables us to embrace the enthusiasm of our colleagues for this aspect of the sustainability strategy, and to share best practice between the agencies.

Minimising the environmental impact of our client work

In all our client work, we look for opportunities to minimise the environmental impacts. This can include undertaking only essential travel for face-to-face meetings, using video conferencing instead, and using renewable energy sources for advertising shoots.

CSM Live: reducing consumption and considering sustainability in all elements of event branding and signage

The early design is critical to minimising the environmental impact, considering the post-event re-use at the beginning of the project. An important element is the selection of materials that are fit for purpose and recyclable. CSM Live has developed a material database to highlight uses, chemical composition (PVC or PE) and post-event options. There is a continual development of materials; for example working closely with Formula E and material manufacturers, CSM Live has deployed a non-PVC self-adhesive that is applied for the trackside branding.

Helping our clients to achieve their environmental goals

We provide advice to and challenge our clients, to help them to achieve their own environmental goals and to influence their customers. This can be through challenging the initial brief, suggesting creative solutions to aid behaviour change, or providing direct advice.

Chime Group Holdings Limited

Corporate Citizenship, part of VCCP Business, is a leading sustainability agency and has provided advice on carbon reduction strategies and targets to 33 companies globally during 2020.

Wellbeing

During 2020 we have taken many steps to minimise the impact of Covid-19, particularly the change to working at home, on the wellbeing of our colleagues. We have undertaken wellbeing surveys to understand how we can best support our colleagues and help them to maintain a healthy work/life balance.

Across the Group we have sought to open up the conversation about mental health. All divisions have trained mental health first aiders, who provide a point of contact for anyone with mental health concerns. This year mental health first aiders have proactively provided advice and strategies for dealing with the practical and emotional challenges of lockdown, facilitating opportunities for colleagues to share their concerns and provide support.

Responsible Business Foundations

The Group acts responsibly and we conduct our business with honesty and integrity and in good faith. We set ourselves high standards in our business practices, and work with our value chain partners to meet the same level of business ethics, as well as being mindful of our impact on the environment.

Our divisions and agencies have set out the core values by which they work, reflecting the diverse nature of our business and operations. These values are underpinned by our Responsible Business Code and our Staff Code of Conduct, which are shared across the Group.

Responsible Business Code

The Group co-ordinates the operations of our three business groups, and in doing so sets the standards that must be met and maintained by all our agencies. Each agency has adopted processes and procedures that adhere to the Group standards, but within their own distinct culture.

We also communicate our standards of trading to staff and our external stakeholders via our Responsible Business Code, which summarises our approach to doing business. This is supported by detailed specific policies and procedures on various aspects of our activities. The Responsible Business Code can be found on our website www.chimegroup.com.

Chime Group Holdings Limited

Staff Code of Conduct

Our Staff Code of Conduct formalises the values and further sets out the behaviour and ethical standards expected of Chime employees.

Our staff are responsible for adhering to the Code, in addition to measures applied by their respective operating companies. Our Code covers:

- client and Company confidentiality;
- equal opportunities and the promotion of a meritocracy;
- a safe and civilised workplace;
- proper consideration of the sensitivities of potential audiences when publishing materials;
- honest business practice and integrity; and
- compliance with all laws and regulations.

The Code remains under review, in order that it may be adapted as market forces and legal requirements demand, or as additional risks are identified. While it is broad, it is designed, along with our guiding values, to be embedded within our diverse range of operating cultures.

Health & Safety

Each division has specific policies and procedures to ensure a safe working environment that reflects its particular business activities; this is the responsibility of the directors of each operating entity within the Group. Health & Safety matters are managed at a divisional level and reviewed by the Group through our risk management process.

Due to the nature of our work, the majority of our staff are office-based. However, our CSM Live business includes operations with manufacturing activity. As we have grown to include creating and managing live events, we now have a proportion of staff working on location, which brings an additional level and a variance in our Health & Safety risk profile. Our aim is to maximise the wellbeing of our people and those we interact with. Through the controls and management processes our operating entities have adopted, the risk and historical incidence of accidents are low. This is an ongoing process; the assessment of new developments or increases in activities with a higher level of risk is embedded into our review process.

Whistleblowing

The Group has a clear written whistleblowing policy and procedure, which any member of staff may use to report concerns they may have about unethical or unprofessional behaviour, non-adherence to Group standards or with applicable regulations and/or the law. The Group has established through a third-party supplier, a confidential helpline, which is available 24 hours a day in multiple languages, in order that staff can report any concerns or perceived shortcomings within our operations to an unbiased third party within the Group. The helpline is promoted on all policy documents and via our intranet.

Conflicts of interest

The Group has processes to identify and manage potential conflicts of interests that may exist for staff working with clients and suppliers. We believe that this is an important part of our ethical stance and acting in a transparent manner.

Anti-corruption

Maintaining appropriate and clear procedures within the Group's operations to prevent corruption is paramount. We have adopted clear guidelines to ensure our staff and our other stakeholders know how we approach such issues, and mandatory training is provided to all staff across the Group on anti-corruption and bribery measures.

Modern slavery

We do not tolerate any form of modern slavery or human trafficking in any part of our business. Our Responsible Business Code sets out our approach to doing business, and we seek to ensure this is adopted and applied within our supply chain. All operating companies are required to adhere to the Code, and its implementation by suppliers is determined at operating company level. The Group is required to prepare an annual slavery and human trafficking statement. The Group's statement for the year ended 31 December 2019 was published on our website in March 2020, and the Group will publish its report for the year ended 31 December 2020 in March 2021.

Human rights

We do not engage in any business activities that could implicate the Group, directly or indirectly, in the abuse of human rights or the breach of internationally recognised labour standards.

Political contributions

The Group's policy is not to make direct donations to support political parties. During the year the Group did not make any donations deemed to be political donations.

Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

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

- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Responsibility Statement in respect of the Financial Statements

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and parent Company'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 the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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 the Group and to prevent and detect fraud and other irregularities.

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

Approved by the Board of Directors on 13 April 2021 and signed on behalf of the Board

Matthew Vandrau

Director

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Chime Group Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet and Company Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework ; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group 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.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which indicates that, whilst on the base case projections the Group expects continued compliance with quarterly Senior Term and Revolving Facilities Agreement ('SFA') leverage covenant, under a severe but plausible downside scenario on the Group's cash flows, the Group would exceed its quarterly SFA leverage financial covenants in Q1 2022 and Q2 2022. These events and conditions, along with the other matters explained in note 2, constitute a material uncertainty that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

Material uncertainty related to going concern (continued)

Our opinion is not modified in respect of this matter.

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 directors, the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group'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 activation, branding, project and revenue from retainership is recorded in the wrong period and the risk that Group 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 Group 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 the Group’s regulatory and legal correspondence and discussed with the directors 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.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and 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, the Group 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, the Group 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 the Group’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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

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.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 44, the directors 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 the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

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

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

PBarron

Paul Barron (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

13 April 2021

Chime Group Holdings Limited

Consolidated Income Statement

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Continuing Operations			
Revenue	3	352,589	536,259
Cost of sales		(142,433)	(263,163)
Operating income		**210,156**	**273,096**
Other Income		5,936	-
Operating expenses	4	(224,038)	(259,799)
Operating (loss)/profit		**(7,946)**	**13,297**
Share of results of associates	17	80	426
Investment income	7	64	479
Finance costs	8	(16,384)	(18,172)
Loss before tax		**(24,186)**	**(3,970)**
Tax credit/(charge)	9	(1,408)	1,399
Loss from continuing operations		**(25,594)**	**(2,571)**
Discontinued Operations			
Profit/(loss) from discontinued operation, net of tax	12/13	729	(5,398)
(Loss) for the year		**(24,865)**	**(7,969)**
Attributable to:			
Equity holders of the parent		(24,198)	(8,318)
Non-controlling interests		(667)	349
		(24,865)	**(7,969)**

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Statement of Comprehensive Income
Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Items that may be classified subsequently to profit and loss			
(Loss) for the year		(24,865)	(7,969)
Loss on revaluation of available for sale investments	18	-	(33)
Fair value of foreign exchange hedges	19/21	(449)	586
Fair value equity interest in acquire		601	-
Exchange differences on translation of foreign operations		(5,422)	(3,634)
Total comprehensive expense for the year		**(30,135)**	**(11,050)**
Attributable to:			
Equity holders of the parent		(29,468)	(11,399)
Non-controlling interest		(667)	349
		(30,135)	**(11,050)**

