Company Registration No. 00964286

Team Life Global Limited

Annual report and financial statements

For the year ended 31 December 2018

Team Life Global Limited

Annual report and financial statements for the year ended 31 December 2018

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Team Life Global Limited

Officers and professional advisers

Directors

C S St J Kingston
P Lancaster (resigned 22 May 2019)
N S Yap

Company Secretary

P H Dipple
WPP Group (Nominees) Limited

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

Team Life Global Limited

Directors' report

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

The company is entitled to an exemption from preparing a strategic report under section 414(b) of the Companies Act 2006.

Company information

Team Life Global Limited (registered number 00964286) 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.

Business review and principal activities

The company is a wholly owned subsidiary of WPP plc and operates as part of the group's Advertising and Media Investment Management sector.

The principal activity of the company is to act as advertising agents and consultants in the UK and the rest of the world.

The income statement on page 8 of the financial statements discloses a profit before tax of £650,639 (2017: profit of £1,808,125).

The balance sheet on page 9 of the financial statements shows that the company held cash of £11,982,826 (2017: £7,547,308), net current assets of £7,230,532 (2017: £6,491,300) and net assets of £7,231,204 (2017: £6,492,383).

The company paid no interim dividends to the ordinary £1 shareholder in 2018 and 2017 and no final dividend is proposed (2017: £nil).

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 outlook

The directors expect the general level of activity to be consistent with 2018 in the forthcoming year and anticipate a comparable financial performance in 2019.

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

Financial risk management objectives and policies

The financial risks facing 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 bank balances, trade, intercompany and other receivables. The company's main credit risk is primarily attributable to its key trade and intercompany receivables. The company has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and clients.

Team Life Global Limited

Directors' report (continued)

Financial risk management objectives and policies facing the company (continued)

Credit risk (continued)

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.

Currency risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign currency transactions are where possible kept to a minimum and are in stable currencies. The company, through WPP 2005 Ltd's treasury function, uses currency hedging on its financial activities when appropriate. The directors keep the situation under review and consult with the WPP 2005 Ltd treasury team with regard to appropriate risk management.

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. These provisions were made during the year and remain in force at the date of this report.

Going concern

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

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

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

26 September 2019

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;
- 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.

Independent auditor's report to the members of Team Life Global Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Team Life Global Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Team Life Global Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

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.

Independent auditor's report to the members of Team Life Global Limited (continued)

Report on the audit of the financial statements (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 directors' report.

Independent auditor's report to the members of Team Life Global Limited (continued)

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Catherine L Knox

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

26 September 2019

Income statement
For the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	3	5,046,542	5,744,874
Operating costs		(4,393,919)	(3,934,886)
Operating profit	4	652,623	1,809,988
Interest receivable and similar income	8	417	50
Interest payable and similar expenses	9	(2,401)	(1,913)
Profit before taxation		650,639	1,808,125
Taxation	10	-	-
Profit for the financial year		650,639	1,808,125

All operations of the company were continuing operations throughout both years.

There are no other comprehensive income or expenses in either the current or the previous year other than the profit for the financial years ended 31 December 2018 and 31 December 2017 as stated above. Therefore no statement of total comprehensive income is required.

The accompanying notes form an integral part of this income statement.

Team Life Global Limited

Balance sheet
As at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	672	1,083
		672	1,083
Current assets			
Debtors	13	1,879,223	2,736,940
Cash at bank and in hand		11,982,826	7,547,308
		13,862,049	10,284,248
Creditors: amounts falling due within one year	14	(6,631,517)	(3,792,948)
Net current assets		7,230,532	6,491,300
Total assets less current liabilities		7,231,204	6,492,383
Net assets		7,231,204	6,492,383
Capital and reserves			
Called-up share capital	15	2,000	2,000
Capital contribution reserve	16	331,755	243,573
Profit and loss account		6,897,449	6,246,810
Shareholder's funds		7,231,204	6,492,383

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

The financial statements of Team Life Global Limited, registered number 00964286 were approved by the Board of Directors and authorised for issue on 26 September 2019.

Signed on behalf of the Board of Directors

N S Yap
Director

Team Life Global Limited

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

	Note	Called-up share capital £	Capital contribution reserve £	Profit and loss account £	Total £
Balance at 1 January 2017		2,000	172,625	4,438,685	4,613,310
Profit and total comprehensive income for the year		-	-	1,808,125	1,808,125
Capital contribution for equity-settled share based payments	7	-	70,948	-	70,948
Balance at 31 December 2017		2,000	243,573	6,246,810	6,492,383
Profit and total comprehensive income for the year		-	-	650,639	650,639
Capital contribution for equity-settled share based payments	7	-	88,182	-	88,182
Balance at 31 December 2018		2,000	331,755	6,897,449	7,231,204

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

1. Accounting policies

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

Basis of accounting

Team Life Global Limited is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006. The company is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 2 and 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. 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.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, share-based payments, 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 18.

