Company Registration No. 02956243

# The Finsbury Group Limited

## Annual Report and Financial Statements

## 31 December 2019

# The Finsbury Group Limited

## Annual report and financial statements 2019

## Contents

# The Finsbury Group Limited

## Annual report and financial statements 2019

## Officers and professional advisers

**Directors**

R Rudd
J Murgatroyd
R Head
F Birch

**Company Secretary**

WPP Group (Nominees) Limited

**Registered Office**

The Adelphi
1-11 John Adam Street
London
WC2N 6HT
United Kingdom

**Bankers**

HSBC Bank plc
The Helicon
2 South Place
London
EC2M 2UP
United Kingdom

**Solicitors**

Squire Sanders (UK) LLP
7 Devonshire Square
London
EC2M 4YH
United Kingdom

**Auditor**

Deloitte LLP
Statutory Auditor
London
United Kingdom

# The Finsbury Group Limited

## Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

**Review of the business**

The Company is a financial communications firm with three principal areas of operation – financial public relations, investor relations and regulatory affairs. There have not been any significant changes in the Company's principal activities in the year under review.

The profit after taxation for the year is £6,344,849 (2018: £8,380,873). Turnover for the year ended 31 December 2019 was £33,190,546 (2018: £36,382,187). The net assets at 31 December 2019 were £15,833,152 (2018: £17,294,183). Called-up share capital at 31 December 2019 was £48,804 (2018: £48,804).

**Key performance indicators**

The Company's revenue decreased by 8.8% in the year compared to an increase of 15.5% in 2018. This is primarily the result of higher project fees in 2018. The Company continued to grow its business in non-core geographies and, also in line with one of the Company's strategic aims, from clients looking to benefit from and leverage The Finsbury Group Limited's global offering and expertise.

Operating profit for the year is reported at £6,575,432 down 21.8% on 2018. This is mainly a function of reduced project fees in the year.

**Principal risks and uncertainties**

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to be:

- competition;
- Covid-19 impact;
- Brexit and the impact on Capital Market's transactions and investments (such as Mergers, acquisitions and IPO's) within the UK which is a key driver of project revenue;
- level of financial market activity;
- risks arising from current credit arrangements (including the availability of insurance) with clients;
- a dependency on key staff, suppliers and clients; and
- uncertainties posed by the potential impact of the economic outlook on business activities.

The Company has considerable financial resources together with contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

**S172 statement**

**Accountable for our decisions**

Our governance is designed to ensure that we take into account the views of a cross section of stakeholders, so that our decision-making is collaborative and well-informed as the success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards shared goals assists us in delivering long-term sustainable success. Our Group comprises a number of international offices, all of which have engagement with their own stakeholders as well as each other. Our governance framework delegates authority for local decision-making at individual office level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. The leadership teams of each business make decisions with a long-term view in mind and with the highest standards of conduct in line with Group policies. In order to fulfil their duties, the leaders of each office and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. At Group level, the Board is well informed about the views of stakeholders

# The Finsbury Group Limited

## Strategic report

**S172 statement continued**

and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. The Group's key stakeholders are:

**Shareholder's**

As owners of our Group we rely on the support of our shareholder and their opinion is important to us. We have an open dialogue with our shareholder through reporting, one-to-one meetings and other feedback loops. Discussions may cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices.

**Colleagues**

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including colleague surveys, forums and listening groups, face-to-face briefings, newsletters and through our anonymous colleague concern line. Key areas of focus include health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs.

**Clients**

Our ambition is to deliver best-in-class service to our clients. We build strong lasting relationships with our clients and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to adjust our proposition to suit client demands and apply global best practice.

**Suppliers**

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Key areas of focus include innovation, mutual product development and sustainability. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.

**Communities**

We believe that it is very important to engage and participate with the communities in which we operate. Key areas of focus include how we can support local causes and issues, create opportunities and help to look after the environment. We partner with local charities and organisations at an office level to provide support, raise awareness and funds. The key issues and themes across local communities are reported back to the Board.