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Balance Sheet
At 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Goodwill	11	264,940	264,136
Other intangible assets	14	21,900	40,677
Property, plant and equipment	15	43,868	49,918
Investments in associates	17	1,540	2,268
Other investments	18	160	160
Deferred tax assets	10	7,992	7,191
Other receivables		3,165	-
		343,565	**364,350**
Current assets			
Work in progress		8,575	9,126
Trade and other receivables	19	92,911	122,430
Current tax asset		396	2,013
Cash and cash equivalents	20	63,679	46,448
Assets classified as held for sale	13	-	8,056
		165,561	**188,073**
Total assets		**509,126**	**552,423**
Current liabilities			
Trade and other payables	21	(123,170)	(120,084)
Current tax liability		(726)	(1,833)
Other borrowings	23	(9,094)	(7,953)
Provisions	25	(8,746)	(5,480)
Liabilities classified as held for sale	13	-	(13,471)
		(141,736)	**(148,821)**
Total net current assets		**23,825**	**39,252**
Non-current liabilities			
Deferred tax liabilities	10	(3,431)	(5,570)
Bank loans	22	(226,214)	(223,750)
Other borrowings	23	(30,190)	(32,597)
Provisions	25	(2,906)	(4,064)
		(262,741)	**(265,981)**
Total liabilities		**(404,477)**	**(414,802)**
Total net assets		**104,649**	**137,621**

Consolidated Balance Sheet (continued)
At 31 December 2020

	Note	2020 £'000	2019 £'000
Equity			
Share capital	26	81,153	81,153
Share premium account	27	215,055	215,055
Hedge reserve		20	469
Foreign currency translation reserve		(3,092)	2,330
Accumulated losses		(188,711)	(166,804)
Equity attributable to equity holders of the parent		**104,425**	**132,203**
Non-controlling interests		224	5,418
Total equity		**104,649**	**137,621**

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2021. They were signed on its behalf by:

Matthew Vandrau

Director

Registered Company number: 09702342

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 December 2020

	Share capital	Share premium	Hedge reserve	Translation reserves	Retained losses	Total	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	**81,153**	**215,055**	**(117)**	**5,964**	**(158,453)**	**143,602**	**8,553**	**152,155**
Total comprehensive income	-	-	586	(3,634)	(8,351)	**(11,399)**	349	**(11,050)**
Dividends to non-controlling interests	-	-	-	-	-	**-**	(210)	**(210)**
Purchase of non-controlling interests							(3,274)	**(3,274)**
Balance at 1 January 2020	**81,153**	**215,055**	**469**	**2,330**	**(166,804)**	**132,203**	**5,418**	**137,621**
Total comprehensive income	-	-	(449)	(5,422)	(23,597)	**(29,468)**	(667)	**(30,135)**
Dividends to non-controlling interests	-	-	-	-	-	**-**	(266)	**(266)**
Purchase of non-controlling interests	-	-	-	-	1,690	**1,690**	(4,261)	**(2,571)**
Balance at 31 December 2020	**81,153**	**215,055**	**20**	**(3,092)**	**(188,711)**	**104,425**	**224**	**104,649**

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Consolidated Cash Flow Statement
Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash from operating activities	29	**37,387**	**27,234**
Investing activities			
Interest received		8	323
Dividends received from investments and associates		-	80
Purchases of other intangible assets		(970)	(1,343)
Purchases of property, plant and equipment		(1,925)	(4,585)
Upfront property payments		-	(1,801)
(Outflow) from disposal of subsidiaries		-	(319)
Discontinued operations		(8,035)	(1,405)
Acquisition of subsidiaries (net of cash acquired)		(3,588)	-
Deemed remuneration and deferred consideration payments		(6,804)	(9,557)
Purchase of non-controlling interests		(1,209)	(4,543)
Net cash (outflow)/inflow from investing activities		**(22,523)**	**(23,150)**
Financing activities			
Dividends paid to non-controlling interests		(266)	(210)
Reduction in borrowings		2,661	(31,250)
Repayment of loan notes		(11)	(23)
Net cash outflow from financing activities		**2,384**	**(31,483)**
Net increase/(decrease) in cash and cash equivalents		**17,248**	**(27,399)**
Cash and cash equivalents at beginning of year		46,448	74,324
Effect of foreign exchange rate changes		(17)	(477)
Cash and cash equivalents at end of year		**63,679**	**46,448**

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements
Year ended 31 December 2020

1. General information

Chime Group Holdings Limited (the Group) is a company incorporated in the United Kingdom on 24 July 2015 under the Companies Act 2006. The address of the registered office is 62 Buckingham Gate, London SW1E 6AJ. The nature of the Group's operations consists principally of sports marketing, public relations, advertising, market research, direct marketing, and design and event management consultancy. Details are provided in the Strategic Report, pages 5 to 24.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2. The Group's overseas operations are principally conducted in US dollars or euros. The rates used are as follows:

	Closing rate at 31 December 2020	Average rate 2020	Closing rate at 31 December 2019	Average rate 2019
US dollar	1.365	1.284	1.322	1.277
Euro	1.113	1.125	1.178	1.141

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The Group has adopted all applicable standards effective for the current financial year with no material impact to the accounts.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value in accordance with the accounting policies set out below.

Critical accounting judgements

In the process of applying the Group's accounting policies, management is required to make judgements that may affect the financial statements. Management believes that the judgements 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 2020 are appropriate and consistent with the terms of the contracts and the stage of work completed.

2. Significant accounting policies (continued)

Key sources of estimation uncertainty

In the process of applying the Group'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:

Going concern

At 31 December 2020 the Group had cash balances of £63.7m and, under its Senior Facilities Agreement (SFA), drawn borrowings of £226.2m and further undrawn committed facilities of £25.0m. As of 5 April 2021, it had cash balances of £61.5m.

The Group's SFA comprises a £216.7m Term Loan repayable in August 2024 with no interim payments due before that time, and a Revolving Credit Facility and Capex Facility totalling £34.5m repayable in August 2023. Up until 27 April 2020 the SFA contained a single covenant, being leverage measured as the ratio of net debt to adjusted EBITDA which was tested quarterly. Following the outbreak of the Covid-19 pandemic, on 27 April 2020 revised covenants were agreed until and including Q4 2021, as an amendment to the SFA, to change the ratio limit for the leverage covenant and to also add an additional minimum liquidity position which is tested monthly. The Group has been in compliance with the revised covenants, with significant headroom, during 2020.

The uncertainty as to the future impact on the Group of Covid-19 has been considered as part of the Group's adoption of the going concern basis. As part of the resetting of covenants, the Group revised its expectations for 2020 and 2021 (the CV-19 forecast) and has performed favourably to the CV-19 forecast in 2020. The Group's 2021 budget shows performance consistent with the CV-19 forecast and continuing compliance with the revised covenants.

The Group's 2021 budget assumes a successful vaccination programmed during H1 2021 supporting an improvement in trading conditions thereafter. The Group further assumes that mass participation events, including spectators at sporting events, will not occur until Q4 2021. The Group has managed the impact of operating income reductions by an adjustment to the cost base, mainly through personnel and discretionary spend. During 2020 the Group put in place a freeze on pay increases and new hires, made redundancies and furloughed employees, removed bonus payments and similar incentive arrangements, and introduced temporary salary reductions. In addition, the Group has taken other measures to preserve liquidity, including reduced capital expenditure, phasing of rental payments with landlord agreement and taking advantage of the VAT deferral scheme.

Due to the uncertainty of the overall impact of Covid-19, the Group has performed a sensitivity analysis on its 2021 budget to assess the impact of more severe but plausible assumptions including a 21.3% reduction in Operating Income. This severe but plausible downside has been determined using the experience of the impact of Covid-19 on the Group's original 2020 budget. The Group has assessed the mitigating cost measures it would take in this event.

While the budget projects a minimum liquidity position of over £55m for the forecast period, and the Group expects to maintain sufficient headroom to the leverage covenant levels, there remains a risk of breach within the next 12 months of the leverage covenant levels under the severe but plausible downside sensitivities. The SFA classifies a covenant breach as a default event which could, should the majority of lenders demand such action, give rise to the drawn facilities under the SFA becoming immediately repayable and therefore the Company becoming insolvent if it were not able to refinance the due and payable debt. This indicates the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments to assets and liabilities that would result if the Group were unable to continue as a going concern.

2. Significant accounting policies (continued)

Key sources of estimation uncertainty (continued)

Going concern (continued)

After reviewing the most recent projections, including the severe but plausible sensitivity analysis, and having carefully considered the material uncertainty on future trading presented by the Covid-19 pandemic, the directors are confident that the Company has adequate liquidity for at least 12 months from the approval date of these Consolidated Financial Statements and is forecast to remain in compliance with the revised covenants for the same period, and therefore have prepared the financial statements on a going concern basis.

Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable assets of a business combination, management is required to make estimates when determining fair values. This includes the use of discounted cash flows, revenue and profit before tax multiples. Asset lives are estimated based on the nature of the intangible asset acquired and range between two and 15 years.

