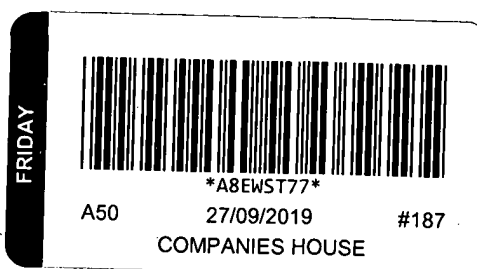


Company Registration No. 00280055

J. Walter Thompson U.K. Holdings Limited

Annual report and financial statements

For the year ended 31 December 2018



J. Walter Thompson U.K. Holdings Limited

Report and financial statements for the year ended 31 December 2018

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J. Walter Thompson U.K. Holdings Limited

Officers and professional advisers

Directors

M Segimon (appointed 16 July 2019)

S S B Spensley (resigned 16 July 2019)

K K Wilkins (resigned 16 July 2019)

N S Yap

Company Secretary

P H Dipple

Registered Office

1 Knightsbridge Green

London

SW1X 7NW

Bankers

HSBC Bank PLC

62-76 Park Street

London

SE1 9DZ

Auditor

Deloitte LLP

Statutory Auditor

London

United Kingdom

J. Walter Thompson U.K. Holdings Limited

Directors report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Company information

J. Walter Thompson U.K. Holdings Limited (registered number 00280055) is a private company limited by shares. The company is registered in England and Wales and has its registered office at 1 Knightsbridge Green, London SW1X 7NW.

Results and dividends

As shown in the company's income statement on page 8 the profit for the year after taxation was £45,000 (2017: loss of £24,000).

The company paid no interim dividends to the ordinary £1 shareholders in 2018 and 2017 and no final dividend is proposed (2016: £nil). A dividend of £141,000 payable to the preference shareholder (2017: £140,000) at 31 December 2018 was paid on March 29th 2019.

Directors

The directors of the company who served during the year and subsequent to the year-end are set out on page 1.

Directors' indemnities

The ultimate parent company, WPP plc, has made qualifying third-party indemnity provisions for the benefit of the company directors. These provisions also cover the company's immediate parent and the company's subsidiaries. These provisions were made during the year and remain in force at the date of this report.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements (Accounting policies).

Strategic report

In accordance with section 414(c) 11 of the Companies Act 2006, the information required by Schedule 7, The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 in respect of requirements of the business review is included in the strategic report. This includes a review of the development of the business of the company during the year, of its position at the end of the year, the principle risks and uncertainties facing the company, financial risk management objectives and policies and of the likely future developments in its business.

Auditor

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 company'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.

J. Walter Thompson U.K. Holdings Limited

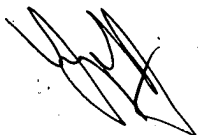
Directors report (continued)

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

N S Yap

Director



26 September 2019

J. Walter Thompson U.K. Holdings Limited

Strategic report

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Review of the business

The company is a holding company and a wholly owned subsidiary of WPP plc and operates as part of the Group's Advertising and Media Investment Management sector. There have been no changes in the Company's activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

The company's operating profit for the year was £45,000 (2017: loss of £24,000).

The company's profit before tax for the year was £45,000 (2017: loss of £24,000).

The balance sheet on page 9 of the financial statements confirms that the company's financial position at 31 December 2018 has, in net assets terms, increased by £69,000 in comparison with the prior year.

Principal risks and uncertainties facing the company

The company is a holding company and is dependent on the value and financial performance of its subsidiaries. The company manages these risks by conducting a regular impairment review of the value of its investments.

The recent majority vote by the UK public to leave the European Union has created a degree of caution within the business community. This may translate into less certainty on revenue earned by the company's subsidiaries. The situation will be continuously monitored by management with appropriate actions taken as required.

Key performance indicators

The WPP plc group manages its operations on a network basis. For this reason, the company's directors believe that any 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 the advertising sector of WPP plc, which includes the company, is discussed in the WPP plc Annual Report which does not form part of this Report.

Financial risk management objectives and policies

The financial risks faced by the company as a result of its activities and the management of those risks are described below.

Cash flow and liquidity risk

The directors do not believe that the company is exposed to any significant cash flow or liquidity risk. The company currently has sufficient cash to fund its activities. However, in the event that additional liquidity were to be required for ongoing operations and future developments, the company participates in group banking arrangements with its parent, WPP plc, and has access to a group cash management facility.

