

**Company Registration No. 02670637**

**SJS Management Services Limited**

**Report and Financial Statements**

**31 December 2012**



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# **SJS Management Services Limited**

## **Report and financial statements 2012**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

# **SJS Management Services Limited**

## **Report and financial statements 2012**

### **Officers and professional advisers**

#### **Directors**

A Spark

S Livesey (resigned 01 March 2012)

J Fitzsimmons (appointed 19 March 2012, resigned 21 September 2012)

A Dunderdale (appointed 21 September 2012)

#### **Secretary**

WPP Group (Nominees) Limited

#### **Registered Office**

11-33 St John Street

London

EC1M 4AA

#### **Auditor**

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

# **SJS Management Services Limited**

## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under Section 415a of the Companies Act 2006.

### **Principal activity**

The company's principal activity is the management of real estate on a fee or contract basis. The company's tenants are fellow WPP plc undertakings and one third party company.

### **Results**

The profit and loss account is set out on page 7 and shows a loss after tax for the year of £219,698 (2011: loss of £257,453).

Turnover increased from £2,267,401 to £2,325,440.

### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: £nil).

### **Future prospects**

The directors expect the company to continue in its principal activities for the foreseeable future.

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including liquidity risk, and credit risk.

#### *Liquidity risk*

The company currently meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc and has access to a group cash management facility.

#### *Credit risk*

The company's principal financial assets are trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. 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.

### **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 Statements of accounting policies in the financial statements.

### **Directors**

The directors who served throughout year and subsequent the year end are set out on page 1.

# SJS Management Services Limited

## Directors' report

### Statement of information given to auditor

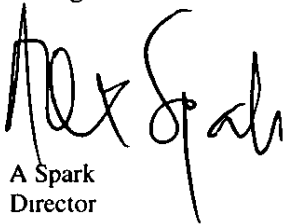
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are 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 s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

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



A Spark  
Director

30 April 2013

# **SJS Management Services Limited**

## **Statement of directors' responsibilities**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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.

## **Independent auditor's report to the members of SJS Management Services Limited**

We have audited the financial statements of SJS Management Services Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

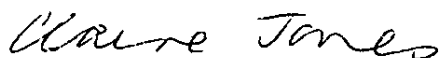
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of SJS Management Services Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report



Claire Jones (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

30 April 2013



## SJS Management Services Limited

### Profit and loss account Year ended 31 December 2012

	Notes	2012 £	2011 £
<b>Turnover</b>	1, 2	2,325,440	2,267,401
Administrative expenses		<u>(2,524,959)</u>	<u>(2,508,610)</u>
<b>Operating loss</b>		(199,519)	(241,209)
Net interest payable	6	<u>(20,179)</u>	<u>(16,244)</u>
<b>Loss on ordinary activities before taxation</b>	5	(219,698)	(257,453)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
<b>Loss on ordinary activities after taxation and for the financial year</b>	13, 14	<u><u>(219,698)</u></u>	<u><u>(257,453)</u></u>

The operations of the company all relate to continuing operations

There were no recognised gains or losses in the year other than the loss for the financial year and the prior year  
Accordingly no separate statement of total recognised gains and losses is presented

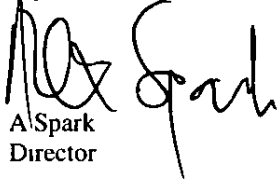
# SJS Management Services Limited

## Balance sheet 31 December 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	8	91,085	267,869
<b>Current assets</b>			
Debtors	9	359,913	462,674
<b>Creditors: amounts falling due within one year</b>	10	(1,844,884)	(2,154,504)
<b>Net current liabilities</b>		(1,484,971)	(1,691,830)
<b>Total assets less current liabilities</b>		(1,393,886)	(1,423,961)
<b>Provisions for liabilities</b>	11	(519,855)	(273,714)
<b>Net liabilities</b>		(1,913,741)	(1,697,675)
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	(1,917,375)	(1,697,677)
Other reserves	13	3,632	-
<b>Shareholder's deficit</b>	14	(1,913,741)	(1,697,675)

These financial statements of SJS Management Services Limited, registered number 002670637, were approved by the Board of Directors and authorised for issue on 30 April 2013

Signed on behalf of the Board of Directors

  
A Spark  
Director

# **SJS Management Services Limited**

## **Notes to the accounts Year ended 31 December 2012**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below. They have all been applied consistently throughout the current year and the prior year.