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 11 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. The interest of non-controlling shareholders is stated as the non-controlling shareholders’ proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. The results of subsidiaries disposed of during the year are included in the consolidated income statement within the financial statement as Discontinued operations.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. Significant accounting policies (continued)

Revenue recognition

The Group applies the IFRS 15 ‘5-step model’ to each of the revenue streams across the Group, 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 about 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 the Group), 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.

Revenue from commission on sponsorship contracts and talent management is recognised at a point in time. Revenue relating to a specific event is recognised at a point in time, when the performance obligation in the contract has been satisfied.

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 the Group 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.

Foreign currencies

Sterling is the functional and presentational currency of the Group. 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.

On consolidation, the assets and liabilities of the Group’s overseas operations are translated into the presentational currency of the Group at the exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group’s translation reserve. Such translation reserve differences are recognised as income or as expenses in the period in which the operation is disposed of.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities classified as available for sale, are included in the fair value reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

2. Significant accounting policies (continued)

Finance costs

Finance costs, which include interest, losses on interest rate swaps and bank charges, are recognised in the income statement in the year in which they are incurred.

Operating profit

Operating profit is stated before the share of results of associates, impairment, investment income and finance costs.

Retirement benefit costs

The pension cost is the amount of contributions payable by the Group to the defined contribution pension scheme and to personal pension schemes of certain employees during the accounting year. These are charged as an expense as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement, because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group is committed to its Tax Strategy, which is published annually on the Chime website.

Leasing

The Group 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 the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group 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.

2. Significant accounting policies (continued)

Leasing (continued)

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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate 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 the Group 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.

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'.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and tested for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For acquisitions accounted for under IFRS 3, future anticipated payments to vendors in respect of deferred consideration are based on the Directors' best estimates of the fair value of future obligations, which are dependent on the future financial performance of the interests acquired and assume the operating companies improve profits in line with Directors' estimates and are included in liabilities greater or less than one year as appropriate. Subsequent reductions in provisions for deferred consideration are recorded in the income statement through costs of acquisitions.

When deferred considerations are to be settled in cash, the fair value of the consideration is obtained by discounting to the present value the amounts expected to be payable in the future. The resulting interest charge is included within finance costs of deferred consideration.

When a business is acquired from former shareholders who become employees of the Group, should their earn-out payments be dependent on continuing employment, then all payments are treated as remuneration for post-acquisition services. The charge to the income statement is included in deemed remuneration and the fair value of the liability is included as deemed remuneration in the balance sheet, classified as current or non-current liabilities as appropriate.

In accordance with IFRS, an impairment charge is required for both goodwill and other indefinite lived assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining our cash-generating units we identify for impairment testing.

2. Significant accounting policies (continued)

Other investments

Other investments represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. For unlisted securities, where market value is not available, the Group estimates relevant fair values on the basis of publicly available information from outside sources. Where this is not possible, investments are held at cost and are reviewed for impairment. Movements in the fair value of other investments designated as 'available for sale' are taken to equity.

On disposal, the cumulative gain or loss previously recognised in equity is included within the income statement for the year. Impairment losses recognised in the income statement for equity investments classified as 'available for sale' are not subsequently reversed through the income statement.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred a legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill and is included in the carrying value of the investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in the income statement in the year of acquisition.

Where a Group company transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Other intangible assets

Other intangible assets comprise acquired customer relationships, contracts, trade names and computer software. Customer relationships and corporate trade names acquired on the acquisition of a business are capitalised separately from goodwill as an intangible asset 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 the Group. Contracts entered into to provide right sales have been capitalised where an intangible asset is identifiable, future economic benefits are probable and the cost can be measured reliably. 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
Customer relationships	3 to 8 years
Trade names	5 to 15 years
Client contracts	2 to 5 years

2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is provided in equal instalments to write off the cost less residual value over the estimated useful economic lives of asset type as follows:

Short-term leasehold improvements	5 years
Motor vehicles	6 years
Fixtures, fittings and equipment	4 years

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.

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

At each balance sheet date, the Group 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, the Group 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.

Work in progress

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material.

Financial instruments

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

Trade receivables

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

2. Significant accounting policies (continued)

Financial instruments (continued)

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at historical cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

Cash and cash equivalents

Cash comprises cash, overdrafts (where the Group has formal right of set-off) and cash held on short-term deposit (up to six months).

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value, and subsequently measured at amortised cost using the effective interest method.

Equity instruments

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

Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to interest rate movements and foreign currency risk. Forward contracts are used to hedge against fluctuations in the exchange rate on specific sales contracts. The Group does not hold or issue derivative financial instruments for financial trading purposes.

At the inception of the hedge, the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and hedge strategy. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date.

Changes in fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity, and are recycled in the income statement in the periods when the hedged item is recognised in profit or loss.

Derivatives that do not qualify for hedge accounting are accounted for at fair value through the income statement, with gains and losses on revaluation being recognised immediately in the income statement.

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.

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 the Group in the current or future reporting periods.

2. Significant accounting policies (continued)

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement, although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from the start of the current period; no reclassifications are made in prior periods.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

3. Analysis of revenue

100% of revenue is classed as ‘income from rendering of services’.

	2020	2019
	£’000	£’000
United Kingdom	202,398	270,780
USA	74,225	148,343
Europe & Africa	47,723	64,382
Rest of the World	16,434	32,676
Middle East	11,809	20,078
	352,589	**536,259**

4. Operating expenses

Operating loss/(profit) has been arrived at after charging:

	2020	2019
	£’000	£’000
Depreciation of tangible assets (note 15)	15,350	14,041
Amortisation of other intangible assets (note 14)	17,011	18,877
Impairment loss on trade receivables	2,394	1,768
Loss on disposal of property, plant and equipment	83	390
Staff costs (note 6)	158,284	183,072
Net foreign exchange (gain)	(4,102)	(16)
Other administration costs	35,018	41,667
Total operating expenses	**224,038**	**259,799**

5. An analysis of auditors' remuneration is provided below:

	2020	2019
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	126	94
The audit of the Company's subsidiaries pursuant to legislation	304	289
Total audit fees	430	**383**
Taxation and advisory services	5	34
Other services	19	34
Total non-audit fees	**24**	**68**
Total fees paid to Company's auditors	**454**	**451**

6. Staff costs

The average monthly number of employees for the year (including Executive Directors) was 2,227 (2019: 2,421).

	2020	2019
	£'000	£'000
Wages and salaries	132,870	157,433
Social security costs	12,006	14,197
Pension costs	5,883	6,011
Deemed remuneration (note 25)	7,525	5,431
	158,284	**183,072**

The Group operates a defined contribution pension scheme for the benefit of the majority of its employees. This is an independently administered fund, the assets of which are held separately from those of the Company. At 31 December 2020, contributions of £0.44m (2019: £0.05m) due in respect of the current reporting period had not been paid over to the schemes.

Wages and salaries expense above is stated net of receipts from job retention schemes. See financial review page 14.

Directors' remuneration

	2020	2019
	£'000	£'000
Short-term benefits	369	1,536
Pension costs	-	-
	369	**1,536**

The highest paid Director received a salary and short-term benefits amounting to £0.3m (2019: £0.7m), and pension contributions of nil (2019: nil) for the year.

7. Investment income

	2020	2019
	£'000	**£'000**
Interest on bank deposits	8	323
Fair value gain on interest rate swap	-	97
Other Interest received	56	59
	64	**479**

At 31 December 2020 and 2019 there was no interest rate swap in place. At 31 December 2018 the fair value of the interest rate swap was a liability of £0.1m. The fair value gain has been recognised in investment income. Hedge accounting has not been applied (see note 31).