Credit risk

The company's principal financial assets are its investments, bank balance and intercompany receivables. The company's main credit risk is primarily attributable to its intercompany receivables. The company has no other significant concentration of credit risk.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Environment

The WPP plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with WPP plc Group policies, which are described in the Group's Corporate Responsibility report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include improving our energy use efficiency, paper use and recycling.

J. Walter Thompson U.K. Holdings Limited

Strategic report (continued)

Future developments

The directors expect the level of business activity to be maintained and anticipate a similar financial result in 2019.

The ultimate parent company, WPP Plc, has announced a strategic review with the intention to create a simpler structure to provide more integrated offerings to clients, including bringing together subsidiary company J Walter Thompson Group Limited and the Wunderman business to form Wunderman Thompson, a creative, data and technology agency built to inspire growth for its clients. This may impact the set up and structure of the company as it currently stands. No disruption to the company's trading operations is anticipated.

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



N S Yap
Director

26 September 2019

J. Walter Thompson U.K. Holdings Limited

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 judgments 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 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.

J. Walter Thompson U.K. Holdings Limited

Independent auditor's report to the members of J. Walter Thompson U.K. Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of J. Walter Thompson U.K Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit 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 of J. Walter Thompson U.K. Holdings Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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 (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

J. Walter Thompson U.K. Holdings Limited

Independent auditor's report to the members of J. Walter Thompson U.K. Holdings Limited (continued)

Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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.

J. Walter Thompson U.K. Holdings Limited

Independent auditor's report to the members of J. Walter Thompson U.K. Holdings Limited (continued)

Report on the audit of the financial statements (continued)

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:

- 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.



Catherine Lucy Knox (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

26 September 2019

J. Walter Thompson U.K. Holdings Limited

Income statement

For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Operating result		-	-
Interest receivable and similar income	5	186	116
Interest payable and similar expenses	6	(141)	(140)
Profit/(loss) before taxation	7	45	(24)
Tax on profit/(loss)	8	-	-
Profit/(loss)		45	(24)

There are no other comprehensive income or expenses other than the (loss)/profit for the years ended 31 December 2018 and 31 December 2017 respectively, and consequently a separate statement of other comprehensive income has not been presented.

All operations of the company continued throughout both years and no operations were acquired or discontinued.

The accompanying notes form an integral part of these financial statements.

J. Walter Thompson U.K. Holdings Limited

Balance sheet As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Intangible assets			
Investments	10	64,539	64,539
Current assets			
Debtors	11	11,646	11,460
Cash at bank and in hand		10,958	11,099
		22,604	22,559
Creditors: amounts falling due within one year	12	(140)	(140)
Net current assets		22,464	22,419
Total assets less current liabilities		87,003	86,958
Creditors: amounts falling due after one year	13	(14,028)	(14,028)
Net assets		72,975	72,930
Capital and reserves			
Called-up share capital	14	44,569	44,569
Share premium account	15	20,982	20,982
Profit and loss account		7,424	7,379
Shareholders' funds		72,975	72,930

The financial statements of J Water Thompson U.K. Holdings Limited, registered number 00280055 were approved by the Board of Directors and authorised for issue on 26 September 2019.

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors

NS Yap
Director

J. Walter Thompson U.K. Holdings Limited

Statement of changes in equity For the year ended 31 December 2018

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2017	44,569	20,982	7,403	72,954
Loss and total comprehensive loss for the year	-	-	(24)	(24)
Balance at 31 December 2017	44,569	20,982	7,379	72,930
Profit and total comprehensive profit for the year	-	-	45	45
Balance at 31 December 2018	44,569	20,982	7,424	72,975

J. Walter Thompson U.K Holdings Limited

Notes to the financial statements For the year ended 31 December 2018

1. Accounting policies

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

Basis of accounting

J. Walter Thompson U.K Holdings Limited is a company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006. 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 business review on page 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements because it is included in the group financial statements of WPP plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 17 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of WPP plc. The group financial statements of WPP plc are available to the public and can be obtained as set out in note 17.

Adoption of new and revised Standards

In the year ended 31 December 2018, the company has adopted the following Standards and Interpretations which became mandatorily effective from 1 January 2018:

- IFRS9 Financial Instruments and
- IFRS15 Revenue from Contracts with Customers

The company's accounting policies for its Financial Instruments and Revenue streams are disclosed in detail below. Apart from providing more extensive disclosures for these transactions, the Directors confirm the application of IFRS9 and IFRS15 has not had a significant impact on the financial position and / or financial performance of the company and has not warranted any re-statement of Revenue, Profit or Loss, Balance Sheet, or Statement of changes in equity for the years ended 31 December 2017 and 31 December 2016.

