

**Company Registration No. 00280055**

**J. Walter Thompson U.K. Holdings Limited**

**Annual report and financial statements**

**For the year ended 31 December 2021**



# **J. Walter Thompson U.K. Holdings Limited**

## **Report and financial statements for the year ended 31 December 2021**

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# **J. Walter Thompson U.K. Holdings Limited**

## **Officers and professional advisers**

### **Directors**

J Gautier  
M Segimon

### **Company Secretary**

P H Dipple

### **Registered Office**

Greater London House  
Hampstead Road  
London  
NW1 7QP

### **Banker**

HSBC Bank PLC  
62-76 Park Street  
London  
SE1 9DZ

### **Auditor:**

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

## **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.

#### **Principal activities and review of the business**

J. Walter Thompson U.K. Holdings Limited (the 'company') is a holding company and a wholly owned subsidiary of WPP plc (the 'Group'). The company's principal activity is to act as an investment holding company. 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 £ nil (2020: profit of £ nil).

The company's profit before tax for the year was £ 379,000 (2020: profit of £159,000).

The balance sheet on page 13 of the financial statements confirms that the company's financial position at 31 December 2021 has, in net assets terms, increased by £ 379,000 in comparison with the prior year.

From April 2021, following an update to ultimate parent company WPP plc policy, the company's syndicated banking arrangements with the WPP group have been restructured into 'zero balancing' pooling arrangements with WPP Finance Co. Limited (WPP Finance Co) acting as the cash pool leader of these cash pools within the UK. The company's cash balance is now thus reported within amounts owed by WPP plc group undertakings (refer note 10 Amounts owed by group companies). The receivable balance with WPP Finance Co at 31 December 2021 was £ 90,227,000. All such receivables are short term in nature and the company, as a participant in the cash pooling arrangements, can transact as normal on its bank accounts, notwithstanding that such cash will be held by WPP Finance Co.

#### **Financial risk management and principal risks and uncertainties facing the company**

The Directors of the company have considered the principal risks and uncertainties affecting the company as at 31 December 2021 and up to the date of this report. As the company is primarily an investment holding company with a limited amount of transactions, the Directors believe that the company has no principal risks and uncertainties. Going concern and liquidity risks are discussed below.

##### **Going concern and liquidity risk**

The directors have assessed the ongoing business activities and the potential impact that the Covid-19 pandemic, Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the company and its subsidiaries for at least the next twelve months from the date of signing the financial statements. These matters are not expected to have a material impact on the business.

The company has net current assets of £ 102,355,000 and net assets of £ 149,494,000 and can therefore meet its short and long-term obligations as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the company is a subsidiary of WPP plc and it is part of the cash pooling arrangements.

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

##### **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.

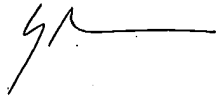
##### **Future developments**

The directors expect the level of business activity and result for the year ended 31 December 2022 to be comparable to the year ended 31 December 2021.

# **J. Walter Thompson U.K. Holdings Limited**

## **Strategic report**

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

A handwritten signature in black ink, appearing to be 'J. Gautier', with a stylized initial 'J' and a horizontal line extending to the right.

J Gautier

Director

28 September 2022

# **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 2021.

### **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 Greater London House, Hampstead Road, London NW1 7QP.

### **Results and dividends**

As shown in the company's income statement on page 12 the profit for the year after taxation was £379,000 (2020: profit of £159,000).

The company paid no interim dividends to the ordinary shareholders in 2021 and 2020 and no final dividend is proposed (2020: £nil).

### **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 the Strategic report and Accounting policies note in the financial statements (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 principal risks and uncertainties facing the company, financial risk management objectives and policies and of the likely future developments in its business.

### **External stakeholder engagement**

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

A detailed statement on the WPP plc group's external stakeholder engagement can be found in the WPP plc annual report which does not make up part of this report.

### **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.

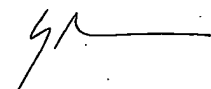
## **J. Walter Thompson U.K. Holdings Limited**

### **Directors' report**

#### **Auditor (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



J Gautier  
Director

28 September 2022

## **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.

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



## **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 2021 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 which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity
- the related notes 1 to 15.

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

##### **Basis for opinion**

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

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

##### **Conclusions relating to going concern**

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

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

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

##### **Other information**

The other information comprises the information included in the annual report<sup>1</sup>, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **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**

##### **Other information (continued)**

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

We have nothing to report in this regard.

