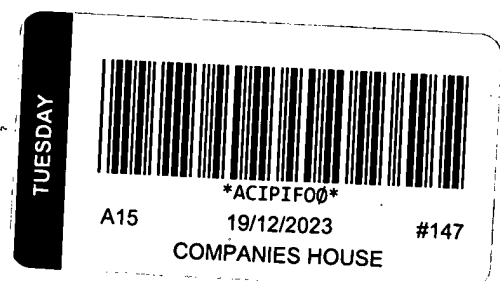


Gain Theory Limited
Annual report and financial statements
For the year ended 31 December 2022

Registered number: 01138157



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Gain Theory Limited

Company Registration No. 01138157

Directors

Alan Bloodworth
Ralph Pepino
Manjiry Tamhane
Jon Webb

Company Secretary

Ralph Pepino
WPP Group (Nominees) Limited

Registered Office

Greater London House
Hampstead Road
London
NW1 7QP

Bankers

HSBC
275 Greenwich High Road
Greenwich
London
SE10 8NE

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their annual report and the audited financial statements of Gain Theory Limited (the 'Company') for the year ended 31 December 2022.

Principal activities

The Company is a member of the WPP plc group (the 'Group'). The principal activity of the Company is the supply of econometric and specialised marketing consultancy services to large multinational concerns.

Future developments

The Directors do not envisage any major change to the nature of the business in the foreseeable future.

Business review

Revenue has increased by 22% during the year, from £7,700,000 to £9,424,000. The Company made a loss for the year ended 31 December 2022 of £1,628,000 (2021: loss of £465,000).

The Directors are of the opinion that the current level of activity and performance is sustainable, due to the robust financial position and liquidity of the Company and will remain so for the foreseeable future. Further details are provided in the "Going concern and liquidity risk" section.

Dividends

The Company did not pay or declare a dividend in either the current year or prior year.

Going concern and liquidity risk

The Directors have assessed the ongoing business activities, the Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the Company for at least the next 12 months from the date of signing the financial statements.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2022. The impact of the Russian invasion of Ukraine and sanctions response from governments has been considered.

As at 31 December 2022, the Company has net current liabilities of £324,000 and net liabilities of £636,000.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via the cash pooling arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management and principal risks and uncertainties

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2022 and up to date of this report. The principal risks for the Company are shown below:

Pandemic

The impact of a pandemic on our business would depend on numerous factors that we are not able to accurately predict, including the duration and scope of a pandemic, any existing or new variants, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

We are continuing to manage the risk by constantly monitoring our working capital position, supported by actions to maintain liquidity including cost reduction and cash conservation.

Credit risk

Adverse economic conditions, including those caused by the pandemic, invasion of Ukraine by Russia, sustained inflation in key markets where we operate and supply chain issues affecting the distribution of our clients' products and/or disruption in credit markets pose a risk our clients may reduce, suspend or cancel spend with us or be unable to satisfy obligations. We are subject to credit risk through the default of a client or other counterparty.

Currency risk

The Company's activities expose it to the financial risks of changes in foreign exchange rates. Overall, the Company has minimal exposure to currency risks due to it mainly transacting in Pounds sterling. The Group's treasury function takes out contracts to manage the risk at a Group level.

Loss of clients

We compete for clients in a highly competitive industry which has been evolving and undergoing structural change.

In the past, clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short term than their other operating expenses.

The Company manages the risk of client loss by placing an emphasis on providing faster, more agile and more effectively integrated solutions and continuously improving our creative capability and reputation of our business.

There is management focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. There are regular updates to the management team on the status of client losses and upcoming pitches for new clients.

There is continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.

Retention of talented staff

The Company recruits and aims to retain the most talented people by supporting them to expand their skills and capabilities.

Cyber security and IT staff

The Company is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management and principal risks and uncertainties (continued)
Cyber security and IT staff (continued)

A cyber-attack could result in disruption to our business or compromise the security of data. The imposition of sanctions following the ongoing conflict in Ukraine has triggered an increase in cyber-attacks generally. These could all have a legal, financial or reputational consequence on the Company.