IFRS9 Financial instruments

The company has adopted IFRS9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The company has elected not to restate comparatives in accordance with the transition provisions of IFRS9.

J. Walter Thompson U.K Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. Accounting policies (continued)

Adoption of new and revised Standards (continued)

IFRS9 Financial instruments (continued)

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The directors of the Company have reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost; and,
2. Trade debtors and contract assets.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount

J. Walter Thompson U.K Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. Accounting policies (continued)

Adoption of new and revised Standards (continued)

IFRS9 Financial instruments (continued)

(b) Impairment of financial assets (continued)

equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to

measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial assets.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors report.

The directors do not believe that the company is exposed to any significant cash flow or liquidity risk. The company currently has sufficient cash to fund its activities. However, in the event that additional liquidity were to be required for ongoing operations and future developments, the company participates in group banking arrangements with its parent, WPP plc, and has access to a group cash management facility.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Impairment of intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its 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 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 Company estimates the recoverable amount of the cash-

J. Walter Thompson U.K Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. Accounting policies (continued)

Adoption of new and revised Standards (continued)

Impairment of intangible assets (continued)

generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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 the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

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

Current tax

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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the ultimate parent company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. Accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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).

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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Financial instruments

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

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) **For the year ended 31 December 2018**

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets such as trade receivables, loans, and other receivables are recognized and derecognized on a trade date basis. Loans and receivables are measured at fair value using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

1. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities such as trade creditors, loans, and other payables are recognized and derecognized on a trade date basis. Loans and payables are measured at fair value using the effective interest method, less any derecognition. Interest expense is recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial.

Derecognition of Financial Liabilities

In accordance with IFRS9 Financial Instruments, a financial liability of the company is only released to the income statement when the underlying legal obligation is extinguished.

Provisions

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

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. 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, 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 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.

Key sources of estimation uncertainty

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 amount of assets and liabilities within the next financial year, are discussed below.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of investments

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £64,539,000 with no impairment loss recognised in 2018 or 2017.

There are no other critical accounting judgements in the financial statements.

3. Income from shares in group undertakings

The company received no dividends from group undertakings in the financial year or prior year.

4. Directors' Remuneration

The directors are also executives of J. Walter Thompson Group Limited, a subsidiary of the ultimate parent company, WPP plc. The directors received total remuneration of £517,000 (2017: £541,000) from J. Walter Thompson Group Limited during the year, but it is not practicable to allocate this between their services as executives of J. Walter Thompson Group Limited and their services as directors of J. Walter Thompson U.K. Holdings Limited.

5. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from subsidiary company	186	116
Interest receivable and similar income	186	116

6. Interest payable and similar expenses

	2018 £'000	2017 £'000
Dividends payable to preference shareholders	(141)	(140)
Interest payable and similar expenses	(141)	(140)

7. Profit/(loss) before taxation

The fee payable for the audit of the company's financial statements was £4,000 (2017: £4,000). This was borne by the company's main operating subsidiary undertaking, J. Walter Thompson Group Limited. No amounts for other services have been paid to the auditor in either year.

The company has no employees (2017: none).

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

8. Taxation

There was no tax charge in either year.

i) Current taxation

Corporation tax payable is payable at 19% (2017: 19.25%) on taxable profits for the year. However, losses are available from other group companies to reduce taxable profits to nil under the group relief provisions. There is no corresponding payment by the claimant company for the losses.

The charge for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%). The change in the rate is due to the decrease in the standard rate of corporation tax from 20% to 19%, effective from 1 April 2017. A reconciliation of the tax charge calculated using this standard rate, and the actual charge, is shown below:

	2018 £'000	2017 £'000
Profit /(loss) before taxation	45	(24)
Tax on profit/(loss) at standard rate of 19% (2017: 19.25%)	(9)	5
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	(27)	(27)
Imputed interest	(35)	(22)
Adjustments to tax charge in respect of group relief	71	44
Current tax for the year	-	-

ii) Factors that may affect future tax charge

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016 and confirmed by the Finance Act 2019 which received Royal Assent on 12 February 2019. This will reduce the company's future current tax charge accordingly.

9. Dividends on equity shares

The company paid no interim dividends to its ordinary shareholders in 2018 and 2017, and no final dividend was declared in either year.

