Company Registration No. 02956243

The Finsbury Group Limited

Annual Report and Financial Statements

31 December 2020

The Finsbury Group Limited

Annual report and financial statements 2020

Contents

The Finsbury Group Limited

Annual report and financial statements 2020

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 Finsbury Group Limited (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 £4,167,396 (2019: £6,344,849). Turnover for the year ended 31 December 2020 was £29,942,129 (2019: £33,190,546). The net assets at 31 December 2020 were £4,122,155 (2019: £15,833,152).

Key performance indicators

The Company's revenue decreased by 10% in the year compared to a decrease of 8.8% in 2019. This is mainly as a result of slowed Capital Markets transactions in 2020 due to uncertainly of Covid.. The Company continued to grow its business from clients looking to benefit from and leverage the Company's global offering and expertise.

Operating profit for the year is reported at £4,430,701 down 33% on 2019. This is mainly a function of lower revenue from reduced to Capital Markets transactions in the year. Cost remained consistent with 2019 as the Company did not partake in any of the government Covid-19 initiatives.

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 Finsbury Group (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 and WPP Plc policies. In order to fulfil their duties, the leaders of each office and

Strategic report

S172 statement (continued)

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 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:

Shareholders

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

Future developments
The directors expect the general level of activity to be up on 2020 despite the prolonged Covid-19 related restrictions as the market begins to bounce-back. The Finsbury Glover Hering merger completed in January 2020 is expected to bring more shared growth opportunities and further increase our global expertise. 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.

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

J Murgatroyd
Director
17 DECEMBER 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. 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. Despite the prolonged restrictions in place in 2021, the Company expects to continue to perform with resilience and success. 2021 revenue is expected to show improvement over 2020. The Company will continue to operate with a hybrid work environment that allows staff to continue to service clients. The directors will not avail of any government assistance programs.

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

Dividends of £17,000,000 were approved by the board in 2020. A dividend payment of £10,000,000 was paid to WPP in the year 2020 (2019: £10,012,500). The remainder payment of £7,000,000 was made in January 2021.

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

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

The Company has completed the intended merger with GPG and Hering Schuppener and the new combined business continues to grow and develop the global offering for clients. Through this merger, the Companies immediate parent changed to Fulham UK Holdco Limited who now owns 100% of the shares. The ultimante parent company remains WPP Plc with management of the new combined entity holding a minority stake.

In 2021 the Group also announced its intention to merger with Sard Verbinnen & Co (SVC) to further enhance our global expertise and client offering. This completed in December 2021. There is no change in the immediate parent company as a result of this merger.

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
17 DECEMBER 2021

The Finsbury Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 2020 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 25.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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.

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Law, the Data Protection Act 2018 and the Bribery Act 2010.

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

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition in relation to the cut-off assertion for transactions that take place at or near year end where the revenue has not been recognised in the correct accounting period. Our specific procedures performed to address them are described below:

- Performing design and implementation testing on the control over revenue; and
- Performing detail testing over a sample of the transactions at or near period end, by tracing to contract, settlement and evidence of occurrence.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

17 December 2021

The Finsbury Group Limited

Profit and loss account
For the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	4	29,942,129	33,190,546
Cost of sales		(9,485,923)	(10,352,406)
Gross profit		20,456,206	22,838,140
Administrative expenses		(16,025,505)	(16,262,708)
Operating profit		4,430,701	6,575,432
Net interest (payable)/receivable	8	(330,221)	(359,430)
Other losses	9	-	(982)
Profit before taxation	11	4,100,480	6,215,020
Tax on profit	10	66,916	129,829
Profit after taxation		4,167,396	6,344,849

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 2020

	Notes	2020 £	2019 £
Fixed assets			
Right-of-use assets	12	6,192,887	7,149,312
Tangible assets	13	2,057,227	2,305,020
Investments	14	104,446	100
		8,354,560	9,454,432
Current assets			
Work in progress		283,590	170,077
Debtors	15	12,028,463	13,770,869
Cash at bank and in hand		12,441,286	10,672,798
		24,753,339	24,613,744
Creditors: amounts falling due within one year	16	(22,145,158)	(10,184,534)
Net current assets		2,608,181	14,429,210
Total assets less current liabilities		10,962,741	23,883,642
Creditors: amounts falling due after more than one year	17, 21	(6,840,586)	(8,050,490)
Net assets		4,122,155	15,833,152
Capital and reserves			
Called-up share capital	19	48,804	48,804
Share premium account		2,895,859	2,895,859
Profit and loss account		1,177,492	12,888,489
Shareholders' funds		4,122,155	15,833,152

The financial statements of The Finsbury Group Limited (registered number 02956243) were approved by the Board of Directors and authorised for issue on 17 DECEMBER 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 2020

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2019	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
Profit and total comprehensive income for the period	-	-	4,167,396	4,167,396
Dividends (Dividend per share: £0.00464)	-	-	(17,000,000)	(17,000,000)
Capital contribution for equity-settled share based payments (see note 2)	-	-	1,121,607	1,121,607
Balance at 31 December 2020	48,804	2,895,859	1,177,492	4,122,155

Notes to the financial statements
Year ended 31 December 2020

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 WPP Plc group accounts 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 revised Standards

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted by the International Accounting Stanadards Board (IASB):

IFRS 17	*Insurance Contracts*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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, certain disclosure in respect of revenue from contracts with customers and certain related party impairment of assets, certain lease disclosures and related party transactions. Where required, equivalent disclosures are given in the WPP Plc group accounts.