**Government and regulators**

We engage with the government and regulators as required to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

# The Finsbury Group Limited

## Strategic report

**S172 statement continued**

**Future developments**

The directors expect the general level of activity to be down on 2019 but to pick up going into 2021. Recovering markets should help boost project spend through the year but this is expected to be tempered by increasing scrutiny on new and existing fees by increasingly procurement-savvy clients. The longer-term impact of Covid-19 is still to be fully determined.

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

J Murgatroyd
Director
11 May 2021

# The Finsbury Group Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 20189. Information in relation to the future developments is included in the Strategic Report, as permitted by section 414 C (11) of the Companies Act 2006.

### Financial risk management

The Company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risk the directors consider significant to this Company is credit risk. This risk is mitigated by the Company's credit controls' policies.

### Covid-19 impact

The longer-term impact of Covid-19 is still uncertain. Although 2020 revenue is expected to be down on 2019, operational costs especially around travel are also down. The Company has shown resilience this year and continued to operate with success during this time with staff being able to continue to service client needs whilst remote working. The directors have not availed of any government assistance programs and continue to operate on the basis that this will not be necessary.

### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources, taking into account the available cash to continue in operational existence for the foreseeable future being at least for the next twelve months from the date of approval of this report. 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 statement of accounting policies in note 2.

### Dividends

A dividend payment of £9,750,000 was approved and paid by the Board for the year 2019 (2018: £10,012,500). Dividends were proposed after the year end. A payment of £10,000,000 was made in December 2020 and a payment of £7,000,000 was made in January 2021 both to WPP approved by the board.

### Directors

The directors who served throughout the year and up to the date of signing, except as noted, were:

R Rudd
J Murgatroyd
R Head
F Birch
S Winters (Resigned 6 December 2019)

### Disclosure of information to auditor

Each of the persons who is a director at the date of the 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 s418 of the Companies Act 2006.

# The Finsbury Group Limited

## Directors' report

### Events after the balance sheet date

Covid-19 has slowed the business revenue growth that was expected going into 2020 but the business has proved to be resilient. The Company has announced the intended merger with GPG and Hering Schuppener completed in January 2021.

### Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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

J Murgatroyd
Director

11 May 2021

# 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 judgements 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 to 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 The Finsbury Group Limited

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of The Finsbury Group Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

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.

**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.

## Independent auditor's report to the members of The Finsbury Group Limited

**Responsibilities of directors**

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

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

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

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**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.

## Independent auditor's report to the members of The Finsbury Group Limited

**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.

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 May 2021

## The Finsbury Group Limited

## Profit and loss account
## For the year ended 31 December 2019

| | Notes | 2019<br>£ | Restated<br>2018<br>£ |
|---|---|---|---|
| **Turnover** | 4 | 33,190,546 | 36,382,187 |
| Cost of sales | 5 | (10,352,406) | (11,805,579) |
| **Gross profit** | | 22,838,140 | 24,576,608 |
| Administrative expenses | | (16,262,708) | (16,172,760) |
| **Operating profit** | | 6,575,432 | 8,403,848 |
| Net interest payable/(receivable) | 9 | (359,430) | 5,469 |
| Other losses | 10 | (982) | - |
| **Profit before taxation** | 12 | 6,215,020 | 8,409,317 |
| Tax on profit | 11 | 129,829 | (28,444) |
| **Profit after taxation** | | 6,344,849 | 8,380,873 |

Results are derived from continuing operations.

There are no other recognised gains and losses for the current and prior years other than those presented above. Accordingly no separate statement of comprehensive income is presented.

## The Finsbury Group Limited

# Balance sheet
# As at 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Right-of-use assets | 13 | 7,149,312 | - |
| Tangible assets | 14 | 2,305,020 | 2,437,619 |
| Investments | 15 | 100 | 100 |
| | | 9,454,432 | 2,437,719 |
| **Current assets** | | | |
| Work in progress | | 170,077 | 460,667 |
| Debtors | 16 | 13,770,869 | 9,999,209 |
| Cash at bank and in hand | | 10,672,798 | 16,560,455 |
| | | 24,613,744 | 27,020,331 |
| **Creditors: amounts falling due within one year** | 17 | (10,184,534) | (12,163,867) |
| **Net current assets** | | 14,429,210 | 14,856,464 |
| **Total assets less current liabilities** | | 23,883,642 | 17,294,183 |
| **Creditors: amounts falling due after more than one year** | 18, 22 | (8,050,490) | - |
| **Net assets** | | 15,833,152 | 17,294,183 |
| **Capital and reserves** | | | |
| Called-up share capital | 20 | 48,804 | 48,804 |
| Share premium account | | 2,895,859 | 2,895,859 |
| Profit and loss account | | 12,888,489 | 14,349,520 |
| **Shareholders' funds** | | 15,833,152 | 17,294,183 |