10. Investments

Subsidiary undertakings

Cost and net book value

At 1 January 2017, 31 December 2017 and 31 December 2018

£'000

64,539

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

10. Investments (continued)

Details of the company's subsidiaries at 31 December 2018 are as follows. All ownership interests are in the ordinary share capital of the investee.

Name and Address	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
J. Walter Thompson Group Limited 1 Knightsbridge Green, London SW1X 7NW. Principal activity : Full service Advertising Agency	United Kingdom	100	100
Kantar Media UK Limited 26-30 Uxbridge Road, London W5 2AU. Principal activity : Market research	United Kingdom	100	100
Mortimer Square Limited 27 Farm Street, London W1J 5RJ. Principal activity : Holding company	United Kingdom	80	80

The investments in subsidiaries are all stated at cost less provision for impairment.

11. Debtors

	2018 £'000	2018 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertaking	11,646	11,460
	<u>11,646</u>	<u>11,460</u>

The loan of £11,646,000 (2017: £11,460,000) remains outstanding and attracts an imputed interest charge of 1.6193% (2017: 1.0265%). There is no due date, repayment schedule or security charge on the loan.

12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Dividends payable on preference shares	140	140
	<u>140</u>	<u>140</u>

The company has accrued dividends payable to the company's preference shareholder. The accrued dividends amount to £141,000 (2017: £140,000), covered the year from 1 January 2018 to 31 December 2018 and were settled by the company on 29 March 2019. Accrued dividends of £140,000 at 31 December 2017 covered the year from 1 January 2017 to 31 December 2017 and were settled by the company on 9 March 2018.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

13. Creditors: amounts falling due after one year

	2018 £'000	2017 £'000
Preference Shares	14,028	14,028
	2018 £'000	2017 £'000
Preference shares consist of the following amounts:		
13,227,894 1% cumulative "C" fixed rate preference shares of £1 each	13,228	13,228
800,000 1% cumulative "D" fixed rate preference shares of £1 each	800	800
	14,028	14,028

From 2 June 1997 to 30 December 1998, the company issued a total of 14,027,894 1% cumulative redeemable preference shares with a paid up value of £1 per share under terms which require them to be classified as debt in the company's financial statements. The shares outstanding can be redeemed at par value together with any arrears of dividend at any time before 21 November 2050 at the option of the company or preference share holder.

Holders of the "C" cumulative preference shares have identical voting rights to ordinary shareholders with one vote for every share held. They are also entitled to a fixed cumulative preference dividend of 1% (net of associated tax credit) per annum on each share fully paid or fully credited. The "D" cumulative redeemable preference shares are redeemable at par together with any arrears of interest at any time (no later than 21 November 2050) at the option of the company or preference shareholder.

Preference shares have been accounted for as long term creditors in line with FRS 101.

14. Called-up share capital

	2018 £'000	2017 £'000
Authorised equity share capital:		
61,500,004 ordinary shares of £1 each	61,500	61,500
Called up, allotted and fully paid share capital:		
44,569,253 ordinary shares of £1 each	44,569	44,569
	44,569	44,569

15. Share premium account

	2018 £'000	2017 £'000
Premium paid on issue of ordinary shares	20,982	20,982
	20,982	20,982

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2018

16. Related party transactions

The company has taken advantage of the exemption provided by FRS 101:8(k) not to disclose the details of transactions with related parties. The company and all companies with whom related party transactions took place in the year are ultimately 100% owned by WPP plc, the consolidated financial statements of which are publicly available.

17. Controlling party

The directors regard WPP Unicorn Limited, a company incorporated in Great Britain and registered in England and Wales as the immediate parent company (registered office 27 Farm Street, London W1J 5RJ) and WPP plc, a company incorporated in Jersey (registered office Queensway House, Hilgrove Street, St Helier, Jersey JE1 1EG) as the ultimate parent company and ultimate controlling party.

The parent undertaking of the largest group, which includes the company and for which group financial statements are prepared, is WPP plc, a company incorporated in Jersey, (registered office Queensway House, Hilgrove Street, St Helier, Jersey JE1 1EG).

The parent undertaking of the smallest such group is WPP Jubilee Limited, a company incorporated in Great Britain, (registered office 27 Farm Street, London W1J 5RJ).

Copies of the group financial statements of WPP plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

Copies of the group financial statements of WPP Jubilee Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

18. Post balance sheet event

On 12 July 2019, the Company's ultimate parent company, WPP Plc, announced the proposed sale of Kantar to Bain Capital. The transaction will lead to the company selling its interest in Kantar Media UK Limited to another WPP company in preparation for the WPP plc sale of Kantar to Bain.