The Company mitigates the risk of cyber security and IT breaches by adhering to strict information security protocol and by monitoring and logging our network and systems. We are also raising our people's security awareness through our training.

Financial key performance indicators

	2022	2021	Change
	£'000	£'000	%
Revenue	9,424	7,700	22%
Loss before taxation	(1,628)	(465)	(250%)
Net (liabilities)/assets	(636)	992	(164%)

The Company's revenue has increased year-on-year to £9,424,000 compared to £7,700,000 in 2021. However, loss before taxation has increased from £465,000 in 2021 to £1,628,000 in 2022 due to an increase in administrative expenses, namely staff costs, IT costs and establishment costs.

The Company is a wholly owned subsidiary of WPP plc. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of WPP plc, which includes this Company, is discussed in the Group's annual report, which does not form part of this report. The financial statements of WPP plc are available at www.wpp.com/investors.

Directors' statement of compliance with duty to promote the success of the Company

The Directors of the company, as of those of all UK companies, must act in accordance with section 172 of the Companies Act 2006. The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the company for its members.

In doing this, section 172 requires the directors to have regard for, among other matters, to:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationship with suppliers, customers and others.
- The impact of the Company's operations on the community and environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.

Consequences of any long-term decisions

The business philosophy of the Company is to create long term value for both clients and shareholders alike. We build our business and all our relationships with integrity and treat our client's money like our own making sure all budgets maximise the best outputs to achieve the client's goals. We endeavour to attract and retain high calibre individuals who will grow with us over the long term and ensure employees think and act like owners in all their decisions. We also strive to attract and retain profitability as this will lead to growth in the long term.

Gain Theory Limited

Company Registration No. 01138157

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Duty to promote the success of the company (continued)

Employees

The Company is committed to diversity and inclusion and offering equal opportunities to all people in their recruitment, training and career development. The Company will select people based on qualification and merit, without discrimination or concern for race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability.

Business relationship with suppliers, customers and others

The cultivation of strong relationships with major suppliers is a focus of the Company to ensure continuity of supply at competitive prices. It is a policy of the Company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payments, provided the relevant goods and services have been supplied in accordance with the contract.

We comply with the Modern Slavery Act (MSA) and we fully support the principles of the MSA.

Community and Environment

The Company considers its impact on the wider community and environment of its business activities. The Company adheres to the Sustainability policy which can be found at the website of the ultimate parent company at wpp.com. The policy includes objectives focusing on key impacts under our control and influence such as minimising the impact from energy use, transport, consumption of paper, water use and managing any sustainability risks in our supply chain.

Business conduct

The Company has a number of key policies, including modern slavery, anti-bribery, corruption and data protection, all of which can be found on the website of the ultimate parent company at wpp.com. The company has a zero tolerance approach to corruption and bribery and policies are in place for areas such as ethical business relationships with customers, suppliers and employees, gift giving and receiving, charitable donations and competition laws. As such, employees are mandated to complete in depth anti bribery and corruption training.

Acting fairly as between members of the company

As a wholly owned subsidiary of WPP plc, the interests of the company are aligned with those of its ultimate parent.

This report was approved by the board on 30 November 2023 and signed on its behalf.



Alan Bloodworth
Director

Greater London House, Hampstead Road,
London, NW1 7QP

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results

The Company's results for the financial year are shown in the income statement on page 13.

Directors and their interests

The Directors who served during the year and up to the date of the signing of the financial statements were:

Alan Bloodworth
Ralph Pepino
Manjiry Tamhane
Jon Webb

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business.

Directors' indemnity

Each of the Directors benefit from a third-party qualifying indemnity given by the Company in respect of liabilities incurred by the Director in the execution and discharge of their duties. The provision remains in force throughout the financial year and up until the date of this report.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations. Refer to the Annual report of WPP plc available at wpp.com/investors for more information on the Group's disclosures in this regard.

Engagement with employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, briefings and thorough group and company communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Our non-discrimination and anti-harassment policies are included in the Group Code of Conduct. Refer to pages 76-78 of the Annual report of WPP plc available at wpp.com/investors for more information.