8. Finance costs

	2020	2019
	£'000	**£'000**
Interest on bank loans and overdrafts	13,584	15,580
Finance cost of deemed remuneration	218	358
Finance cost of deferred consideration	117	82
Finance cost of lease liability	2,465	2,152
	16,384	**18,172**

9. Tax

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax at 19.0% (2019: 19.0%)	1,842	3,401
Foreign tax	327	(505)
Adjustments in respect of prior years	2,119	56
	4,288	**2,952**
Deferred tax:		
Current-year origination and reversal of temporary differences	(2,333)	(4,220)
Adjustments in respect of prior years	(715)	(131)
Adjustment for rate change	168	-
	(2,880)	**(4,351)**
Tax charge/(credit) for the year	**1,408**	**(1,399)**

UK corporation tax is calculated at 19.0% (2019: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The effective rate for the year is (5.8%), lower (2019: lower) than the UK rate. The charge for the year can be reconciled to the loss per the income statement as follows:

	2020		2019	
	£'000	**%**	**£'000**	**%**
Loss before tax from continuing operations	(24,186)		(3,970)	
Tax at the UK corporation tax rate of 19.0% (2019: 19.0%)	(4,595)	19.0%	(754)	19.0%
Disallowable items	772	(3.2%)	776	(19.5%)
Non-taxable income	(50)	0.2%	(85)	2.1%
Remuneration expense on business combinations	64	(0.3%)	113	(2.8%)
Amortisation and impairment	702	(2.9%)	206	(5.2%)
Profit on disposal of investment	435	(1.8%)	(109)	2.7%
Tax assets not recognised	3,394	(14.0%)	1,228	(30.9%)
Effect of overseas tax rates	(956)	4.0%	(2,599)	65.4%
Impact of rate changes	167	(0.7%)	(100)	2.5%
Adjustments in respect of prior years	1,475	(6.1%)	(75)	1.9%
Tax expense and effective tax rate for the year	**1,408**	**(5.8%)**	**(1,399)**	**35.2%**

10. Deferred tax

	Depreciation in excess of capital allowances	Losses	Short-term timing differences	Intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2018	**1,282**	**96**	**1,870**	**(5,989)**	**(2,741)**
Acquisition of subsidiaries	-	-	-	-	-
Disposal of subsidiaries	5	-	-	-	5
Credit to the income statement	(92)	(64)	133	4,374	4,351
Exchange adjustments	-	-	(23)	29	6
At 31 December 2019	**1,195**	**32**	**1,980**	**(1,586)**	**1,621**
Acquisition of subsidiaries	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-
Credit to the income statement	171	(32)	950	1,791	2,880
Exchange adjustments	-	-	-	60	60
At 31 December 2020	**1,366**	**-**	**2,930**	**265**	**4,561**

Deferred tax assets of £11m (2019: £7.6m) have not been recognised due to insufficient certainty that there will be appropriate profits available in the future to utilise them. Of the unrecognised losses, £0.1m will expire in 2027, the remaining amounts will not expire.

A deferred tax asset has been recognised in respect of certain fixed asset and short-term timing differences arising in the US, as management forecasts support the recoverability of these assets against tax payable in future periods. Deferred tax assets in respect of losses and interest deductions have not been recognised, as there is insufficient certainty regarding the timing of their reversal and overall recoverability.

No deferred tax liability is recognised on temporary differences of £0.5m (2019: £0.4m) relating to the unremitted earnings of overseas, as the Group is able to control the timing of the reversal of these temporary differences, and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2020 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas jurisdictions in which these subsidiaries operate.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2020 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly and increase the deferred tax asset and liability by £0.4m and £0.2m respectively.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by approximately £0.5m.

11. Goodwill

	£'000
At 31 December 2018	**263,391**
Recognised on acquisition of subsidiaries and minority interests	1,978
Foreign exchange differences	(1,233)
At 31 December 2019	**264,136**
Recognised on acquisitions	1,925
Foreign exchange differences	(1,121)
At 31 December 2020	**264,940**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment was identified from the impairment review for the year ended 31 December 2020.

An additional £1.9m goodwill has been recognised on the acquisition of Prolab Digital and The Agency of SomeOne.

Further disclosures in accordance with IAS 36 are provided where the Group holds an individual goodwill item relating to a CGU that is significant, which the Group considers to be 10% or more of the Group's total carrying value of goodwill. The carrying value of goodwill at the reporting date for the significant CGUs is as follows:

	2020 £'000	2019 £'000
VCCP	129,626	128,874
CSM	100,038	99,883
VCCP Business	35,276	35,379

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. The Group prepared cash flow forecasts based on the 2021 budget approved by the Directors 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.

11. Goodwill (continued)

After the initial three-year forecast period, a long-term growth rate of 0.8% 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.

The pre-tax rate used to discount the forecast cash flows from all CGUs is 12.6% (2019: 12.0%).

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. If forecasted cashflows decreased by 10% there would be a £7.8m impairment of the CSM CGU. If the discount rate increased by 1%, there would be a £0.2m impairment of the CSM CGU. If forecasted cashflows decreased by 10% and discount rate increased by 1%, there would be a £11.5m impairment of the CSM CGU. Applying the same sensitivities, there would be no impairments to the other CGUs.

12. Acquisition of subsidiaries

Icon Prolab and Prolab Digital

In March 2020, Chime completed the purchase of the remaining 50% JV in Icon Prolab Events Organising LLC for initial consideration £1.0m, as well as the purchase of Prolab Digital LLC and Prolab Digital 2 LLC for an initial consideration of £3.6m. Further amounts may become payable depending on the future performance of the business.

The fair values of the consideration and net assets acquired in the purchase of Prolab Digital LLC and Prolab Digital 2 LLC are as detailed below:

	Book value	Adjustments	Fair value
	£'000	**£'000**	**£'000**
Property, plant and equipment	1,940	(947)	**993**
Debtors and other current assets	7,467	(1,847)	**5,620**
Cash at bank	34	-	**34**
Creditors and other liabilities	(3,391)	(342)	**(3,733)**
Net assets	6,050	(3,136)	**2,914**
Goodwill			639
Fair value of consideration			**3,553**
Cash consideration			3,553
Cash acquired			(34)
Cash outflow arising on acquisition			**3,519**

Cash consideration includes a £1.5m deferred consideration payment, which was paid in December 2020. Acquisition-related costs amounting to £0.4m have been expensed during the period and are included in operating expenses.

12. Acquisition of subsidiaries (continued)

The adjustments to property, plant and equipment, debtors and other current assets, and creditors and other liabilities are to align Prolab Digital's policies with that of the Group. Goodwill represents the specialist skills held by Prolab, which is expected to be deductible for income tax purposes.

Prolab Digital contributed revenue of £6.0m and an operating loss of £1.1m to the results of the Group since acquisition.

The Agency of SomeOne

In February 2020, the Group acquired the remaining 60% of The Agency of SomeOne for initial consideration of £1.6m. Further amounts may become payable depending on the future performance of the business. The Agency of SomeOne was acquired by the Group's VCCP division.

The fair values of the consideration and net assets acquired are as detailed below:

	Book value	Adjustments	Fair value
	£'000	£'000	£'000
Property plant and equipment	156	(1)	**155**
Debtors and other current assets	998	(76)	**922**
Cash at bank	909	-	**909**
Creditors and other liabilities	(577)	23	**(554)**
Net assets	1,486	(54)	**1,432**
Goodwill			1,286
Intangibles			294
Fair Value			**3,012**
Fair value of consideration			1,617
Fair value of existing shareholding			1,395
Cash consideration			1,617
Cash acquired			(909)
Cash outflow arising on acquisition			**708**

Acquisition-related costs amounting to £0.1m have been expensed during the period and are included in operating expenses.

The adjustments to property, plant and equipment, debtors and other current assets, and creditors and other liabilities are to align The Agency of SomeOne's policies with that of the Group. On acquisition, an intangible asset was recognised in relation to the fair value customer contracts that were acquired. Goodwill represents the specialist skills held by The Agency of SomeOne, which is expected to be deductible for income tax purposes.

The Agency of SomeOne contributed revenue of £2.6m and an operating loss of £0.1m to the results of the Group since acquisition.

13. Discontinued operations

CSM iLuka

In September 2020, the Group sold its CSM iLuka agency. CSM iLuka was classified as held for sale in 2019. The comparative statement of profit or loss and statement of comprehensive income show the discontinued operations separately from continuing operations.

The agency was sold for £2 cash consideration and a pre-tax gain of £0.8m was recorded. iLuka Japan K.K was sold, and iLuka UK agency was sold via a trade and asset sale. The attributable tax was £0.0m, leaving a loss after tax and results from operating activities tax of £1.4m.