Adoption of new and revised standards

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

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

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

IFRS9 Financial instruments

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

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets.

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

1. **Accounting policies (continued)**

Adoption of new and revised Standards (continued)

IFRS9 Financial instruments (continued)

(a) Classification and measurement of financial assets

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

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

Specifically:

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

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

(b) Impairment of financial assets

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

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

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

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade debtors and contract assets in certain circumstances.

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

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

1. Accounting policies (continued)

Adoption of new and revised Standards (continued)

IFRS9 Financial instruments (continued)

(c) Classification and measurement of financial liabilities

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

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

IFRS15 Revenue from Contracts with Customers

The company has adopted IFRS15 Revenue from Contracts with Customers from 1 January 2018. This new standard establishes a five-step model where consideration received or expected to be received is recognised as revenue when contractual performance obligations are satisfied by transferring control of the relevant goods or services to the customer. The adoption of IFRS15 did not have a significant impact on the timing of the company's revenue recognition or the company's equity.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Company has adopted the terminology used in IFRS 15 to describe such balances.

The Company's accounting policies for its revenue streams are disclosed in detail below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

For certain of the company's contracts, the adoption of IFRS15 prompted a review of the company's accounting for certain third-party costs. Third-party costs are included in revenue when the company acts as principal with respect to the services provided to the client and are excluded when the company acts as agent. Under IFRS15 the principal versus agent assessment is based on whether the company controls the relevant services before they are transferred to the client. The company has concluded that no adjustment to Revenue computation in respect of third party costs is required as a result of the adoption of IFRS15.

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.

Tangible fixed assets

Leasehold improvements, fixtures, fittings and equipment are stated at historical cost less accumulated depreciation.

1. **Accounting policies (continued)**

Tangible fixed assets (continued)

Depreciation is recognised on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset on a straight-line balance basis over its expected useful life, as follows:

Leasehold improvements	10% per annum or evenly over the remaining life of the lease
Computer equipment	33.3% per annum
Fixtures, fittings and equipment	10% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any change in estimate accounted for on a prospective basis.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-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.

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.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Work in progress comprises costs incurred on behalf of clients.

Taxation

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

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is

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

1. Accounting policies (continued)

Deferred tax (continued)

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.

Revenue recognition

The company recognises revenue from the provision of advertising services.

Revenue is stated net of VAT and trade discounts.

Revenue is measured based on the consideration to which the company expects to be entitled in a contract and excludes amounts collected on behalf of third parties. The company recognizes revenue when it transfers control of a service to the customer.

Where a contract has only been partially completed at the balance sheet date revenue represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Contract Liabilities and included as part of Creditors due within one year.

Pension costs

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Interest income

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.

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

1. Accounting policies (continued)

Foreign currency

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

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Finance costs

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

All other borrowing costs are recognised in 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.

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.

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

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

Financial liabilities

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

Derecognition of Financial Liabilities

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

Share-based payments

The ultimate parent company, WPP plc, has granted rights to its equity instruments to certain employees of the company. This share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. FRS 101 (Share-based payments) requires the company to record an expense for such compensation (see note 13) with a corresponding increase in equity as a contribution from the parent.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value determined at grant date is recognized in the income statement as an expense on a straight-line basis over the relevant vesting period, based on the company's estimate of the number of shares that will ultimately vest and adjusted for, based on management's best estimate, the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

1. Accounting policies (continued)

Provisions

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

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

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

Onerous contracts

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15 *Revenue from Contracts with Customers* and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

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

There are no key sources of estimation uncertainty in the financial statements.

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

3. Revenue

An analysis of the Company's revenue is as follows:

	2018 £	2017 £
Continuing operations		
Rendering of advertising services	5,046,542	5,744,874
	5,046,542	5,744,874

An analysis of the Company's revenue by geographical market is set out below.

	2018 £	2017 £
Revenue		
United Kingdom	410,925	791,147
Rest of Europe (excluding the United Kingdom)	4,635,617	4,953,727
	5,046,542	5,744,874

4. Operating profit

	2018 £	2017 £
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	411	151
Intercompany Time of Staff Charge	1,249,081	953,676
Intercompany Services and Facilities recharge	1,266,370	898,235
Auditor's remuneration:		
- Fee payable for the audit of the company's annual financial statements	9,000	9,000

No amounts have been paid to the company's auditor in respect of non-audit services in the year.