The financial statements of The Finsbury Group Limited (registered number 02956243) were approved by the Board of Directors and authorised for issue on 11 May 2021.

Signed on behalf of the Board of Directors

J Murgatroyd
Director

## The Finsbury Group Limited

## Statement of changes in equity
## For the year ended 31 December 2019

| | Called-up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|---|---|---|---|---|
| **Balance at 1 January 2018** | 48,804 | 2,895,859 | 14,147,063 | 17,091,726 |
| Profit and total comprehensive income for the period | - | - | 8,380,873 | 8,380,873 |
| Dividends (Dividend per share: £0.00274) | - | - | (10,012,500) | (10,012,500) |
| Capital contribution for equity-settled share based payments (see note 2) | - | - | 1,834,084 | 1,834,084 |
| **Balance at 31 December 2018** | 48,804 | 2,895,859 | 14,349,520 | 17,294,183 |
| Change in accounting policies | - | - | 2,709 | 2,709 |
| Profit and total comprehensive income for the period | - | - | 6,344,849 | 6,344,849 |
| Dividends (Dividend per share: £0.00266) | - | - | (9,750,000) | (9,750,000) |
| Capital contribution for equity-settled share based payments (see note 2) | - | - | 1,941,411 | 1,941,411 |
| **Balance at 31 December 2019** | 48,804 | 2,895,859 | 12,888,489 | 15,833,152 |

# Notes to the financial statements
# Year ended 31 December 2019

**1. General information**

The Finsbury Group Limited is incorporated in the United Kingdom under the Companies Act 2006.

The Finsbury Group Limited is a private Company limited by shares and 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 strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements under Section 401, because it is included in the group accounts of WPP plc. The Group accounts of WPP plc are available to the public and can be obtained as set out in note 24. The registered office address of the parent Company preparing consolidated accounts is Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES.

**Adoption of new and revised Standards**

**Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2019. Adoption of these standards was on a modified retrospective basis.

**Impact of initial application of IFRS 16 Leases**

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

**(a) Impact of the new definition of a lease**

The cCompany has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for

### 1. General information (continued)

**(a) Impact of the new definition of a lease (continued)**

the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

**(b) Impact on lessee accounting**

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

(a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

**(c) Financial impact of initial application of IFRS 16**

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 3.646%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

## 1. General information (continued)

**(c) Financial impact of initial application of IFRS 16 (continued)**

**Impact on retained earnings as at 1 January 2019**

| | £ |
|---|---|
| Operating lease commitments at 31 December 2018 | 11,420,473 |
| Short-term leases and leases of low-value assets | (11,640) |
| Effect of discounting the above amounts | (1,413,158) |
| Lease liabilities recognised at 1 January 2019 | 9,995,675 |

The Company has recognised £8,128,905 of right-of-use assets and £9,995,675 of lease liabilities upon transition to IFRS 16. The right-of-use asset value includes prior years' deferred rent of £1,869,520. The difference of £2,709 is recognised in retained earnings.

## 2. Significant accounting policies

**Basis of accounting**

The Company meets the definition of a qualifying entity under (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers and certain related party impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of WPP plc.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Other than the new standards adopted in the period, the accounting policies adopted and applied consistently throughout the current and preceding year are described below.

**Going concern**

The directors have identified risks and uncertainties facing the Company, arising from the current economic conditions and other factors, as set out in the strategic report and directors' report. The Company has considerable financial resources together with contracts with a number of clients and suppliers across different geographical areas and industries, and has shown resilience in 2020 under Covid-19 – see Director's report (Covid 19 impact paragraph). As a consequence, the directors believe the Company is well placed to manage these risks and uncertainties into the foreseeable future being at least for the next twelve months from the approval of these financial statements. For this reason the directors continue to adopt the going concern basis in preparing the accounts.

**Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and any recognised impairment loss.

**2. Significant accounting policies (continued)**

**Tangible assets (continued)**

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

| | | |
|---|---|---|
| Computers | - | 33% per annum |
| Short-term leasehold improvements | - | over the term of the lease |
| Fixtures and fittings | - | 20% per annum |

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

**Fixed assets investments**

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

**Contract assets under IFRS 15 (previously known as Work in progress)**

Work in progress represents third party costs billable to clients and is stated at the lower of cost and net realisable value.

**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 liabilities are initially measured 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.

The requirement under IFRS 9 to use an expected loss method of Impairment of financial assets did not have a material effect on the Company due to the short-term nature of the Company's trade and other receivables, which are mainly due from large national or multinational companies.

**Taxation**

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

**2. Significant accounting policies (continued)**

**Taxation (continued)**

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.

**Pension costs**

The Company operates a defined contribution scheme. 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 actually paid are shown either as 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 transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Differences arising from movements in rates of exchange are recognised in the profit and loss account.

**Turnover and revenue recognition**

The Group adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

Revenue is typically derived from retainer fees and services to be performed subject to specific agreement. Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The turnover and pre-tax profit, all of which arises in the United Kingdom, are attributable to one activity, the provision of communications advice. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

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 IFRS 15, the principal versus agent assessment is based on whether the Company controls the relevant services before they are transferred to the client.

## 2. Significant accounting policies (continued)

**Leases**

In 2018 leases were accounted for per IAS 17 Leases. The following policies were applicable:

**Finance Leases**

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the profit and loss account on the same basis as owned assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account as it is incurred.

**Operating Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

**IFRS16**

IFRS 16 is effective from 1 January 2019. The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. Lessees are required to recognise a right-of-use asset and related lease liability for their operating leases and show depreciation of leased assets and interest on lease liabilities separately in the income statement. IFRS 16 requires the Group to recognise substantially all of its operating leases on the balance sheet.

The Company adopted IFRS 16 effective 1 January 2019 on a modified retrospective basis and applied the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to retained earnings. Accordingly, prior year financial information has not been restated and will continue to be reported under IAS 17 Leases. The right-of-use asset and lease liability have initially been measured at the present value of the remaining lease payments, with the right-of-use asset being subject to certain adjustments. For all leases the right-of-use asset was measured as equal to the lease liability adjusted for previous lease amounts held on the balance sheet.

When applying IFRS 16, the Company has applied the following practical expedients on transition date:

– Reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on the date of initial application;

– Reliance on previous assessments on whether leases are onerous instead of performing an impairment review;

– Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;

– The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and

– The use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

**Share-based payments**

The Company has applied the requirements of IFRS 2 to all unvested 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

**2. Significant accounting policies (continued)**

**Share-based payments (continued)**

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.

The Company charged £1,941,411 to the profit and loss account in the year ended 31 December 2019 (2018: £1,834,084) in relation to equity-settled share-based payments.

**Restricted stock schemes**

Certain employees participate in restricted stock schemes, which are in most cases satisfied by the delivery of stock from one of the WPP plc ESOP Trusts. The most significant schemes are:

*Performance Share Awards (PSA)*

Grants of restricted stock under PSA are dependent upon annual performance targets, typically based on one or more of: operating profit; profit before taxation; and operating margin. Grants are made in the year following the year of performance measurement, and will vest two years after grant provided the individual concerned is continually employed by a WPP Company throughout this time.

***Grant details***

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

| | 2019 | 2018 |
|---|---|---|
| PSA | | |
| Number of shares granted | 185,640 | 269,442 |
| Weighted average fair value at grant date | £9.50 | £8.50 |

**2. Significant 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.

**Financial assets at amortised cost**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. Financial assets are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

*Impairment of financial assets*

Financial assets at amortised cost are stated net of provisions for impairment. The Company adopted IFRS 9 Financial Instruments from 1 January 2018 which required an expected loss method of impairment of financial assets to be used. The Company has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore the Company does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The Company measures expected credit losses based on the ageing of the receivable, based on the Company's historical experience and informed credit assessment. Credit losses are recognised where the Company has information that indicates it is unlikely to recover balances in full.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

This forward-looking view includes:
• Information based on expected future macro-economic conditions;
• Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
• Expert management judgement.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

### 3. Critical accounting judgements and key sources of estimation uncertainty

In applying IFRS 15, we have made estimates to Staff costs directly linked to Revenue based on portion of client time worked. This was based on a judgement call across the varying roles in the Company. The percentages established were used to split those Staff costs that should go under Direct costs and those that would remain in Administrative expenses. As such, 2018 has been restated to apply the same method for consistency.