Result of the discontinued operations

	2020	2019
	£'000	£'000
Revenue	9,154	3,777
Expenses	(9,355)	(5,366)
Loss before tax	**(201)**	**(1,589)**
Tax on loss	(152)	-
Results from operating activities net of tax	**(353)**	**(1,589)**
Gain/(Loss) on sale of discontinued operations	1,082	(1,827)
Income tax on gain on sale of discontinued operations	-	-
Gain/(Loss) from discontinued operations, net of tax	**729**	**(3,416)**

Cash flows from/(used in) discontinued operations

	2020	2019
	£'000	£'000
Net cash used in operating activities	(1,507)	3,439
Net cash used in investing activities	(6,528)	-
Net cash (used in)/from discontinued operations	**(8,035)**	**3,439**

13. Discontinued operations (continued)

Effect of the disposals on individual assets and liabilities

	2020
	£'000
Property, plant and equipment	47
Trade and other receivables	4,159
Cash and cash equivalents	6,528
Trade and other payables	(11,431)
Net identifiable assets	**(697)**
Consideration received, satisfied in cash	-
Cash disposed of	(6,528)
Net cash out flow	**(6,528)**

14. Other intangible assets

	Trade names £'000	Customer relationships £'000	Client contracts £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2019	22,401	80,256	3,993	7,444	114,094
Discontinued operations	-	-	-	(941)	(941)
Additions	-	-	3,420	998	4,418
Disposals	-	-	(3,993)	(933)	(4,926)
Exchange differences	(110)	(900)	-	(17)	(1,027)
At 31 December 2019	**22,291**	**79,356**	**3,420**	**6,551**	**111,618**
Additions	-	294	-	970	1,264
Disposals	-	-	(2,500)	(870)	(3,370)
Exchange differences	(55)	(898)	-	-	(953)
At 31 December 2020	**22,236**	**78,752**	**920**	**6,651**	**108,559**
Accumulated amortisation					
At 1 January 2019	5,447	45,885	3,993	2,455	57,780
Discontinued operations	-	-	-	(692)	(692)
Charge for the year	2,108	15,377	-	1,392	18,877
Disposals	-	-	(3,993)	(449)	(4,442)
Exchange differences	(24)	(558)	-	-	(582)
At 31 December 2019	**7,531**	**60,704**	**-**	**2,706**	**70,941**
Charge for the year	2,115	13,617	-	1,279	17,011
Disposals	-	-	-	(154)	(154)
Exchange differences	(58)	(1,081)	-	-	(1,139)
At 31 December 2020	**9,588**	**73,240**	**-**	**3,831**	**86,659**
Net book amount					
31 December 2020	**12,648**	**5,512**	**920**	**2,820**	**21,900**
31 December 2019	**14,760**	**18,652**	**3,420**	**3,845**	**40,677**

15. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets.

	2020	2019
	£'000	£'000
Property, plant and equipment – owned	7,741	9,687
Right-of-use assets – leased	36,127	40,231
At 31 December 2020	**43,868**	**49,918**

Right-of-use assets

Property leases

The Group leases land and buildings for its office and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Leases are typically made for a fixed period of five years and may include extension options that provide operational flexibility.

Other leases

The Group also leases vehicles, machinery, furniture and other office equipment. The average contract duration is three years.

	Property	Motor vehicles	Fixtures, fittings and computers	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	41,165	163	188	41,516
Additions	8,469	27	255	8,751
Depreciation charge for the year	(9,325)	(90)	(159)	(9,574)
Disposal	(709)	-	-	(709)
Exchange differences	244	3	-	247
Balance at 31 December 2019	**39,844**	**103**	**284**	**40,231**
Additions	6,909	45	2	6,956
Depreciation charge for the year	(10,633)	(93)	(110)	(10,836)
Exchange differences	(220)	(2)	(2)	(224)
Balance at 31 December 2020	**35,900**	**53**	**174**	**36,127**

Other lease disclosures

A maturity analysis of lease liabilities is shown in note 23.

The Group incurred interest expense of lease liabilities of £2.5m (2019 £2.2m). 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 £12.0m (2019 £11.2m).

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

15. Property, plant and equipment (continued)

Owned assets

	Short-term leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and computers £'000	Total £'000
Cost				
At 1 January 2019	5,510	2,809	8,619	16,938
Discontinued operations	(151)	(13)	(663)	(827)
Additions	1,800	301	2,487	4,588
Disposals	(1,982)	(148)	(3,425)	(5,555)
Exchange differences	(144)	(182)	(184)	(510)
At 31 December 2019	**5,033**	**2,767**	**6,834**	**14,634**
Acquisitions	-	185	963	1,148
Additions	238	327	1,360	1,925
Disposals	(1,205)	(1,380)	(3,940)	(6,525)
Exchange differences	(222)	(255)	(128)	(605)
At 31 December 2020	**3,844**	**1,644**	**5,089**	**10,577**
Accumulated depreciation				
At 1 January 2019	2,141	396	4,089	6,626
Discontinued operations	(67)	-	(479)	(546)
Charge for the year	1,188	563	2,716	4,467
Disposals	(1,799)	(106)	(3,260)	(5,165)
Exchange differences	(110)	(146)	(179)	(435)
At 31 December 2019	**1,353**	**707**	**2,887**	**4,947**
Charge for the year	1,131	546	2,837	4,514
Disposals	(922)	(1,054)	(4,465)	(6,441)
Exchange differences	(69)	(89)	(26)	(184)
At 31 December 2019	**1,493**	**110**	**1,233**	**2,836**
Net book amount				
31 December 2020	**2,351**	**1,534**	**3,856**	**7,741**
31 December 2019	**3,680**	**2,060**	**3,947**	**9,687**

16. Subsidiaries and associates

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and associates and the effective percentage of equity owned included in these consolidated financial statements at 31 December 2020, are disclosed in appendix 1.

17. Investments in associates

	£'000
At 1 January 2019	**1,922**
Profit for the year	426
Dividends received	(80)
At 31 December 2019	**2,268**
Profit for the year	80
Dividends received	-
Disposal	(808)
At 31 December 2020	**1,540**

A list of the investments in associates, including the name, country of incorporation and proportion of ownership interest, is given in appendix 1. None of the associates is individually material.

Disposal relates to The Agency of SomeOne, which was acquired into the Group. See note 12.

18. Other investments

	Available for sale £'000	Historic cost £'000	Total £'000
At 1 January 2019	**33**	**161**	**194**
Exchange differences		(1)	**(1)**
Revaluation	(33)	-	**(33)**
At 31 December 2019	**-**	**160**	**160**
Exchange differences	-	-	-
Revaluation	-	-	-
At 31 December 2020	**-**	**160**	**160**

The available for sale investments comprised 1,684,750 TLA Worldwide shares, which were fully impaired and disposed of in 2019.

19. Trade and other receivables

	2020	2019
	£'000	£'000
Amounts receivable from provision of services	63,704	83,782
Other receivables	7,054	7,564
Prepayments	8,225	12,027
Accrued income	13,908	18,588
Forward exchange contracts used for hedging	20	469
	92,911	**122,430**

The Group's trade receivables are stated after allowances of £5.5m (2019: £3.2m) for bad and doubtful debt.

20. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at year-end as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2020	2019
	£'000	£'000
Consolidated statement of financial position	63,679	46,448
Consolidated statement of cash flows	63,679	46,448

At 31 December 2020, the Group held £1.3m (2019: £1.3m) of cash on behalf of the Estera Trust for payments made by participants into the Management Incentive Plan. This is deemed to be restricted cash.

21. Trade and other payables

	2020	2019
	£'000	**£'000**
Trade creditors	18,843	23,914
Other creditors	4016	5,289
Work in progress	37,123	35,755
Accruals	24,073	22,444
Deferred income	23,649	23,162
Other taxation and social security	15,399	9,442
Loan notes	67	78
	123,170	**120,084**

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

Loan notes

Loan notes totalling £0.1m (2019: £0.1m) are outstanding, representing payment of deemed remuneration due on the purchase of WARL Group Limited. The loan notes are unsecured, and repayable on demand. The loan notes carry interest at a rate per annum equivalent to the Bank of England’s base rate, and are redeemable at the option of the noteholders on 60 days’ written notice expiring on quarterly periods.

22. Bank loans

	2020	2019
	£'000	£'000
Bank loans and overdrafts	226,214	223,750
The borrowings are repayable as follows:		
Within two to five years	226,214	223,750
After five years	-	-
Total	**226,214**	**223,750**

Cash deposits and bank loans are held either at variable rates of interest or at rates fixed for periods of no longer than six months. The facilities are provided by a syndicate of banks including but not limited to AIG, BNP, Cheyne Capital, CVC, Hayfin, HSBC, ING, Mizuho, Natixis, NatWest and The Royal Bank of Canada.

The principal features of the Group's borrowings are as follows:

i. A committed facility (Facility B) of £216.8m (2019: £216.8m). The term of the facility is until 11 August 2024.

ii. A committed facility (Capex Facility) of £9.5m (2019: £9.5m). The term of the facility is until 11 August 2023.

iii. A committed facility (RCF Facility) of £25.0m (2019: £25.0m). The term of the facility is until 11 August 2023. £3.0m has been carved out for ancillary facilities, which include a rolling overdraft facility of £2.5m and a Bonds Guarantees facility of £0.5m.

iv. The committed facilities incurred interest at a margin of 4.25% above LIBOR (Capex Facility and RCF Facility) and 4.75% above LIBOR (Facility B). There is a ratchet clause applicable to margins as follows:

Leverage ratio	**A, RCF, Capex margin**	**B margin**
> 4.00:1	4.25%	4.75%
between 4.00:1 and 3.50:1	4.00%	4.50%
between 3.50:1 and 3.25:1	3.75%	4.25%
between 3.25:1 and 2.75:1	3.50%	4.25%
< 2.75:1	3.25%	4.25%

v. A cross-guarantee exists between the majority of wholly-owned subsidiaries and the parent Company. The bank syndicate holds debentures over the assets of the Company and the subsidiaries in respect of the bank loans.