5. Staff costs

The average number of persons employed by the company (including executive directors) during the year, calculated in accordance with the requirements of the Companies Act 2006, was as follows:

	2018 Number	2017 Number
Production	9	13
	9	13

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

5. Staff costs (continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Employee costs during the year amounted to:		
Wages and salaries	1,110,808	1,300,398
Social security costs	135,788	163,251
Other pension costs	48,567	37,981
	1,295,163	1,501,630

6. Directors' remuneration

The remuneration of the directors attributable to the company was as follows:

	2018 £	2017 £
Emoluments	180,500	219,500
Company contributions to money purchase pension schemes	13,530	13,530
	194,030	233,030

All remuneration expenses in 2018 and 2017 were borne by J. Walter Thompson Group Limited, a subsidiary of the ultimate parent company, WPP plc and WPP plc. None of the directors' services were specifically attributable to the company.

The above amounts exclude the value of restricted stock awards or share options received under long-term incentive schemes (2018 £48,258, 2017: £94,426). These amounts were borne by another group company. No director exercised share options during the year (2017: none) and no share options were received under long-term incentive schemes by any director (2017: none). Restricted stock awards were received under long-term incentive schemes by two directors (2017: two).

Pensions

The number of directors who were members of pension schemes was as follows;

	2018 Number	2017 Number
Money purchase schemes	1	1

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2018 £	2017 £
Emoluments	180,500	219,500
Company contributions to money purchase pension schemes	13,530	13,530
	194,030	233,030

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

7. Share-based payments

The company has charged the following amounts to the income statement in the current and prior years in relation to equity-settled share-based payments.

	2018 £	2017 £
Share options		
WPP Worldwide Share Ownership Plan	1,781	1,855
Restricted stock		
WPP Leaders, Partners and High Potential Group	51,058	34,743
WPP Other Long-Term Incentive Plans	35,343	34,350
	88,182	70,948

These amounts have been credited to Equity as a Parent Company Capital contribution in accordance with FRS 101 Share-based payments (see Note 16: Other Reserves). A review of the forfeiture rates applied to each share option and restricted stock plan is also reflected in the computation of the current and prior year charges.

Share option plan

The Company became a participant in a share option plan scheme for all employees in 2015.

Options are exercisable on the shares of the ultimate parent company at a price equal to the estimated fair value of the parent company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

There were no share options exercised in 2018 or 2017. The options outstanding at 31 December 2018 had exercise prices ranging from £6.2675 to £17.055 (31 December 2017 from £6.2675 to £17.055) and a weighted average remaining contractual life of 92 months (2017: 100 months). In 2018, options were granted on December 6 2018 (2017: December 5 2017). The estimated fair value of the options granted on this date is £1.07 (2017: £1.12.)

Terms of share option plan

WPP Worldwide Share Ownership Plan

The WPP Worldwide Share Ownership Plan is open to employees with at least two years' employment in a company owned by WPP plc. It is not available to those participating in other share-based incentive programmes or to executive directors. The vesting period for each grant is three years and there are no performance conditions other than continued employment with a WPP plc company.

Stock options for the plan have a life of ten years, including the vesting period. The terms of those stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. All stock options are satisfied out of newly issued shares in WPP plc.

	At 1 January 2018 Number	Granted number	Exercised number	Lapsed/ transferred number	Outstanding at 31 December 2018	Exercisable at 31 December 2018
WPP Worldwide Share Ownership Plan	4,625	875	-	500	5,000	2,125
	4,625	875	-	500	5,000	2,125
Weighted-average exercise price	£14.3162	£8.372	-	£15.07	£13.2006	£10.23974

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

7. Share-based payments (continued)

The inputs into the Black Scholes Valuation Model are as follows:

	2018	2017
Weighted Average Share Price	£11.5560	£15.8500
Weighted Average Exercise Price	-	-
Expected volatility	24%	17%
Expected life (months)	48	48
UK Risk-free interest rate	0.78%	0.57%
Expected dividend yield	3.50%	2.90%

Expected volatility is sourced from external market data and represents the historical volatility in the WPP plc share price over a period equivalent to the expected option life. Expected life is based on a review of historical exercise behaviour in the context of the contractual terms of the options, as described in more detail above.