##### **Responsibilities of directors**

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

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

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

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

## **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**

##### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

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

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

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

- reviewing financial statement to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management, concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;

##### **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 has 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.

## **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**

##### **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.



Nicola Barker (ACA) (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

28 September 2022

## **J. Walter Thompson U.K. Holdings Limited**

### **Income statement For the year ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
<b>Operating result</b>		-	-
Interest receivable and similar income	5	379	159
<b>Profit before taxation</b>	6	379	159
Tax on profit	7	-	-
<b>Profit for the financial year attributable to owners of the Company</b>		379	159

There are no other comprehensive income or expenses other than the profits for the years ended 31 December 2021 and 31 December 2020 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

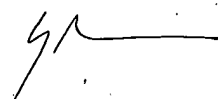
### Balance sheet As at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments in subsidiaries	9	47,139	47,139
<b>Current assets</b>			
Amounts owed by group companies	10	102,355	11,971
Cash at bank and in hand	11	-	90,005
		102,355	101,976
<b>Net current assets</b>		102,355	-101,976
<b>Total assets less current liabilities</b>		149,494	149,115
<b>Net assets</b>		149,494	149,115
<b>Capital and reserves</b>			
Called-up share capital	12	44,569	44,569
Share premium account	13	20,982	20,982
Profit and loss account		83,943	83,564
<b>Shareholders' funds</b>		149,494	149,115

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 28 September 2022.

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

Signed on behalf of the Board of Directors



J Gautier  
Director

## **J. Walter Thompson U.K. Holdings Limited**

### **Statement of changes in equity For the year ended 31 December 2021**

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2020</b>	44,569	20,982	83,405	148,956
Profit and total comprehensive income for the year	-	-	159	159
<b>Balance at 31 December 2020</b>	44,569	20,982	83,564	149,115
Profit and total comprehensive income for the year	-	-	379	379
<b>Balance at 31 December 2021</b>	44,569	20,982	83,943	149,494

## **J. Walter Thompson U.K. Holdings Limited**

### **Notes to the financial statements For the year ended 31 December 2021**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and 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 2.

These financial statements are 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 15 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, related party transactions and certain disclosures required by IFRS15 and IFRS16. 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 15.

##### **Adoption of new and revised standards**

In the current year, the Company has not applied any amendments to IFRS Standards issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2021 which have impacted these financial statements.

##### **Going concern**

The directors have assessed the ongoing business activities and the potential impact that the Covid-19 pandemic, Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the company and its subsidiaries for at least the next twelve months from the date of signing the financial statements. These matters are not expected to have a material impact on the business.

The company has net current assets of £ 102,355,000 and net assets of £ 149,494,000 and can therefore meet its short and long-term obligations as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the company is a subsidiary of WPP plc and it is part of the cash pooling arrangements.

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



# **J. Walter Thompson U.K. Holdings Limited**

## **Notes to the financial statements For the year ended 31 December 2021**

### **1. Accounting policies (continued)**

#### **Investments**

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. Investments 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 investments**

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). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-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 investment 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.

# **J. Walter Thompson U.K. Holdings Limited**

## **Notes to the financial statements For the year ended 31 December 2021**

### **1. Accounting policies (continued)**

#### **Taxation (continued)**

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.

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

# **J. Walter Thompson U.K. Holdings Limited**

## **Notes to the financial statements For the year ended 31 December 2021**

### **1. Accounting policies (continued)**

#### **Foreign currency (continued)**

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 recognized in the income statement in the period in which they arise.

#### **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.

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.

#### **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.

#### **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.

## **J. Walter Thompson U.K. Holdings Limited**

### **Notes to the financial statements For the year ended 31 December 2021**

#### **1. Accounting policies (continued)**

##### **Financial liabilities (continued)**

###### *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.

#### **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 £47,139,000 with no impairment loss recognised in 2021 or 2020.

##### *Critical accounting judgements*

There are no critical accounting judgements in the financial statements.

#### **3. Income from shares in group undertakings**

The company received no income from shares in group undertakings in the financial years ended 31 December 2021 and 31 December 2020.

#### **4. Directors' Remuneration**

The directors are also executives of the Wunderman Thompson Europe, Middle East and Africa Group of companies and Wunderman Thompson (UK) Limited, subsidiaries of the ultimate parent company, WPP plc. The directors received remuneration from these companies during the year. It is not practicable to allocate an amount that is applicable to their services as directors of J. Walter Thompson U.K. Holdings Limited.

## J. Walter Thompson U.K. Holdings Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 5. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable from ultimate parent company	222	-
Interest receivable from subsidiary company	157	159
<b>Interest receivable and similar income</b>	<b>379</b>	<b>159</b>

#### 6. Profit before taxation

The fee payable for the audit of the company's financial statements was £6,618 (2020: £5,226). This was borne by the company's main operating subsidiary undertaking, Wunderman Thompson (UK) Limited (formerly J. Walter Thompson Group Limited). No amounts for other services have been paid to the auditor in either year.

The company has no employees (2020: none).

#### 7. Tax on profit

There was no tax charge in either year.