At 31 December 2020, the Group had drawn down £226.2m (2019: £223.8m) of the available borrowing facility £251.2m (2019: £251.2m), leaving £25m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group had utilised £nil (2019: £7.0m) of the overdraft facility at year-end. The weighted average interest rate applied in the year is 4.99% (2019: 5.68%). See note 8 for interest incurred during the year. The fair values of bank overdrafts and loans are determined by considering the maturity dates.

23. Other borrowings

	2020	2019
	£'000	**£'000**
The borrowings are repayable as follows:		
Within one year	9,094	7,953
Within two to five years	28,047	27,412
After five years	2,143	5,185
Total	**39,284**	**40,550**

Other borrowings includes £39.0m lease liabilities and £0.3m borrowings.

24. Operating lease arrangements

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2020	2019
	£'000	**£'000**
Within one year	155	601
Between one and two years	-	113
	155	**714**

25. Provisions

	Deferred consideration	Deemed remuneration	Vacant property	Other provisions	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2018	1,723	10,341	1,147	297	13,508
Increase/(decrease) in provision	-	5,431	(662)	415	**5,184**
Discounting charge	82	358	-	-	**440**
Payments	(60)	(9,497)	-	-	**(9,557)**
Foreign exchange movements	(58)	27	-	-	**(31)**
At 31 December 2019	1,687	6,660	485	712	**9,544**
Increase/(decrease) in provision	-	7,525	(485)	521	**7,561**
Acquisition	1,561				**1,561**
Discounting charge	117	218	-	-	**335**
Payments	(2,684)	(4,120)	-	-	**(6,804)**
Foreign exchange movements	(110)	(435)	-	-	**(545)**
At 31 December 2020	571	9,848	-	1,233	**11,652**
Included in current liabilities	571	6,942	-	1,233	**8,746**
Included in non-current liabilities	-	2,906	-	-	**2,906**
	571	9,848	-	1,233	**11,652**

Deferred consideration

Deferred consideration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired, as set out in the relevant sale and purchase agreements. The timings of payments of deferred consideration are also set out in the relevant sale and purchase agreements. Further details of the deferred consideration are shown in note 28.

Deemed remuneration

Deemed remuneration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired along with specified performance obligations of certain employees, as set out in the relevant sale and purchase agreements. The timings of payments of deemed remuneration are also set out in the relevant sale and purchase agreements. Further details of the deemed remuneration are shown in note 28.

25. Provisions (continued)

Vacant property

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of each of the provisions has been determined based on management's best estimate, and is dependent on the Group's ability to exit the leases early or to sublet the properties. In general, property costs are expected to be incurred over periods for which individual properties remain vacant or, where occupied, to the termination of the leases in question.

Other provisions

Other provisions include all other risks where the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material.

26. Share capital

	Number of shares	£'000
Issued, allotted and fully paid at 31 December 2019 and 2020	**81,152,858**	**81,153**

The Company has one class of ordinary shares which carry no right to fixed income.

27. Share premium and other reserves

Share premium

Share premium arises from capital raised in an issue of shares, net of costs, to the extent that exceeds the nominal value of the shares.

Hedge reserve

The hedge reserve relates to the fair value of forward contracts taken out to hedge against fluctuations in the exchange rate on specific sales contracts.

Foreign translation reserve

The foreign currency translation reserve relates to exchange differences arising on consolidation of overseas operations.

28. Contingent liabilities and commitments

Deferred and contingent consideration

In addition to the £0.6m (2019: £1.7m) deferred consideration provision (note 25), there was a maximum undiscounted financial commitment of £0.0m (2019: £0.1m) in respect of unprovided deferred consideration payable in respect of acquisitions of subsidiary undertakings. The calculation of the deferred consideration liability requires estimates to be made regarding the future financial performance of these businesses for the earn-out period. The unprovided deferred consideration would become payable in 2021 and would be payable in cash/loan notes.

Deemed remuneration

In addition to the £9.8m (2019: £6.7m) deemed remuneration provision (note 25), £8.1m (2019: £8.8m) will be expensed over the period of service based on the current fair value. The calculation of the deemed remuneration liability requires estimates to be made regarding the future financial performance of these businesses for the period of service. The unprovided deemed remuneration would become payable over periods from 2021 to 2025 and would be payable in cash/loan notes.

29. Notes to the cash flow statement

	2020	2019
	£'000	£'000
Operating (loss)/profit	(7,946)	13,297
Adjustments for:		
Depreciation of property, plant and equipment	15,350	14,041
Amortisation of intangible fixed assets	17,011	18,877
Loss on disposal of property, plant and equipment	83	390
Lease payments	(11,984)	(11,209)
Deemed remuneration	7,525	5,431
Translation differences	(2,995)	(161)
Increase/(decrease) in provisions	36	(247)
Operating cash flows before movements in working capital	**17,080**	**40,419**
Decrease/(increase) in work in progress	2,296	(5,300)
Decrease in receivables	35,013	689
(Increase)/decrease in payables	(5,338)	9,698
Cash generated from operations	**49,051**	**45,506**
Income taxes paid	(4,178)	(3,550)
Interest paid	(7,486)	(14,722)
Net cash from operating activities	**37,387**	**27,234**

30. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note (details of subsidiaries are included in appendix 1). Transactions between the Group and its associates are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

	2020			
	Sale of services	**Purchase of services**	**Amounts owed by related parties**	**Amounts owed to related parties**
	£'000	**£'000**	**£'000**	**£'000**
Associates				
StratAgile Limited	53	559	-	1,442
Naked Eye Limited	3	2	-	-
Other				
Inversiones Y Asesorias Tutuquen Limitad	-	22	-	-

	2019			
	Sale of services	**Purchase of services**	**Amounts owed by related parties**	**Amounts owed to related parties**
	£’000	**£’000**	**£’000**	**£’000**
Associates				
The Agency of SomeOne Limited	6	352	6	96
StratAgile Limited	67	632	127	913
Naked Eye Limited	12	4	-	-
Shareholder				
WPP plc[(1)]	181	82	7	-
Other				
SJ Francis	-	116	-	-
Inversiones Y Asesorias Tutuquen Limitad	-	19	-	-

(1) Related party from 1 January to 30 June only

30. Related party transactions (continued)

Sales of goods to related parties were made on an arm's length basis and in the normal course of business. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

The key management personnel of the Group comprise the Board members and the Executive Directors. The remuneration of the Executive Directors and Board members is set out in note 6, for each of the categories specified in IAS 24 Related Party Disclosures.

31. Financial instruments

The Group's principal financial instruments comprise bank loans, bank overdrafts and cash. The main purpose of the financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, and other borrowings which arise directly from operations. During the year the Group has financed its business through a revolving credit facility and long-term loan facilities arranged with a syndicate of banks.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk, externally imposed capital requirement risk, market price risk, credit risk and capital management risk. The policy for managing these risks is reviewed and agreed with the Board.

Interest rate risk

The Group holds variable rate financial debt. The interest rates paid by the Group on financial debt are disclosed in note 22. The Group assesses its borrowing requirements by monitoring short and medium-term cash flow forecasts and interest rate risks are assessed through sensitivity analysis. Since September 2019, the Group has not used any financial instrument to mitigate the risk of changing interest rates.

In 2019, the Group used interest rate swaps to mitigate the risk of changing interest rates increasing the cost of servicing its debt. By fixing interest rates, the Group was willing to forgo the potential economic benefit that could result from a low interest rate environment in order to protect its downside risks and ensure the predictability of its interest cash flows.

The interest rate swap was taken out and became effective on 2 November 2017 to hedge £17.5m of the Group's total debt at a fixed interest rate of 0.985%. This was in addition to the interest rate swap taken out and effective from 22 January 2016 to hedge £110.0m of the Group's total debt at a fixed interest rate of 1.1%. In October 2018, the £110m interest rate swap (fixed interest rate of 1.1%) matured. At this date, the principal of the remaining hedge (at fixed interest rate of 0.985%) stepped up to a total of £127.5m. The interest rate swap covering £127.5m of debt matured in August 2019. Hedge accounting was not adopted, and the fair value movement has been accounted for in investment income (note 7).

Liquidity risk

The Group has a committed facility of £251.2m (2019: £251.2m) with a syndicate of banks. £34.5m matures in August 2023 and £216.8m matures in August 2024. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2020, the Group had borrowings net of cash of £199.1m (2019: £217.9m) and the undrawn committed facility was £25.0m (2018: £27.5m).