#### **Basis of preparation**

The accounts are prepared under the historical cost convention.

#### **Going Concern**

The company's business activities are set out in the directors' report on page 2.

The company is exposed to a number of risks and uncertainties as outlined in the Directors' Report, including credit and liquidity risk. The company has net liabilities of £1,913,741, net current liabilities of £1,484,971 as at 31 December 2012 and made a loss for the year of £219,698. The company has continued to make a loss in the period between 31 December 2012 and the date of authorisation of these accounts.

The company currently meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc and has access to a group cash management facility. After making enquiries into the company's financial position and considering the financial performance, and future intentions of regional management, 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.

#### **Cash flow**

The company has taken advantage of the exemption per FRS 1 (revised) from preparing a cash flow statement because it is a wholly owned subsidiary of WPP plc, which prepares consolidated accounts, which are publicly available.

#### **Share-based payments**

Certain employees of the Company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristics of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account 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 the effect of any other non-market based vesting conditions.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Computer equipment	- 33% per annum
Fixtures, fittings and equipment	- 25% per annum
Leasehold improvements	- Over the term of the lease

# **SJS Management Services Limited**

## **Notes to the accounts Year ended 31 December 2012**

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

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

#### **Operating leases**

The company enters into operating leases and rentals are charged on a straight-line basis over the lease term

#### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account 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

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, or, if appropriate, at the forward contract rate. Differences arising from movements in rates of exchange are dealt with in the profit and loss account

#### **Turnover and revenue recognition**

Turnover comprises the gross amounts billed to clients (excluding trade discounts, VAT and similar taxes). Revenue is recognised when the service is performed in accordance with the terms of the contractual arrangement. Excess billings and pre-payments are included in creditors as deferred income

### **2. Turnover**

All turnover is derived from the company's principal activity and arose in the UK. The destination of turnover was not materially different from the origin

# SJS Management Services Limited

## Notes to the accounts Year ended 31 December 2012

### 3. Staff costs

	2012 £	2011 £
Employee costs during the year amounted to		
Wages and salaries	464,214	474,756
Social security costs	51,051	58,043
Pensions costs (see note 18)	17,250	14,824
	<u>532,515</u>	<u>547,623</u>

The average monthly number of persons employed by the company during the year, excluding directors, was

	2012 Number	2011 Number
Administration	<u>12</u>	<u>11</u>

### 4. Directors' remuneration

None of the directors received emoluments in respect of their services as directors of SJS Management Services Limited in either the current or the prior year

### 5. Loss on ordinary activities before taxation

	2012 £	2011 £
Loss on ordinary activities before taxation is stated after charging		
Depreciation – owned assets	212,661	346,945
Fees payable to company's auditor for the audit of the company's annual accounts	12,300	12,300
Operating lease rentals		
- land and buildings	734,477	734,477
- plant and machinery	3,363	3,477
	<u>749,791</u>	<u>796,799</u>

No amounts for other services have been paid to the auditors

### 6. Net interest payable

	2012 £	2011 £
Interest received	1,122	9,226
Bank interest payable	<u>(21,301)</u>	<u>(25,470)</u>
	<u>(20,179)</u>	<u>(16,244)</u>

# SJS Management Services Limited

## Notes to the accounts Year ended 31 December 2012

### 7. Tax on loss on ordinary activities

The corporation tax charge of £nil (2011 £nil) has been calculated using a UK corporation tax rate of 24.5% (2011 26.5%)

	2012 £	2011 £
Loss on ordinary activities before tax	(219,698)	(257,453)
Tax at 24.5% thereon (2011 26.5%)	53,826	68,225
<i>Factors affecting the tax credit for the period</i>		
Expenses not deductible for tax purposes	(1,884)	535
Depreciation in excess of capital allowances	(40,422)	(82,604)
Adjustment in respect of group relief claimed for £nil consideration	(11,520)	13,844
	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to fixed assets as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £288,461 (2011 £336,134)