Engagement with suppliers, customers and others

The Company recognises the importance of its continued partnerships with its wider stakeholders, including suppliers and customers, in delivering its business strategy and sustainability goals. The Company aims to have an open and transparent relationship which is based on honesty and respect. The Company engages in constant conversation with clients and suppliers on improving delivery of services and relationships.

A detailed statement on the Group's external stakeholder engagement can be found in the Group's Annual report.

Gain Theory Limited

Company Registration No. 01138157

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 company and of the profit or loss of the company for that period.

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

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

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

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

Matters covered in the Strategic Report

The following items have been included in the Strategic Report on pages 2-5:

- principal activities;
- future developments;
- business review;
- dividends;
- going concern and liquidity risk; and
- financial risk management and principal risks and uncertainties.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP, Statutory Auditor will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 30 November 2023 and signed on its behalf.



Alan Bloodworth
Director

Greater London House, Hampstead Road,
London, NW1 7QP

Gain Theory Limited

Company Registration No. 01138157

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAIN THEORY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Gain Theory Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and,

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAIN THEORY LIMITED (CONTINUED)

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

Gain Theory Limited

Company Registration No. 01138157

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAIN THEORY LIMITED (CONTINUED)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included The UK Bribery Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition related to open projects at year end involves judgement in identifying the performance obligations completed and in assessing the amount of revenue to be recognised. We have performed substantive procedures over management's assessment of the performance obligations completed against the company's work plans and inspecting external evidence to support the completion of milestones.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

Gain Theory Limited

Company Registration No. 01138157


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAIN THEORY LIMITED (CONTINUED)

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

We have nothing to report in respect of these matters.

Use of our report

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.



James Bates (ACA) (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30/11/2023

Income statement
 Year ended 31 December 2022

	Notes	2022 £'000	Restated 2021* £'000
Revenue	4	9,424	7,700
Administrative expenses		(11,099)	(8,101)
Loss before interest and taxation	5	(1,675)	(401)
Finance costs	9	(7)	(69)
Interest income		54	5
Loss before taxation		(1,628)	(465)
Tax	10	-	-
Loss for the financial year		(1,628)	(465)

The results for 2022 and 2021 were derived entirely from continuing operations.

There are no gains or losses other than disclosed above in either year, and therefore no separate statement of comprehensive income has been presented.

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

Gain Theory Limited
Company Registration No. 01138157

Balance sheet
For the year ended 31 December 2022

	Notes	2022 £'000	Restated 2021* £'000
Fixed assets			
Right-of-use asset	11	-	277
Tangible assets	11	64	41
		<u>64</u>	<u>318</u>
Current assets			
Trade and other receivables	12	5,575	5,551
Cash		-	-
		<u>5,575</u>	<u>5,551</u>
Current liabilities			
Trade and other payables	13	(5,899)	(4,247)
Net current (liabilities)/assets			
		<u>(324)</u>	<u>1,304</u>
Total assets less current liabilities			
		<u>(260)</u>	<u>1,622</u>
Non-current lease liability and provisions			
	15	<u>(376)</u>	<u>(630)</u>
Net (liabilities)/assets			
		<u>(636)</u>	<u>992</u>
Equity			
Share capital	14	203	203
Retained earnings		(839)	789
Equity attributable to owners of the Company			
		<u>(636)</u>	<u>992</u>

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

The financial statements of Gain Theory Limited (registered number 01138157) were approved by the board of directors and authorised for issue on 30 November 2023.

They were signed on its behalf by:



Alan Bloodworth
Director

Gain Theory Limited

Company Registration No. 01138157

Statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021	203	1,254	1,457
Loss and total comprehensive loss for the year	-	(465)	(465)
Balance at 31 December 2021 (Restated)*	203	789	992
Loss and total comprehensive loss for the year	-	(1,628)	(1,628)
Balance at 31 December 2022	203	(839)	(636)

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

Gain Theory Limited

Company Registration No. 01138157

Notes to the financial statements

For the year ended 31 December 2022

1. General policies

Gain Theory Limited is a company incorporated in the United Kingdom under the Companies Act 2006. It is a private company, limited by shares, domiciled in the UK and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90,91 and 93 of IFRS 16 Leases.