31. Financial instruments (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Maturity profile	Within 1 year	1-2 years	2-5 years	5+ years	Total	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
2020						
Bank loans	-	-	(226,214)	-	(226,214)	(226,214)
Other borrowings	(11,080)	(10,512)	(21,219)	(2,323)	(45,134)	(39,284)
Trade and other payables	(123,170)	-	-	-	(123,170)	(123,170)
Deferred consideration	(571)	-	-	-	(571)	(571)
Deemed remuneration	(6,942)	(2,381)	(525)	-	(9,848)	(9,848)
2019						
Bank loans	-	-	(223,750)	-	(223,750)	(223,750)
Other borrowings	(10,502)	(8,905)	(24,311)	(2,944)	(46,662)	(40,550)
Trade and other payables	(120,084)	-	-	-	(120,084)	(120,084)
Deferred consideration	(1,114)	(573)	-	-	(1,687)	(1,687)
Deemed remuneration	(3,169)	(2,865)	(626)	-	(6,660)	(6,660)

Externally imposed capital requirement risk

The Group has committed to adhering to the capital requirement set out by the syndicate of banks providing the loan facility, commencing 4 August 2017. The capital requirement is a maximum leverage. The Group was not in breach of the requirements at any time since they came into force. The capital requirement at 31 December 2020 was as follows:

Leverage:	Group Net Debt/Group EBITDA	Maximum Ratio	8.25

Foreign currency risk

The Group has overseas operations (branches and subsidiaries) which trade in Europe, the USA, the Far East, the Middle East, South America, Australasia and Africa. The sterling value of the net monetary assets held in the principal foreign currencies held by the Group is as follows:

	2020	2019
	£'000	£'000
Net monetary assets/(liabilities)		
Euros	6,311	7,436
US dollars	5,403	13,040

31. Financial instruments (continued)

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of subsidiaries. Where appropriate the foreign currency income and expense are netted off to mitigate foreign exchange exposure.

In 2018 the Group entered into forward exchange contracts to cover a substantial contracted foreign currency exposure within the business to 2021. Such contracts are designated as cash flow hedges, and hedge accounting has been applied in line with IFRS 9.

Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Market price risk

The Group's exposure to market price risk comprises interest rate risk and currency rate risk. The Group regularly monitors these exposures which, setting aside the interrelationships between such rates and their wider impact on the economy, are not considered to have a significant impact on the Group.

Credit risk

The Group considers its maximum exposure to credit risk to be as follows:

	2020	2019
	£'000	£'000
Trade receivables	63,704	83,782
Accrued Income	13,908	18,588

The Group trades only with recognised, creditworthy third parties. Customers who wish to trade on credit terms are generally subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts has not been significant.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated.

31. Financial instruments (continued)

Fair values of financial assets and financial liabilities

Fair value is the amount at which a financial instrument can be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale.

The following table provides a comparison of the book values and the fair value of the Group's financial liabilities and assets as at 31 December 2020:

	2020		2019	
	Book value	**Fair value**	**Book value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
Financial liabilities				
Bank loans	(226,214)	(226,214)	(223,750)	(223,750)
Other borrowings	(39,284)	(39,284)	(40,550)	(40,550)
Trade and other payables	(123,170)	(123,170)	(120,084)	(120,084)
Deferred consideration	(571)	(571)	(1,687)	(1,687)
Deemed remuneration	(9,848)	(9,848)	(6,660)	(6,660)
	(399,087)	**(399,087)**	**(392,731)**	**(392,731)**
Financial assets				
Cash and bank balances	63,679	63,679	46,448	46,448
Trade and other receivables	92,911	92,911	122,430	122,430
	156,590	**156,590**	**168,878**	**168,878**

There were no transfers between fair value levels during 2020.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31. Financial instruments (continued)

	Fair value 2020 £'000	Fair value 2019 £'000	Fair value hierarchy
Contingent consideration in a business combination (note 28)	(7)	(96)	Level 3
Foreign exchange forward contract	20	469	Level 2

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives comprise forward exchange contracts. Foreign exchange forward contracts are fair valued using foreign exchange forward rates.

Valuation techniques used to derive Level 3 fair values

Contingent consideration liabilities are valued using a discounted cash flow methodology. The liability is based on the acquired business's forecast future financial performance for the earn-out period as set out in the sale and purchase agreements. The significant unobservable inputs to this valuation include forecast financial performance and discount rate applied. The fair value of the liability is the maximum financial commitment as set out in the relevant sale and purchase agreements, therefore sensitivity analysis is not applicable.

32. Ultimate parent company and parent company of larger group

The Group is a subsidiary undertaking of PM VII S.a.r.l., which is the ultimate parent Company incorporated in Luxembourg. The ultimate controlling party is PM VII S.a.r.l.

Copies of its financial statements are available from the Luxembourg registry.

33. Company information

Chime Group Holdings Limited is a private company. The company registration number is 09702342.

Registered Office:	62 Buckingham Gate, London SW1E 6AJ
Bankers:	Royal Bank of Scotland, 250 Regent Street, London W1B 3BN HSBC Bank, 8 Canada Square, London E14 5HQ
Auditor:	KPMG LLP, Chartered Accountants and Statutory Auditors, 15 Canada Square, London E14 5GL

34. Post balance sheet event

On 24 March 2021 the Group disposed of an Environmental Social and Governance (ESG) consultancy business within the Communications division for gross proceeds of £10.9m.

On 1 April 2021 the Group received £4m additional consideration in respect of a business disposal that occurred in 2018. The amount was contingent on the results of the business post sale.

Chime Group Holdings Limited

Company Balance Sheet
At 31 December 2020

	Notes	2020	2019
		£'000	**£'000**
Non-current assets			
Investment in subsidiaries	2	300,723	299,114
		300,723	**299,114**
Current liabilities			
Intercompany payables	3	(4,290)	(2,831)
Other borrowings	4	(225)	(75)
		(4,515)	**(2,906)**
Net assets		**296,208**	**296,208**
Equity			
Share capital		81,153	81,153
Share premium account		215,055	215,055
Total equity		**296,208**	**296,208**

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2021 and were signed on its behalf by:

Matthew Vandrau

Director

Registered Company number: 09702342

The accompanying notes are an integral part of the financial statements.

Chime Group Holdings Limited

Company Statement of Changes in Equity
Year ended 31 December 2020

	Share capital	Share premium	Total
	£'000	£'000	£'000
At 31 December 2019 and 2020	**81,153**	**215,055**	**296,208**

The accompanying notes are an integral part of the financial statements.

1. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework (FRS 101).*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

In the Company's accounts, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Going concern

The financial statements have been prepared on the going concern basis, details of which can be found on page 18.

2. Investments in subsidiaries

	£'000
At 31 December 2018	**295,840**
Additions	3,274
At 31 December 2019	**299,114**
Additions	1,609
At 31 December 2020	**300,723**

See appendix 1 for details of subsidiary undertakings.

3. Creditors

	2020	2019
	£'000	£'000
Amounts owed to Group undertakings	4,290	2,831
	4,290	**2,831**

Amounts owed by Group undertakings are unsecured, repayable on demand and interest-free.

4. Other borrowings

	2020	2019
	£'000	£'000
The borrowings are repayable as follows:		
Within one year	225	75
Total	**225**	**75**

5. Statements of share capital, share premium and reserves

	Number of shares	£'000
Issued, allotted and fully paid at 31 December 2019 and 2020	**81,152,858**	**81,153**

6. Subsidiaries, associates and joint ventures

The Company's trading subsidiaries and associated undertakings are listed in appendix 1 of the consolidated financial statements.