The directors believe other than the direct cost reallocation of Staff costs, there are no critical judgements, that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

The directors believe that there are no 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 amounts of assets and liabilities within the next financial year.

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.

### 4. Turnover

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

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| **Continuing operations** | | |
| Sales of services | 33,190,546 | 36,382,187 |
| Total revenue | 33,190,546 | 36,382,187 |

The revenue is generated wholly in the United Kingdom.

### 5. Prior year restatement

The Company has incorrectly classified £9.65m of direct labour costs (salaries and wages of employees who provide the promised services directly to the customer) as administration expenses. These costs should have been reclassified as cost of sales. This has been corrected by restating the prior year comparatives.

| | Prior year | Restated |
|---|---|---|
| Revenue | 36,382,187 | 36,382,187 |
| Cost of sales | - 2,155,434 | - 11,805,579 |
| Gross profit | 34,226,753 | 24,576,608 |
| Administration expenses | - 25,822,905 | - 16,172,760 |

# Notes to the financial statements
# Year ended 31 December 2019

## 6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £58,123 (2018: £65,668).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

## 7. Staff costs

The average monthly number of employees (including executive directors) was:

| | 2019 Number | 2018 Number |
|---|---|---|
| Operations | 87 | 79 |
| Administration | 22 | 22 |
| | 109 | 101 |

Their aggregate remuneration comprised:

| | 2019 £ | 2018 £ |
|---|---|---|
| Wages and salaries | 13,628,982 | 14,923,816 |
| Social security costs | 2,038,549 | 2,383,645 |
| Other pension costs | 582,507 | 601,332 |
| Share based payments | 1,941,411 | 1,834,084 |
| | 18,191,449 | 19,742,877 |

## 8. Directors' remuneration and transaction

| | 2019 £ | 2018 £ |
|---|---|---|
| **Directors' remuneration** | | |
| Emoluments | 6,796,061 | 9,526,281 |
| Company contributions to money purchase pension schemes | 31,143 | 63,143 |
| | 6,827,204 | 9,589,424 |
| | **Number** | **Number** |
| **The number of directors who:** | | |
| Are members of a money purchase pension scheme | 2 | 3 |
| | **£** | **£** |
| **Remuneration of the highest paid director:** | | |
| Emoluments | 4,684,613 | 5,924,810 |
| Company contributions to money purchase schemes | - | - |

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

# Notes to the financial statements
# Year ended 31 December 2019

## 8. Directors' remuneration and transaction (continued)

### Directors' transactions

Details of transactions with directors during the year are disclosed in note 22.

## 9. Net Interest payable/(receivable)

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Interest payable and similar expenses | (361,297) | - |
| Interest receivable and similar income | 1,867 | 5,469 |
| | (359,430) | 5,469 |

## 10. Other losses

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Loss on disposal of fixed assets' write-off | (982) | - |
| | (982) | - |

## 11. Tax on profit

Factors that may affect future tax changes: The UK tax rate for the year ended 31 December 2019 is 19%. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 7 November 2015). These include reductions to the main rate to reduce the rate from 19% to 17% from 1 April 2020. However, in March 2020, this was updated with the rate to remain at 19%. As per Budget 2021, 19% tax rate will continue untill April 2023 where the rate rises to 25%. The credit for the year can be reconciled to the profit in the profit and loss account as follows:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Profit before tax** | 6,215,020 | 8,409,317 |
| Tax on profit at effective UK corporation tax rate of 19% (2018: 19%) | (1,180,854) | (1,597,770) |
| Effects of: | | |
| Expenses not deductible/income not taxable for tax purposes | (75,459) | (291,809) |
| Movement in short term timing differences | 32,320 | (156,222) |
| Capital allowances in excess of depreciation | 7,691 | (1,968) |
| Group relief | 1,346,131 | 2,019,325 |
| **Total tax credit/(charge) for period** | 129,829 | (28,444) |

A deferred tax asset of £615,430 (2018: £485,601) (see note 15) has been recognised in respect of capital allowances in excess of depreciation, deferred tax on share options and other timing differences as it is probable that there will be sufficient taxable profits against which the asset will reverse in the future.

