

Company Registration No. 00280055

J. Walter Thompson U.K. Holdings Limited

Annual report and financial statements

For the year ended 31 December 2017

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J. Walter Thompson U.K. Holdings Limited

Report and financial statements for the year ended 31 December 2017

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J. Walter Thompson U.K. Holdings Limited

Officers and professional advisers

Directors

S S B Spensley

K K Wilkins

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 2017.

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 loss for the year after taxation was £24,000 (2016: profit of £30,000).

The company paid no interim dividends to the ordinary £1 shareholders in 2017 and 2016 and no final dividend is proposed (2016: £nil). A dividend of £140,000 payable to the preference shareholder (2016: £140,000) at 31 December 2017 was paid on March 9th 2018.

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 company has made qualifying third party indemnity provisions for the benefit of its directors which 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 the Accounting policies (note 1).

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

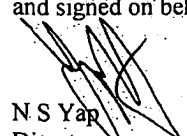
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

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
31 AUGUST 2018

J. Walter Thompson U.K. Holdings Limited

Strategic report (continued)

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 loss for the year was £24,000 (2016: profit of £30,000).

The company's loss before tax for the year was £24,000 (2016: profit of £30,000).

The balance sheet on page 9 of the financial statements confirms that the company's financial position at 31 December 2017 has, in net assets terms, decreased by £24,000 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.

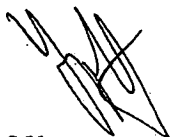
J. Walter Thompson U.K. Holdings Limited

Strategic report (continued)

Future developments

The directors expect the level of business activity to be maintained and anticipate a similar financial result in 2018.

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



N S Yap
Director

31 August 2018

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:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 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 of J. Walter Thompson U.K. Holdings Limited (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- 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 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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)

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:

- 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.



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

31 AUGUST

2018

J. Walter Thompson U.K. Holdings Limited

Profit and loss account

For the year ended 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|--|-------|---------------|---------------|
| Operating result | | - | - |
| Interest receivable and similar income | 5 | 116 | 170 |
| Interest payable and similar expenses | 6 | (140) | (140) |
| (Loss)/profit before taxation | 7 | (24) | 30 |
| Taxation | 8 | - | - |
| (Loss)/profit | | (24) | 30 |

There are no other comprehensive income or expenses other than the (loss)/profit for the years ended 31 December 2017 and 31 December 2016 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 At 31 December 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 10 | 64,539 | 64,539 |
| Current assets | | | |
| Debtors | 11 | 11,460 | 11,344 |
| Cash at bank and in hand | | 11,099 | 11,239 |
| | | 22,559 | 22,583 |
| Creditors: amounts falling due within one year | 12 | (140) | (140) |
| Net current assets | | 22,419 | 22,443 |
| Total assets less current liabilities | | 86,958 | 86,982 |
| Creditors: amounts falling due after one year | 13 | (14,028) | (14,028) |
| Net assets | | 72,930 | 72,954 |
| Capital and reserves | | | |
| Called-up share capital | 14 | 44,569 | 44,569 |
| Share premium account | 15 | 20,982 | 20,982 |
| Profit and loss account | | 7,379 | 7,403 |
| Shareholders' funds | | 72,930 | 72,954 |

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 **31 AUGUST** 2018.

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

Signed on behalf of the Board of Directors


N S Yap
Director

J. Walter Thompson U.K. Holdings Limited

Statement of changes in equity For the year ended 31 December 2017

| | Called-up share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|--|--|--------------------------------------|--|----------------|
| Balance at 1 January 2016 | 44,569 | 20,982 | 7,373 | 72,924 |
| Profit and total comprehensive income for the year | - | - | 30 | 30 |
| Balance at 31 December 2016 | 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 |

J. Walter Thompson U.K Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

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.

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.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

1. Accounting policies (continued)

Investments

Investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

At each balance sheet date, the Company reviews the carrying amounts of its investments 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).

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

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 goodwill or from the initial recognition (other than in a business combination) 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.

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 profit or loss, 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

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) **For the year ended 31 December 2017**

1. Accounting policies (continued)

Dividend and interest income (continued)

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.

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 profit or loss 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.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost 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.

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.

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 2017 or 2016.

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.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) **For the year ended 31 December 2017**

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 £541,000 (2016: £696,000) 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

| | 2017 £'000 | 2016 £'000 |
|---|-----------------------------|-----------------------------|
| Interest receivable from subsidiary company | 116 | 170 |
| Interest receivable and similar income | <u>116</u> | <u>170</u> |

6. Interest payable and similar expenses

| | 2017 £'000 | 2016 £'000 |
|--|-----------------------------|-----------------------------|
| Dividends payable to preference shareholders | (140) | (140) |
| Interest payable and similar expenses | <u>(140)</u> | <u>(140)</u> |

7. Profit/(loss) before taxation

The fee payable for the audit of the company's financial statements was £4,000 (2016: £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 (2016: none).

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

8. Taxation

There was no tax charge in either year.

i) Current taxation

Corporation tax payable is payable at 19.25% (2016: 20%) 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 19.25% (2016: 20%). 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:

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| (Loss)/profit before taxation | (24) | 30 |
| Tax on loss/(profit) at standard rate of 19.25% (2016: 20%) | 5 | (6) |
| Factors affecting charge for the year: | | |
| Expenses not deductible for tax purposes | (27) | (28) |
| Imputed interest | (22) | (34) |
| Adjustments to tax charge in respect of group relief | 44 | 68 |
| 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, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. 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 2017 and 2016, and no final dividend was declared in either year.

10. Investments

Subsidiary undertakings

Cost and net book value

At 1 January 2016, 31 December 2016 and 31 December 2017

£'000

64,539

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

10. Investments (continued)

Details of the company's subsidiaries at 31 December 2017 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

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts owed by subsidiary undertaking | 11,460 | 11,344 |
| | <u>11,460</u> | <u>11,344</u> |

The loan of £11,460,000 (2016: £11,344,000) remains outstanding and attracts an imputed interest charge of 1.0265% (2016: 1.1519%). There is no due date, repayment schedule or security charge on the loan.

12. Creditors: amounts falling due within one year

| | 2017 £'000 | 2016 £'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 £140,000 (2016: £140,000), covered the year from 1 January 2017 to 31 December 2017 and were settled by the company on 9 March 2018. Accrued dividends of £140,000 at 31 December 2016 covered the year from 1 January 2016 to 31 December 2016 and were settled by the company on 24 March 2017.

J. Walter Thompson U.K. Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

13. Creditors: amounts falling due after one year

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Preference Shares | 14,028 | 14,028 |
| | <u>14,028</u> | <u>14,028</u> |
| | 2017 £'000 | 2016 £'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 |
| | <u>14,028</u> | <u>14,028</u> |

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

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Authorised equity share capital: | | |
| 61,500,004 ordinary shares of £1 each | 61,500 | 61,500 |
| | <u>61,500</u> | <u>61,500</u> |
| Called up, allotted and fully paid share capital: | | |
| 44,569,253 ordinary shares of £1 each | 44,569 | 44,569 |
| | <u>44,569</u> | <u>44,569</u> |

15. Share premium account

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Premium paid on issue of ordinary shares | 20,982 | 20,982 |
| | <u>20,982</u> | <u>20,982</u> |

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Notes to the financial statements (continued) For the year ended 31 December 2017

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.