Restricted stock plans

The Company became a participant in restricted stock plans in 2015.

Certain employees participate in restricted stock plans, which are satisfied by the delivery of stock from one of the WPP plc ESOP trusts. The most significant scheme is:

Leaders, Partners and High Potential Group

Vesting is conditional on continued employment over a three-year vesting period.

For restricted stock awards, the number of shares granted for these schemes and the weighted average fair value of these grants was as follows:

	2018	2017
Leaders, Partners and High Potential Group		
Number of shares granted	4,684	3,122
Weighted average fair value at grant date (pence per share)	8372p	13085p
Other Short Term Incentive Plans		
Number of shares granted	3018	-
Weighted average fair value at grant date (pence per share)	12380p	-

8. Interest receivable and similar income

	2018 £	2017 £
Bank interest receivable	417	50
	417	50

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	(2,401)	(1,913)
	(2,401)	(1,913)

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

10. Taxation

i) Current taxation

There was no tax charge in either year.

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

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

	2018 £	2017 £
Profit before taxation	650,639	1,808,125
Tax on profit at standard rate of 19% (2017: 19.25%)	123,621	348,064
Factors affecting charge for the year:		
Depreciation in excess of capital allowances	78	29
Expenses not deductible for tax purposes	1,850	2,806
Movements in short term timing differences	14,633	13,658
Adjustments to tax charge in respect of group relief	(140,182)	(364,557)
Current tax for the year	-	-

ii) Factors that may affect future tax charge

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

11. Dividends on equity shares

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

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

12. Tangible assets

	Computers £	Total £
Cost or valuation		
At 1 January 2018	1,369	1,369
Additions	-	-
At 31 December 2018	1,369	1,369
Depreciation		
At 1 January 2018	286	286
Charge for the year	411	411
At 31 December 2017	697	697
Net book value		
At 31 December 2017	1,083	1,083
At 31 December 2018	672	672

13. Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	1,733,974	2,670,151
Amounts owed by WPP plc group undertakings	15,180	41,062
Amounts owed by WPP plc group associate parties	2,080	-
VAT	122,387	-
Prepayments and contract assets	5,602	25,727
	1,879,223	2,736,940

The company considers that the carrying amount of trade and other receivables approximates their fair value.

Amounts owed by WPP plc group undertakings and WPP plc group associate parties are unsecured, interest free and receivable on 30 days net terms.

14. Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts falling due within one year:		
Trade creditors	176,800	37,864
Amounts owed to WPP plc group undertakings	3,219,534	696,015
Amounts owed to WPP plc group associate parties	682,655	850,301
VAT	-	11,310
Accruals and contract liabilities	2,552,198	2,197,458
	6,631,517	3,792,948

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

14. Creditors: amounts falling due within one year (continued)

The company considers that the carrying amount of trade and other payables approximates their fair value.

Amounts owed to WPP plc group undertakings and WPP plc group associate parties are unsecured, interest free and payable on 30 days net terms.

15. Called-up share capital

	2018 £	2017 £
Authorised, called up, allotted and fully paid equity share capital		
2,000 ordinary shares of £1 each	2,000	2,000

16. Capital contribution reserve

	2018 £	2017 £
Capital contribution from ultimate parent company	331,755	243,573
	331,755	243,573

The ultimate parent company, WPP plc, has granted rights to its equity instruments to certain employees of the company. This share-based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. FRS 101 (Share-based payments) requires the company to record an expense for such compensation (see note 7) with a corresponding increase in equity as a contribution from the parent.

17. 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.

Trading transactions and balances at 31 December 2018 and 31 December 2017 with associate companies of WPP plc are summarised below.

Trading transactions

During the year, the company entered into the following trading transactions with associate companies:

	Sale of services		Purchase of service	
	2018 £	2017 £	2018 £	2017 £
Associates	23,590	3,421	2,230,012	1,138,031

The following amounts were outstanding at the balance sheet date:

	Sale of services		Purchase of service	
	2018 £	2017 £	2018 £	2017 £
Associates	2,405	-	351,298	850,301

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

17. Related party transactions (continued)

Sales to and purchases from related and associate parties were made at the company's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

18. Controlling party

The directors regard Garrott Dorland Crawford Holdings Limited, a company incorporated in Great Britain and registered in England and Wales as the immediate parent company and WPP plc, a company incorporated in Jersey and 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. The registered office of WPP plc is Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

The parent undertaking of the smallest such group is WPP Jubilee Limited, a company incorporated in Great Britain. The registered office of WPP Jubilee Limited is 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.