Gain Theory Limited

Company Registration No. 01138157

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.3 Going concern

The Directors have assessed the ongoing business activities and the potential impact that the Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2022. The impact of the Russian invasion of Ukraine and sanctions response from governments has been considered.

As at 31 December 2022, the Company has net current liabilities of £324,000 and net liabilities of £636,000 and can therefore meet its short- and long- term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via cash pooling arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Tangible fixed assets and depreciation

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

Right-of-use assets	over the the life of the lease
Leasehold improvements	3 to 6 years on a straight-line basis
Computer equipment	3 years on a straight-line basis
Fixtures, fittings and equipment	4 years on a straight-line basis

2.5 Trade and other receivables

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

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts.

Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the income statement.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.5 Trade and other receivables (continued)

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Subsequent recoveries of amounts previously provided for are credited to the income statement.

2.6 Leases

The Company's lease contracts include office premises and equipment.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The assets are depreciated over the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the company is reasonably certain to exercise that option. Right-of-use assets are reviewed for indicators of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Lease modifications result in remeasurement of the lease liability.

Depreciation is recognised in administrative expenses and interest expense is recognised under finance costs in the income statement.

2.7 Pension costs

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

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

2.8 Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

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Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 Foreign currency (continued)

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

2.9 Revenue

The company recognises revenue in accordance with the provisions of IFRS15 Revenue from Contracts with Customers

The five-step model framework contained within IFRS15 is fundamental to its revenue recognition process. The company will consider the identification of contract with a customer, the performance obligations within that contract, the transaction price of the contract, the allocation of transaction price to performance obligations and satisfaction of performance obligations.

Revenue represents income recognised in respect of services provided during the year excluding value-added tax. Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. In certain cases, payments are received from customers or amounts are billed with an unconditional right to receive consideration prior to satisfaction of performance obligations and recognised as deferred income. These balances are considered contract liabilities and are typically related to prepayments for third-party expenses that are incurred shortly after billing.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.12 Taxation (continued)

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Revenue arising from the provision of data analytics and related services is subject to estimates made taking into account information available. These estimates are reviewed by management on a regular basis.

In making its judgement, management has considered the detailed criteria for the recognition of revenue from the sale of its services as set out in IFRS 15 Revenue from Contracts with Customers and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of those services.

In making an estimate on revenue recognition with respect to open projects at year end, management considered several detailed criteria for the recognition of revenue. Estimates were based on percentage of work completed, client acceptance and whether the revenue was realisable.

Though there is uncertainty in determining the level of completion, following the detailed quantification of the company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the services, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Where a contract has only been partially completed at the balance sheet date, revenue represents the value of the service provided to date based on a proportion of the total contract value. Revenue is only recognised where there is persuasive evidence that an arrangement exists; a service has been rendered; the seller's price to the buyer is fixed or determinable; and collectability is reasonably assured

4. Impact of new international reporting standards, amendments and interpretations

No new accounting standards or IFRIC interpretations have had a material impact on the Company's financial statements for the current year.

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Notes to the financial statements

For the year ended 31 December 2022

5. Revenue

	2022 £'000	2021 £'000
Geographical market		
UK	4,112	2,344
Europe	1,135	1,527
Rest of the World	4,177	3,829
	<u>9,424</u>	<u>7,700</u>

The revenue in the current and prior year is fully attributable to the provision of econometric and specialised marketing consultancy services.

6. Loss before interest and taxation

Loss before interest and taxation is stated after charging:

	2022 £'000	Restated 2021* £'000
Depreciation of tangible fixed assets	324	211
Staff costs	6,678	5,218
Exchange loss	20	26

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £25,227 (2021: £18,231). Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company disclose such fees on a consolidated basis.