## 12. Profit before taxation

Profit before taxation is stated after charging/(crediting):

| | 2019 £ | 2018 £ |
|---|---|---|
| Net foreign exchange losses/(gains) | 26,957 | (332,787) |
| Depreciation of tangible assets: | 394,931 | 338,422 |
| Depreciation of right-of-use assets under lease | 979,593 | - |
| Operating lease rentals | | |
| - Other | 12,391 | 11,640 |
| - Land and buildings | - | 1,121,707 |
| Staff costs (see note 6) | 18,191,449 | 19,742,877 |

## 13. Right-of-use assets

| | Building £ | Cars £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2019 | - | - | - |
| Transition to IFRS 16 | 7,977,339 | 151,566 | 8,128,905 |
| At 31 December 2019 | 7,977,339 | 151,566 | 8,128,905 |
| **Depreciation** | | | |
| At 1 January 2019 | - | - | - |
| Charge for the year | 947,842 | 31,751 | 979,593 |
| At 31 December 2019 | 947,842 | 31,751 | 979,593 |
| **Net book value** | | | |
| At 31 December 2019 | 7,029,497 | 119,815 | 7,149,312 |
| At 31 December 2018 | - | - | - |

## 14. Tangible assets

| | Computers £ | Short-term leasehold improvements £ | Fixtures and fittings £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2019 | 464,858 | 2,363,685 | 719,554 | 3,548,097 |
| Additions | 44,110 | 212,907 | 7,737 | 264,754 |
| Disposals | (39,029) | - | - | (39,029) |
| At 31 December 2019 | 469,939 | 2,576,592 | 727,291 | 3,773,822 |
| **Depreciation** | | | | |
| At 1 January 2019 | 376,777 | 296,993 | 436,708 | 1,110,478 |
| Charge for the Year | 46,790 | 272,850 | 75,291 | 394,931 |
| Disposals | (36,607) | - | - | (36,607) |
| At 31 December 2019 | 386,960 | 569,843 | 511,999 | 1,468,802 |
| **Net book value** | | | | |
| At 31 December 2019 | 82,979 | 2,006,749 | 215,292 | 2,305,020 |
| At 31 December 2018 | 88,081 | 2,066,692 | 282,846 | 2,437,619 |

## 15. Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|---|
| **Cost and net book value** | |
| At 1 January 2019 and 31 December 2019 | 100 |

Investments in subsidiary undertakings comprise ordinary shares of the following companies all of which are engaged in public relations and related activities or dormant and are registered in England and Wales.

| Name of Company | Country of incorporation | Principal activity | Holding | Address |
|---|---|---|---|---|
| **Subsidiary** | | | | |
| FIPRA UK Limited | United Kingdom | Dormant | 100% | Tenter House, 45 Moorfields, London, EC2Y 9AE |
| Finsbury.com Limited | United Kingdom | Dormant | 100% | Tenter House, 45 Moorfields, London, EC2Y 9AE |

# Notes to the financial statements
# Year ended 31 December 2019

## 16. Debtors

| | 2019 £ | 2018 £ |
|---|---|---|
| Amounts falling due within one year: | | |
| Trade debtors | 5,437,869 | 7,295,243 |
| Amounts owed by other group undertakings | 187,461 | 694,267 |
| Other debtors | 7,544 | 6,303 |
| Prepayments and accrued income | 7,522,565 | 1,517,795 |
| | 13,155,439 | 9,513,608 |

| | 2019 £ | 2018 £ |
|---|---|---|
| Amounts falling due after more than one year: | | |
| Deferred tax asset | 615,430 | 485,601 |
| Total debtors | 13,770,869 | 9,999,209 |

Amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

# Notes to the financial statements
# Year ended 31 December 2019

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

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Trade creditors | 314,088 | 227,046 |
| Amounts owed to other group undertakings | 347,091 | 466,850 |
| Other taxes and social security | 2,080,635 | 2,130,480 |
| Accruals and deferred income | 5,931,096 | 9,268,707 |
| Other creditors | 341,686 | 70,784 |
| Lease liabilities (note 21) | 1,169,938 | - |
| Total Creditors falling due within one year | 10,184,535 | 12,163,867 |

Amounts owed to other group undertakings are unsecured, interest free and repayable on demand.

## 18. Creditors: amounts falling due more than one year

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Lease liabilities (note 21) | 8,050,490 | - |
| Total Creditors falling due more than one year | 8,050,490 | - |

## 19. Retirement benefit schemes

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund, which amounted to £582,507 (2018: £601,332). As of 31 December 2019 pension costs payable totalled £136,217 (2018: £70,784).

# Notes to the financial statements
# Year ended 31 December 2019

**20. Called-up share capital**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Authorised, issued and fully paid:** | | |
| 3,660,356,000 ordinary shares of £0.00001 each | 36,603 | 36,603 |
| 1,220,118,760 growth shares of £0.00001 each | 12,201 | 12,201 |
| | 48,804 | 48,804 |

Each ordinary share is entitled to one vote in any circumstances, and is entitled *pari passu* with other ordinary shares to dividend payments or any other distribution. Growth shares have no voting rights, and are not entitled to dividend payments or any other distribution. Each ordinary share is entitled *pari passu* with other ordinary shares to participate in a distribution arising from a winding up of the Company in priority over growth shares.

## 21. Financial commitments

At the balance sheet date, the Company had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Commitment expiring: | | | | |
| - within one year | - | 12,391 | 754,380 | 11,640 |
| - in the second to fifth years inclusive | - | - | 5,811,520 | - |
| - After five years | - | - | 4,842,933 | - |

Operating lease payments primarily represent rentals payable by the group for its office properties. This are low value hence classified as operating leases for 2019.

## 22. Lease liability

| | Building | Car | Total |
|---|---|---|---|
| | £ | £ | £ |
| Balance at 31 December 2018 | - | - | - |
| Transition to IFRS 16 | 9,846,815 | 148,860 | 9,995,675 |
| Cash payments | (1,097,556) | (32,544) | (1,130,100) |
| Interest expense | 351,580 | 3,274 | 354,854 |
| Balance at 31 December 2019 | 9,100,839 | 119,590 | 9,220,429 |
| Lease within one year | 1,139,955 | 29,983 | 1,169,938 |
| Lease due after more than one year | 7,960,884 | 89,606 | 8,050,490 |
| **Total balance** | **9,100,839** | **119,589** | **9,220,428** |

Leases include office premises under buildings, and car park lease and car lease under cars. Leases of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

## 23. Transactions with directors

The following transactions have taken place with directors:

Quasi-loan to directors:

The Company made unsecured non-interest-bearing quasi-loans to Mr Rudd at various times throughout the year, in respect of personal costs incurred by him and initially paid by the Company. At the balance sheet date there was a balance of £nil (2018: £nil) outstanding. The maximum outstanding at any point in the year was £13,356 (2018: £10,759).

# Notes to the financial statements
# Year ended 31 December 2019

### 24. Guarantees and other financial commitments

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

### 25. Ultimate parent Company and controlling party

The directors regard WPP Group Holdings Limited, a Company incorporated in England and 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 at 13 Castle Street, St. Helier, Jersey, JE1 1ES. The parent undertaking of the smallest such group is WPP Jubilee Limited, incorporated in England and Wales.

Copies of the financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of WPP Jubilee Limited can be obtained from 27 Farm Street, London W1J 5RJ, its registered address.

### 26. Events after Balance Sheet date

Dividends were issued after Balance sheet date. A payment of £10,000,000 was made in December 2020 and a payment of £7,000,000 was made in January 2021 both to WPP approved by the board.

The Company has announced the intended merger with GPG and Hering Schuppener completed in January 2021.