2. Significant accounting policies (continued)

Basis of accounting (continued)

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.

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). Management continue to do rolling forecasts and have sufficient resources to meet any liabilities obligations that may arise. 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.

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

Contract assets 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. Historical losses and other economic factors were considered.

2. Significant accounting policies (continued)

Taxation

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

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

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

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

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

2. Significant accounting policies (continued)

Turnover and revenue recognition (continued)

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.

Leases

IFRS 16 was 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 leases and show depreciation of leased assets and interest on lease liabilities separately in the income statement. IFRS 16 requires the Company to recognise substantially all of its 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. 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. 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.

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 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 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 £1,121,607 to the profit and loss account in the year ended 31 December 2020 (2019: £1,941,411) in relation to equity-settled share-based payments.

2. Significant accounting policies (continued)

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:

	2020	2019
PSA		
Number of shares granted	-	185,640
Weighted average fair value at grant date	-	£9.50

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.

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

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.

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:

	2020 £	2019 £
Continuing operations		
Sales of services	29,942,129	33,190,546
Total revenue	29,942,129	33,190,546

The revenue is generated wholly in the United Kingdom.

Notes to the financial statements
Year ended 31 December 2020

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £59,000 (2019: £58,123).

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.

6. Staff costs

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

	2020 Number	2019 Number
Operations	85	87
Administration	22	22
	107	109

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	14,060,470	13,628,982
Social security costs	2,178,022	2,038,549
Other pension costs	581,062	582,507
Share based payments	1,121,607	1,941,411
	17,941,161	18,191,449

7. Directors' remuneration and transaction

	2020 £	2019 £
Directors' remuneration		
Emoluments	6,056,000	6,796,061
Company contributions to money purchase pension schemes	29,357	31,143
	6,085,357	6,827,204
	Number	**Number**
The number of directors who:		
Are members of a money purchase pension scheme	2	2
	£	**£**
Remuneration of the highest paid director:		
Emoluments	4,029,425	4,684,613
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.

7. Directors' remuneration and transaction (continued)

Directors' transactions

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

8. Net Interest (payable)/receivable

	2020 £	2019 £
Interest payable and similar expenses	(330,221)	(361,297)
Interest receivable and similar income	-	1,867
	(330,221)	(359,430)

Interest payable is mainly made up of Lease interest £315,386 (2019: £354,854) and remainder bank interest.

9. Other losses

	2020 £	2019 £
Loss on disposal of fixed assets' write-off	-	(982)
	-	(982)

10. Tax on profit

The UK tax rate for the year ended 31 December 2020 is 19%. The reversal of a planned reduction to 17% was enacted in 2020, and therefore the rate used for deferred tax balances for 2020 is 19% (2019: 17%).

Factors that may affect future tax changes:

In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end. This change is not expected to have a material impact on the Company's deferred tax balances.

	2020 £	2019 £
Corporation income tax		
Current year	34,556	129,829
Adjustments in respect of prior years	32,360	-
Total deferred tax credit/(charge) (see below)	66,916	129,829

10. Tax on profit (continued)

The credit for the year can be reconciled to the profit in the profit and loss account as follows:

	2020 £	2019 £
Profit before tax	4,100,480	6,215,020
Tax on profit at effective UK corporation tax rate of 19% (2019: 19%)	(779,091)	(1,180,854)
Effects of:		
Expenses not deductible/income not taxable for tax purposes	(42,486)	(75,459)
Impact of rate change on Deferred Tax balances	76,210	-
Movement in short term timing differences	16,439	32,320
Capital allowances in excess of depreciation	-	7,691
Prior year adjustments	32,360	-
WPP Group relief	763,484	1,346,131
Total tax credit/(charge) for period	66,916	129,829

A deferred tax asset of £682,346 (2019: £615,430) (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.

	£
Brought forward Deferred tax asset (2019)	615,430
Tax credit for period (see movements above)	66,916
Carried forward Deferred tax asset (2020)	682,346

11. Profit before taxation

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

	2020 £	2019 £
Net foreign exchange (gains)/losses	(6,455)	26,957
Depreciation of tangible assets:	415,498	394,931
Depreciation of right-of-use assets under lease	956,425	979,593
Operating lease rentals		
- Other	13,142	12,391
- Land and buildings	-	-
Staff costs (see note 6)	17,941,161	18,191,449

Notes to the financial statements
Year ended 31 December 2020

12. Right-of-use assets

	Building £	Cars £	Total £
Cost			
At 1 January 2020	7,977,339	151,566	8,128,905
At 31 December 2020	7,977,339	151,566	8,128,905
Depreciation			
At 1 January 2020	947,842	31,751	979,593
Charge for the year	924,674	31,751	956,425
At 31 December 2020	1,872,516	63,502	1,936,018
Net book value			
At 31 December 2020	6,104,823	88,064	6,192,887
At 31 December 2019	7,029,497	119,815	7,149,312