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

Notes to the financial statements
 For the year ended 31 December 2022

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2022	2021
Production	65	61
	<u>65</u>	<u>61</u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	4,600	3,893
Social security costs	783	516
Other pension costs (note 16)	387	271
	<u>5,770</u>	<u>4,680</u>

8. Directors' emoluments

	2022	2021
	£'000	£'000
Emoluments	959	930
Pension contributions	47	49
	<u>1,006</u>	<u>979</u>

During the year retirement benefits were accruing for 2 Directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £500 thousand (2021 - £492 thousand), including the company's contributions paid to a defined contribution pension scheme of £nil (2021 - £nil).

One director received no remuneration in respect of his services to the Company in both years. A share-based payment of £116k to the highest paid Director made by WPP group in 2022 was not recorded as the Company's expense as it related to the services provided by the Director to the group as a whole.

9. Finance costs

The finance costs for the year, arising from the interest charge on lease liabilities is £6k and group cash pooling arrangement is £1k (Note 17), totalling £7k (2021: £69k).

Gain Theory Limited

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Notes to the financial statements

For the year ended 31 December 2022

10. Taxation

The tax charge for the year is £nil (2021: £nil). The charge for the year can be reconciled to the loss before taxation in the income statement as follows:

	2022 £'000	Restated 2021* £'000
Loss before taxation	(1628)	(465)
Tax on loss at standard UK corporation tax rate of 19% (2021: 19%)	(309)	(88)
Factors affecting the charge in the year:		
Impact of tax rate change	-	(36)
Group relief surrendered	292	265
Recognition of previously unrecognised deferred tax asset	(38)	(173)
Non-deductible expenses	55	32
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK tax rate for the year ended 31 December 2022 was 19%. The increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 was enacted at the balance sheet date and was reconfirmed in the UK budget on 15 March 2023. Deferred tax balances have been remeasured accordingly at 25% (2021: 25%).

The directors have completed an assessment on property, plant and equipment in terms of net book value and the tax written down value. An unrecognised deferred tax asset of £184k for 2022 is present, and £224k for 2021. The directors have not deemed it appropriate to recognise a deferred tax asset given the loss making nature of the business.

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

Notes to the financial statements
For the year ended 31 December 2022

11. Tangible fixed assets

	Right-of-use assets £'000	Leasehold improvements £'000	Computer equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2022(Previously stated)	277	-	631	553	1,461
Restatement					
At 1 January 2022	277	-	108	553	938
Additions	-	-	72	-	72
Disposals	-	-	(47)	-	(47)
Impairment	(199)	-	-	-	(199)
At 31 December 2022	78	-	133	553	764
Depreciation					
At 1 January 2022(Previously stated)		-	590	553	1,143
Restatement					
At 1 January 2022		-	67	553	620
Charge for the year	78	-	48	-	126
Disposals	-	-	(47)	-	(47)
Impairment	-	-	-	-	-
At 31 December 2022	78	-	68	553	699
Net book value					
At 31 December 2022	-	-	65	-	65
At 31 December 2021	277	-	41	-	318

The restatement of £523k to both costs and depreciation relates to historic assets which hold a net book value of nil. These are historic assets which were disposed of in prior years. They were identified as part of a system migration in the period. The restatement has no impact for the net book value of the property, plant and equipment brought forward balance, and no impact to overall net assets of the business.

The impairment charge of £199k was booked in 2022 in relation to the right-of-use asset office building which is now vacant and has not been sub-let.

Notes to the financial statements
For the year ended 31 December 2022

12. Trade and other receivables

	2022	2021
	£'000	£'000
Trade debtors	2,671	2,703
Amounts owed by group undertakings	2,687	2,433
Prepayments	83	120
Accrued income	33	295
Other debtors	101	-
	<u>5,575</u>	<u>5,551</u>

Included within amounts owed by group undertakings is a balance of £2,552,000 (2021: £1,973,000) which is an inter-group loan with a fellow group company in relation to a cash pooling arrangement and attracted an interest rate of 3.9281% at 31 December 2022 (0.35% at 31 December 2021).