The tax charge for the year ended 31 December 2021 is based on the profit for the year and comprises:

	2021 £'000	2020 £'000
<i>Current taxation</i>		
United Kingdom corporation tax at 19% (2019: 19%) on profits for the period	-	-
Overseas Taxes Suffered	-	-
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<i>Deferred taxation</i>		
Current year	-	-
Adjustments in respect of previous periods	-	-

#### Current taxation

The UK tax rate for the year ended 31 December 2021 is 19%.

Corporation tax payable is payable at 19% (2020: 19%) 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. A reconciliation of the tax charge calculated using this standard rate, and the actual charge, is shown below:

## J. Walter Thompson U.K. Holdings Limited

### Notes to the financial statements For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit before tax	379	159
Tax on profit at standard rate of 19% (2020: 19%)	72	30
Factors affecting charge for the year:		
Impact of deferred tax rate change	-	-
Items that are not taxable in determining taxable profit	-	-
Group relief for nil consideration	(73)	(31)
Prior year adjustments	-	-
Irrecoverable withholding taxes	-	-
Items that are not deductible in determining taxable profit	1	1
Movement in other temporary differences	-	-
Recognition of tax losses not previously recognised	-	-
Amounts accounted for in retained earnings	-	-
Current tax on profit for the year	-	-

#### Deferred tax

The company has no deferred tax balance at the year ended 31 December 2021 (2020: £nil).

#### Factors that may affect future tax charge

The UK corporation tax rate for the year ended 31 December 2021 is 19%. In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This change was enacted at the balance sheet date and deferred tax balances have been re-measured accordingly at 25% (2020: 19%).

#### 8. Dividends on equity shares

The company paid no interim dividends to its ordinary shareholders in 2021 and 2020, and no final dividend was declared in either year.

#### 9. Investments

##### Cost and net book value

At 1 January 2020, 31 December 2020 and 31 December 2021

£'000

47,139

Details of the company's subsidiaries at 31 December 2021 are as follows. All ownership interests are in the ordinary share capital of the investee.

## J. Walter Thompson U.K. Holdings Limited

### Notes to the financial statements For the year ended 31 December 2021

Name and Address	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
<b>Wunderman Thompson (UK) Limited</b> Greater London House, Hampstead Road, London NW1 7QP. Principal activity : Full service Advertising Agency	United Kingdom	100	100
<b>Mortimer Square Limited</b> 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. The value of investments held for each company at 1 January 2020, 31 December 2020 and 31 December 2021 is as follows:

	£'000
Wunderman Thompson (UK) Limited	36,970
Mortimer Square Limited	10,169
	<u>47,139</u>

In the opinion of the Directors, the value of the investments in the above subsidiary undertakings are not less than the aggregate amount at which they are shown in the company balance sheet.

#### 10. Amounts owed by group companies

	2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by fellow group company	90,227	-
Amounts owed by subsidiary undertaking	12,128	11,971
	<u>102,355</u>	<u>11,971</u>

Included within amounts owed by Group undertakings is a balance of £ 90,227,000, which is an inter-group loan with a fellow group company in relation to the cash pooling arrangement and attracted an interest rate of 0.4922% as at 31 December 2021. Please refer note 11 Cash at bank and in hand for further details.

The loan to subsidiary company of £12,128,000 (2020: £11,971,000) remains outstanding and attracts an imputed interest charge of 1.31363% (2020: 1.3425%). There is no due date, repayment schedule or security charge on the loan.

## J. Walter Thompson U.K. Holdings Limited

### Notes to the financial statements For the year ended 31 December 2021

#### 11. Cash at bank and in hand

2021 £'000	2020 £'000
-	90,005
-	90,005

From April 2021, following an update to ultimate parent company WPP plc policy, the company's group banking arrangements with ultimate parent company WPP plc have been restructured into 'zero balancing' pooling arrangements with WPP Finance Co. Limited (WPP Finance Co) acting as the leader of these cash pools within the UK (the Zero Balancing Pooling Arrangements). The company's cash balance is now thus reported within amounts owed by fellow group companies (refer note 10 Debtors). The receivable balance with WPP Finance Co at 31 December 2021 was £90,227,000. All such receivables are short term in nature and the Company, as a participant in the cash pooling arrangements governed by the Zero Balancing Agreement, has access to its cash at all times when required, notwithstanding that such cash will be held by WPP Finance Co.

#### 12. Called-up share capital

	2021 £'000	2020 £'000
<b>Authorised equity share capital:</b>		
61,500,004 ordinary shares of £1 each	61,500	61,500
<b>Called up, allotted and fully paid share capital:</b>		
44,569,253 ordinary shares of £1 each	44,569	44,569
	44,569	44,569

#### 13. Share premium account

	2021 £'000	2020 £'000
Premium paid on issue of ordinary shares	20,982	20,982
	20,982	20,982

#### 14. 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.

#### 15. 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).



## **J. Walter Thompson U.K. Holdings Limited**

### **Notes to the financial statements For the year ended 31 December 2021**

#### **15. Controlling party (continued)**

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.