13. Tangible assets

	Computers £	Short-term leasehold improvements £	Fixtures and fittings £	Total £
Cost				
At 1 January 2020	469,939	2,576,592	727,291	3,773,822
Additions	26,581	139,159	1,965	167,705
At 31 December 2020	496,520	2,715,751	729,256	3,941,527
Depreciation				
At 1 January 2020	386,960	569,843	511,999	1,468,802
Charge for the Year	51,149	289,269	75,080	415,498
At 31 December 2020	438,109	859,112	587,079	1,884,300
Net book value				
At 31 December 2020	58,411	1,856,639	142,177	2,057,227
At 31 December 2019	82,979	2,006,749	215,292	2,305,020

Notes to the financial statements
Year ended 31 December 2020

14. Fixed asset investments

	Shares in subsidiary undertakings £
Cost and net book value	
Balance as at 1 January 2020	100
Addition	104,346
Balance as at 31 December 2020	104,446

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. The addition in the year was the investment in a new subsidiary Finsbury Saudi Public Relations and Communications company for 500,000 SAR, translated to £104,346 on date of the investment.

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
Finsbury Saudi Public Relations and Communications company	Kingdom of Saudi Arabia	Active – PR and marketing communications	100%	PO Box 3388 Riyadh, 12211, Saudi Arabia

15. Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	7,192,119	5,437,869
Amounts owed by other WPP group undertakings	206,678	187,461
Other debtors	330	7,544
Prepayments and accrued income	3,946,990	7,522,565
	11,346,117	13,155,439

Notes to the financial statements
Year ended 31 December 2020

15. Debtors (continued)

	2020 £	2019 £
Amounts falling due after more than one year:		
Deferred tax asset	682,346	615,430
Total debtors	12,028,463	13,770,869

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

16. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	166,574	314,088
Amounts owed to other WPP group undertakings	277,006	347,091
Amounts owed to Parent group	12,961,821	-
Other taxes and social security	4,033,527	2,080,635
Accruals and deferred income	3,224,170	5,931,096
Other creditors	272,155	341,686
Lease liabilities (note 21)	1,209,905	1,169,938
Total Creditors falling due within one year	22,145,158	10,184,535

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

17. Creditors: amounts falling due more than one year

	2020 £	2019 £
Lease liabilities (note 21)	6,840,586	8,050,490
Total Creditors falling due more than one year	6,840,586	8,050,490

18. 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 £581,062 (2019: £582,507). As of 31 December 2020 pension costs payable totalled £66,685 (2019: £136,217).

Notes to the financial statements
Year ended 31 December 2020

19. Called-up share capital

	2020	2019
	£	£
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.

On 18th January 2021, 244,023,734 growth shares of £0,00001 each were converted from growth shares to ordinary shares. The ownership of the company transferred to Fulham UK Hold Co Limited, refer to note 25.

20. 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:

	2020		2019	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Commitment expiring:				
- within one year	-	13,570	-	12,391
- in the second to fifth years inclusive	-	-	-	-
- After five years	-	-	-	-

Operating lease payments primarily represent rentals payable by the Company for its office equipment. These are low value hence classified as operating leases for 2020.

21. Lease liability

	Building	Car	Total
	£	£	£
Balance at 31 December 2019	9,100,839	119,589	9,220,428
Cash payments	(1,452,880)	(32,543)	(1,485,423)
Interest expense	312,925	2,561	315,486
Balance at 31 December 2020	7,960,884	89,607	8,050,491
Lease within one year	1,182,553	27,352	1,209,905
Lease due after more than one year	6,778,331	62,255	6,840,586
Total balance	**7,960,884**	**89,607**	**8,050,491**

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.

Notes to the financial statements
Year ended 31 December 2020

22. 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 (2019: £nil) outstanding. The maximum outstanding at any point in the year was £6,892 (2019: £13,356).

23. Guarantees and other financial commitments

The Company participates in WPP group banking arrangements with its parent Company, WPP plc, and has access to a group cash management facility. The Compnay 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 WPP 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.

24. Ultimate parent Company and controlling party

The directors regard Fulham UK Holdco 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 with the majority stake in the Group.

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 Fulham UK Holdco Limited, incorporated in England and Wales, registered at Sea Containers, 18 Upper Ground, London SE1 9GL, United Kingdom.

Copies of the financial statements of WPP plc are available at www.wppinvestor.com.

25. Events after Balance Sheet date

Dividends payment of £7,000,000 was made in January 2021 to WPP approved by the board.

The Company has completed the intended merger with GPG and Hering Schuppener in January 2021. Through this merger, the Companies immediate parent changed to Fulham UK Holdco Limited who now owns 100% of the shares. The Ultimate Beneficiary Owner with majority of the shares remains as WPP Plc with management of Finsbury Glover Hering holding the remaining shares.

In December 2021 the FGH Group completed its merger with SVC. There is no change to the immediate parent company and WPP Plc continues to hold the majority stake.