Appendix 1 Subsidiaries and Associates

The Group's subsidiaries and associated undertakings in 2020 are listed below:

Subsidiaries	Note	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Brand Cloudlines Limited	*	Branding and design	100%	United Kingdom
C2S Acquisitions LLC		Sports marketing consultancy	100%	USA
Chime Limited	*	Holding company	100%	United Kingdom
Chime 360 Limited	*	Advertising and marketing	100%	United Kingdom
Chime Atlantic Limited	*	Treasury	100%	United Kingdom
Chime Australia Pty Limited		Digital research	100%	Australia
Chime Communications Limited	*	Head office activities	100%	United Kingdom
Chime Finance Limited	*	Head office activities	100%	United Kingdom
Chime Group Limited	*	Holding company	100%	United Kingdom
Chime Holdco Limited	*+	Head office activities	94%	United Kingdom
Chime Midco Limited	*	Head office activities	100%	United Kingdom
Chime Sport and Entertainment Middle East FZ-LLC		Sports marketing consultancy	100%	Dubai
Chime USA Inc		Holding company	100%	USA
Corporate Citizenship Chile Spa		Corporate & social responsibility consultancy	51%	Chile
Corporate Citizenship Limited	*	Corporate & social responsibility consultancy	100%	United Kingdom
Corporate Citizenship Southeast Asia Pte Limited		Corporate & social responsibility consultancy	100%	Singapore
CSM Advisory Group LLC		Sports marketing consultancy	100%	USA
CSM Live LLC		Sports marketing consultancy	100%	USA

Appendix 1 Subsidiaries and Associates

Subsidiaries	Note	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
CSM Live For Advertising W.L.L.		Sports marketing consultancy	100%	Qatar
CSM Marketing LLC		Sports marketing consultancy	100%	USA
CSM Motorsports Inc		Sports marketing and sponsorship	100%	USA
CSM Motorsports Limited	*	Sports marketing and sponsorship	100%	United Kingdom
CSM North America LLC		Holding company	100%	USA
CSM Properties Inc		Sports marketing consultancy	100%	USA
CSM Soccer Inc		Sports marketing and sponsorship	80%	USA
CSM Sport and Entertainment Australia Pty Ltd		Athletes management and sports marketing	100%	Australia
CSM Sport and Entertainment Espana S.L.		Sports marketing consultancy	81%	Spain
CSM Sport and Entertainment France Limited	*	Athletes management and sports consultancy	100%	United Kingdom
CSM Sport and Entertainment Holdings Limited	*	Holding company	100%	United Kingdom
CSM Sport and Entertainment International Limited	*	Holding company	100%	United Kingdom
CSM Sport and Entertainment Middle East FZ LLC		Sports marketing consultancy	100%	Abu Dhabi
CSM Sport and Entertainment South Africa (Pty) Limited		Athletes management and sports marketing	100%	South Africa
CSM Sport and Entertainment, Inc.		Sports marketing and sponsorship	100%	USA
Curb Group Limited	*	Sports marketing consultancy	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiaries	Note	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Deutsche Chime GmbH		Holding company	100%	Germany
Facts International Limited	*	Research	100%	United Kingdom
Fast Track Hong Kong Limited		Sports marketing consultancy	100%	Hong Kong
FIL Market Research Limited	*	Research	100%	United Kingdom
Good Relations Limited	*	Public relations	100%	United Kingdom
GRP Public Relations Limited	*	Public relations	100%	United Kingdom
Harvard Public Relations Limited	*	Public relations	100%	United Kingdom
Heresy IMS Group Limited	*	Holding company	100%	United Kingdom
ICON Prolab Events Organising LLC	α	Sports marketing consultancy	50%	Abu Dhabi
InEvidence Limited	*	Public relations	100%	United Kingdom
JHE Production LLC		Sports marketing consultancy	60%	USA
MESHH Limited	*	Sports marketing consultancy	100%	United Kingdom
Method Communications LLC		Public relations	100%	USA
M/H VCCP, LLC		Advertising and marketing	100%	USA
One Step Beyond Promotions Limited	*	Sports marketing consultancy	100%	United Kingdom
Opinion Leader Research Limited	*	Market research	100%	United Kingdom
Prolab Digital 2 LLC	α	Sports marketing consultancy	50%	Dubai
Prolab Digital LLC	α	Sports marketing consultancy	50%	Dubai
Pure Media Group Limited	*	Media buying	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiaries	Note	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Snap London Limited	*	Advertising and marketing	100%	United Kingdom
SomeOneNewYork, LLC		Branding and design	100%	USA
SomeOneNewYork Holdings, Inc.		Branding and design	100%	USA
Teamspirit Corporate and Business Limited	*	Financial services advertising and marketing	100%	United Kingdom
Teamspirit Limited	*	Financial services advertising and marketing	100%	United Kingdom
The Agency of SomeOne Limited	*	Branding and design	100%	United Kingdom
The Agency of SomeOne Pty. Ltd		Branding and design	100%	Australia
The Blaze Agency Pty Limited		Athletes management and sports consultancy	100%	Australia
The Complete Leisure Group Limited	*	Sports marketing consultancy	99%	United Kingdom
The Corporate Citizenship Company Inc.		Corporate & social responsibility	100%	USA
VCCP Business Limited	*	Advertising and marketing	100%	United Kingdom
VCCP Business LLC		Advertising and marketing	100%	USA
VCCP GmbH		Advertising and marketing	100%	Germany
VCCP Pty Ltd		Advertising and marketing	100%	Australia
VCCP Singapore Pte. Ltd.		Advertising and marketing	100%	Singapore
VCCP s.r.o.		Advertising and marketing	100%	Czech Republic
VCCP Health Limited	*	Advertising and marketing	100%	United Kingdom
VCCP Holdings Limited	*	Holding company	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiaries	Note	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
VCCP Kin Limited	*	Advertising and marketing	100%	United Kingdom
VCCP Overseas Limited	*	Holding company	100%	United Kingdom
VCCP Spain SL		Advertising and marketing	100%	Spain
VCCP USA, LLC		Advertising and marketing	100%	USA
WARL Group Limited	*	Advertising and marketing	100%	United Kingdom
Watermelon Research Limited	*	Digital research	100%	United Kingdom
iLuka Japan K.K.	†	Sports marketing consultancy	100%	Japan

Dormant

Subsidiaries	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
ABC Sports Management Limited	Dormant	100%	United Kingdom
AdConnection Holdings Limited	Dormant	100%	United Kingdom
AdConnection Limited	Dormant	100%	United Kingdom
Brass Tacks Publishing Group Limited	Dormant	100%	United Kingdom
Caucusworld Limited	Dormant	75%	United Kingdom
Corporate Running World Cup Limited	Dormant	100%	United Kingdom
CSM Sports and Entertainment LLC	Dormant	100%	Oman
Curb Media Limited	Dormant	100%	United Kingdom
Fast Track Agency Limited	Dormant	100%	United Kingdom
Good Broadcast Limited	Dormant	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiaries	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Harvard Marketing Services Limited	Dormant	100%	United Kingdom
Harvard Public Relations Inc	Dormant	100%	USA
iLuka Limited	Dormant	100%	United Kingdom
ICON Beta Limited	Dormant	100%	United Kingdom
ICON Display Limited	Dormant	100%	United Kingdom
InEvidence LLC	Dormant	100%	USA
Insight Public Relations Limited	Dormant	100%	United Kingdom
Just Marketing International Limited	Dormant	100%	United Kingdom
Lighthouse Communications Limited	Dormant	100%	United Kingdom
Pelham Bell Pottinger (Trustees) Limited	Dormant	100%	United Kingdom
People Marketing UK Limited	Dormant	100%	United Kingdom
Pure Digital Media Limited	Dormant	100%	United Kingdom
Roose and Partners Advertising Limited	Dormant	100%	United Kingdom
Roose Holdings Limited	Dormant	100%	United Kingdom
Roose Trustees (UK) Limited	Dormant	100%	United Kingdom
Sebastian Coe Limited	Dormant	100%	United Kingdom
SPS Etech Limited	Dormant	100%	United Kingdom
Stuart Higgins Communications Limited	Dormant	100%	United Kingdom
Teamspirit Brand Limited	Dormant	100%	United Kingdom
The Quentin Bell Organisation Limited	Dormant	100%	United Kingdom
VCCP Bratislava	Dormant	100%	Slovakia

Appendix 1 Subsidiaries and Associates

Limited Liability Partnerships	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
CSM Sport and Entertainment LLP	Sports marketing consultancy	100%	United Kingdom
VCCP Group LLP	Advertising and marketing	100%	United Kingdom

Associates:	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
Enigma Code Limited	Sports marketing consultancy	20%	United Kingdom
Naked Eye Research Limited	Research	26%	United Kingdom
StratAgile Limited	Data analytics	40%	Singapore
Visual Creative Limited	Advertising and marketing	10%	United Kingdom

Dissolved during the year

Subsidiaries	Nature of business	% Shareholding and voting rights	Country of registration of incorporation
CSM Netherlands BV	Holding company	100%	Netherlands
CSM Sports and Entertainment (Singapore) Pte Limited	Sports marketing consultancy	100%	Singapore
CSM Sport and Entertainment LLC	Sports marketing consultancy	100%	Qatar Financial Centre
Essentially Group Limited	Dormant	100%	Jersey
ICON Display South Africa Pty Ltd	Sports marketing consultancy	30%	South Africa
CSM iLukaBrasil Organizacao De Eventos Ltd	Sports marketing consultancy	100%	Brazil

+ Direct subsidiary/associate of Chime Group Holdings Limited.
* This company has taken advantage of the S479a exemption from audit.
† This company has been disposed of during 2020.
α Effective 100%, local sponsor holds 51%.