All amounts owed by group undertakings are repayable on demand.

13. Trade and other payables

	2022	Restated
	£'000	2021*
		£'000
Trade creditors	381	431
Lease liability - current	237	235
Amounts owed to group undertakings	1,023	263
Taxation and social security	229	211
Accruals	1,711	946
Deferred income	2,318	2,161
	<u>5,899</u>	<u>4,247</u>

All amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

The current and prior year deferred income balances have been recognised in revenue within the next 12 months.

*In the year ended 31 December 2022, the Company restated the prior year financial information. Details of the restatement are contained in Note 20.

Notes to the financial statements
For the year ended 31 December 2022

14. Share capital

	2022 £'000	2021 £'000
Authorised, allotted, called-up and fully paid 203,000 ordinary shares of £1 each	203	203

15. Lease liabilities and provision

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable leases, relating to properties, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	243	243
Between one and two years	324	548
Total	567	791
Effect of discounting	(64)	(37)
Lease liability at end of year	503	754
Current	237	235
Non-current	266	519

Non-current lease liability and provisions as at the balance sheet date comprised the following:

	2022 £'000	2021 £'000
Lease liability – non-current	266	519
Dilapidation provision	110	111
	<u>376</u>	<u>630</u>

The dilapidation provision relates to dilapidations costs for the leased buildings expected to be incurred at the end of the leases.

16. Pension commitments

The Company operates defined contribution retirement pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of £387,242 (2021: £270,805) represents contributions payable to these schemes by the Company at rates specified in the rules of the schemes. There were contributions accrued of £57,599 as at 31 December 2022 (2021: £nil).

Gain Theory Limited

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Notes to the financial statements

For the year ended 31 December 2022

17. Cash pooling arrangements

From April 2021, following an update to Group policy, the Company's syndicated group banking arrangements with WPP Plc. have been restructured into 'zero balancing' pooling arrangements with a fellow group company acting as the cash pool leader of these cash pools within the UK. The Company, as a participant in the cash pooling arrangements, can transact as normal on its bank accounts, notwithstanding that any cash and/or overdraft are held by the cash pool leader.

18. Related parties

As a wholly owned subsidiary of the ultimate parent company, WPP plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced Disclosure Framework' not to disclose any related party transactions with other wholly owned members of the Group, or certain information around remuneration of key management personnel.

19. Ultimate parent company and controlling party

The directors regard WPP Group Holdings Limited, a company incorporated in the United Kingdom, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is WPP plc, 13 Castle Street, St Helier, Jersey, JE1 1ES. The parent undertaking of the smallest such group is WPP Jubilee Limited, Sea Containers House, 18 Upper Ground, London, SE1 9GL, a company registered in England and Wales. Copies of the consolidated financial statements of WPP plc are available at www.wpp.com/investors.

20. Restatement

In the year ended 31 December 2022 the Company restated prior year financial information. The restatements are summarised below:

Impact on the Income Statement (extract) for the year ended 31 December 2021

	Previously Published 2021 £000	Restated 2021 £000
Income Statement		
Staff Costs (Note 6 above)	4,987	5,218
Total Staff Costs*	4,987	5,218

Impact on the Statement of Financial Position (extract) - 31 December 2021

	Previously Published 2021 £000	Restated 2021 £000
Current Liabilities		
Trade and Other Payables		
Accruals (Note 13 above)	715	946
Accruals*	715	946

Notes to the financial statements
For the year ended 31 December 2022

20. Restatement (continued)

* The tables above include only those financial statement line items which have been restated. The total staff costs and accruals do not therefore represent the sum of the line items presented above.

STIP Bonus

In the audit of year ended December 2022, it was identified that the FY21 bonus was paid via April 2022 payroll. This is a business practice followed by the entity. However, the expense for the same was also recorded in FY22 wherein appropriate accrual was not created in FY21. This led to FY21 bonus expense being recorded in FY22 amounting £231,090 and hence expenses for FY21 remain understated by this amount.

Hence, a restatement has been posted to rectify the treatment of FY21 bonus expense as stated in above tables.