### 8. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures, fittings, and equipment £	Total £
<b>Cost</b>				
At 1 January 2012	2,535,318	193,617	37,845	2,766,780
Additions	-	34,377	1,501	35,878
Disposals	-	(104,971)	-	(104,971)
At 31 December 2012	2,535,318	123,023	39,346	2,697,687
<b>Depreciation</b>				
At 1 January 2012	2,357,022	108,038	33,851	2,498,911
Disposals	-	(104,971)	-	(104,971)
Charge for the year	154,256	56,555	1,851	212,662
At 31 December 2012	2,511,278	59,622	35,702	2,606,602
<b>Net book value</b>				
At 31 December 2012	24,040	63,401	3,644	91,085
At 31 December 2011	178,296	85,579	3,994	267,869

# SJS Management Services Limited

## Notes to the accounts Year ended 31 December 2012

### 9. Debtors: amounts falling due within one year

	2012 £	2011 £
Trade debtors	86,995	108,329
Amounts due from other group undertakings	2,672	-
VAT debtors	7,044	20,203
Other debtors	4,714	67,273
Prepayments and accrued income	258,488	266,869
	<u>359,913</u>	<u>462,674</u>

Included in Other debtors is an amount of £nil (2011 £7,008) that is due in more than one year

### 10. Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	1,397,011	1,660,027
Trade creditors	73,944	90,753
Amounts due to other group undertakings	195,715	233,777
Other taxation and social security	14,191	15,087
Accruals and deferred income	162,556	152,622
Other creditors	1,467	2,238
	<u>1,844,884</u>	<u>2,154,504</u>

### 11. Provisions for liabilities

	Dilapidation provision £	Total £
At 1 January 2012	273,714	273,714
Charged to the profit and loss account	246,141	246,141
Utilised	-	-
At 31 December 2012	<u>519,855</u>	<u>519,855</u>

# SJS Management Services Limited

## Notes to the accounts Year ended 31 December 2012

### 12. Called up equity share capital

	2012 £	2011 £
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

### 13. Reserves

	Other reserves £	Profit and loss account £
At 1 January 2012	-	(1,697,677)
Loss for the financial year	-	(219,698)
Parent company capital contribution for share based payments	3,632	-
At 31 December 2012	3,632	(1,917,375)

#### *UITF 44 Group and Treasury Share Transactions*

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. UITF 44 requires the company to record an expense for such compensation in accordance with FRS 20 (Share-Based payments) with a corresponding increase in equity as a contribution from the parent.

### 14. Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Loss for the financial year	(219,698)	(257,453)
Parent company capital contribution for share based payments	3,632	-
Net movement in shareholder's funds	(216,066)	(257,453)
Opening shareholder's deficit	(1,697,675)	(1,440,222)
Closing shareholder's deficit	(1,913,741)	(1,697,675)



# SJS Management Services Limited

## Notes to the accounts Year ended 31 December 2012

### 15. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
- Within one year	734,442	-	1,575	468
- In two to five years	-	734,442	1,788	1,575
- In over five years	-	-	-	-
	<u>734,442</u>	<u>734,442</u>	<u>3,363</u>	<u>2,043</u>

### 16. Financial guarantees

SJS Management Services Limited participates in group banking arrangements with its parent company, WPP plc, and has access to a group cash management facility. SJS Management Services Limited guarantees the facility to the extent of its cash deposit in the UK with its clearing bank. The company, together with its parent, WPP plc, and certain other subsidiary undertakings, is a party to the group's syndicated banking arrangements. SJS Management Services Limited has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP plc.

### 17. Pension schemes

Where employees wish to make personal pension plan arrangements, the company may make direct contributions to such plans or provide a supplement to salary.

The pension cost charge for the year for defined contribution schemes was £17,250 (2011: £14,824).

### 18. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose the details of transactions with other WPP Group companies, as it is ultimately 100% owned by WPP plc, the consolidated accounts of which are publicly available.

### 19. Ultimate parent undertaking and controlling party

The directors regard The Brand Union Limited, a company incorporated in Great Britain and registered in England & Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, registered in Jersey. The parent undertaking of the smallest such group is Lexington International B V, registered in the Netherlands.

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com). Copies of the financial statements of Lexington International B V can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK.