

Kantar UK Limited
Annual Report and Financial Statements
For the year ended 31 December 2019
Company Registration No: 03073845



Kantar UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

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Kantar UK Limited

Annual Report and Financial Statements 2019

Officers and professional advisers

Directors

D Bhattachary (appointed 26 November 2019; resigned 3 December 2020)

R Bowtell (appointed 10 December 2019; resigned 24 April 2020)

A Cashman (appointed 26 November 2019)

IC Dunkley

WJH Galgey (resigned 3 December 2019)

T Kidd (resigned 24 February 2020)

C Morley (appointed 24 February 2020; resigned 25 March 2020)

KR Smith

C Van Der Welle (resigned 5 December 2019)

M Verman (appointed 26 November 2019)

S Winters (resigned 5 December 2019)

Registered Office

TNS House

Westgate

London

England

W5 1UA

Bankers

National Westminster Bank PLC

Piccadilly & New Bond Street

63 Piccadilly

London

England

W1J 0AJ

Auditor

Deloitte LLP

Statutory Auditor

1 New Street Square

London

EC4A 3HQ

United Kingdom

Kantar UK Limited

Strategic report

For the year ended 31 December 2019

The directors present their Strategic report on Kantar UK Limited (the “company”) for the year ended 31 December 2019.

Principal activities, business review and future developments

The company's principal activity is the provision of market information services. A detailed description of Kantar UK Limited's market and of the main trends and factors likely to affect the future development, performance and position of the company's business, which fulfils the requirements of the business review, can be found in the 2019 Annual Report of Kantar Global Holdings S.à r.l.

In October 2018, the WPP Group announced its intention to dispose of a controlling interest in Kantar. In July 2019 the Group agreed this sale to Bain Capital. This transaction was completed in December 2019. The company forms part of this disposal group.

The profit and loss account for the year is set out on page 11. Revenue has remained stable, increasing by 1.0% to £272.0m. The profit before tax decreased by £8.1m to £10.7m. Net assets have increased from £153.1m to £160.74m.

Key performance indicators (KPIs)

Both the directors of WPP and Kantar Group manage their Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using other non-financial key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Kantar UK Limited.

Principal risks and uncertainties

The directors of the company have considered the principal risks and uncertainties affecting the Company as at 31 December 2019 and up to date of this report. The principal risks for the company are shown below:

COVID-19

The Coronavirus pandemic has adversely impacted the revenues, results, financial conditions and prospects of the company and is expected to continue to do so. There is a significant amount of uncertainty involved in predicting the future extent, nature or duration of these impacts.

We are continuing to manage the risk by constantly monitoring our working capital position and acting to maintain liquidity, including cost reduction and cash conservation. The majority of our people are working remotely, adapting to the new environment to maintain a high quality of service to our clients.

Brexit

Other principal risks include uncertainty in the global economy caused by the withdrawal of the United Kingdom from the European Union. The directors have considered the impact of the United Kingdom's withdrawal from the EU and have concluded that although this has led to uncertainty in the UK economy, this is not expected to significantly impact operations or performance in the short term.

Section 172(1) Statement

The directors of the company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The directors are of the opinion that they have acted fairly and in good faith to promote the success of the company for the benefits of its members.

The directors have carried out these duties and have made decisions and undertaken short and long-term strategies to maintain its financial performance and position. The directors continue to recognise the importance of the company's partnership with all stakeholders, including employees, members, suppliers, customers and the community, as well as maintaining its high standards of business conduct and reputation.

We have representatives who attend and communicate with industry bodies in the markets in which we operate who engaged on issues that affect our people, clients and competitors. We contributed during the year to indexes that provide meaningful data on governance and policy issues.

Kantar UK Limited

Strategic report

For the year ended 31 December 2019

a) Long term consequences

The directors met throughout the year and considered the purpose and strategy for the company, supported by a budget for the following year and a medium-term financial plan. Agenda items for the following year are set based on the discussions held and decisions taken by the Board throughout the year. For example, business development and operational progress are discussed to help maintain the long-term sustainability of the business model.

b) Interest of employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, briefings and through Group and company communications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

c) Interest of other stakeholders

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

d) Impact of community and environment

Corporate responsibility, including human rights, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management are monitored with quarterly reporting of these to help the Group plan for future actions to be taken in order for the business to help the local community and the environment.

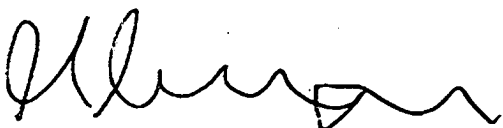
c) High standards of business conduct

The Group maintain high standards of business conduct such as business ethics, anti-bribery and anti-corruption. All employees are required to read and agree with all policies in regard to the Group's code of conduct, right to speak and anti-bribery. These are communicated on an annual basis by HR.

f) Act fairly between members

The directors aim to understand the views of its shareholders and always act in their best interests. In order to do this, the directors work closely with the shareholders to ensure operations, strategy and performance are aligned with the long-term objectives of the shareholders, while complying with the Articles of Association of the company, and in line with the highest standards of conduct as laid out in Group policies.

Approved by the Board and signed on its behalf by:



M Verman
Director

4 February 2021

Kantar UK Limited

Directors' report For the year ended 31 December 2019

The directors present their Annual Report together with the audited Financial Statements of the company for the year ended 31 December 2019.

In preparing the Directors' report, the directors have complied with s414C(11) of the Companies Act 2006 by including certain disclosures required by S172 within the Strategic report. This has been done in respect of future developments and principal risks.

Dividends

The directors do not recommend the payment of a dividend for the year (2018: £nil).

Research and development

In a competitive industry it is vital to find new products and services that meet client demand for additional insight and analysis. The company remains committed to meeting the needs of its customers with responsive service and innovative products combining speed and accuracy with reliable performance. The company will continue to invest to maintain leadership in providing market information services.

Going concern

In July 2019 the WPP Group agreed the sale of a controlling interest in Kantar Group to Bain Capital, with the transaction completing in December 2019. The company formed part of this disposal group.

The COVID-19 pandemic has had a significant impact on the global economy. The directors consider that the going concern assumption upon which these financials have been prepared continues to be appropriate, due to continuing support from the intermediate parent company, Kantar Group Holdings Ltd. Forecasts and cash flow projections have been produced by the Group, covering the period of 12 months from the date of signing these financial statements, which have been sensitised to reflect potential declines in revenue and profitability resulting from the COVID-19 pandemic and its impact on the global economy. These demonstrate the Group has sufficient funding to enable the company to meet its obligations as they fall due. Following correspondence with Group management, the directors of the company are satisfied that the Group will continue to invest in this entity as it is considered strategically beneficial to the Group.

The directors have a reasonable expectation, considering the support from the parent company, that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Directors

The directors of the company who served during the year and up to the date of signing these financial statements, are listed below:

D Bhattachary (appointed 26 November 2019; resigned 3 December 2020)

R Bowtell (appointed 10 December 2019; resigned 24 April 2020)

A Cashman (appointed 26 November 2019)

IC Dunkley

WJH Galgey (resigned 3 December 2019)

T Kidd (resigned 24 February 2020)

C Morley (appointed 24 February 2020; resigned 25 March 2020)

KR Smith

C Van Der Welle (resigned 5 December 2019)

M Verman (appointed 26 November 2019)

S Winters (resigned 5 December 2019)

There is no qualifying indemnity provision (whether made by the company or otherwise) for benefit of one or more directors of the company or an associated company.

Kantar UK Limited

Directors' report

For the year ended 31 December 2019

Directors' report (continued)

Financial risk management objectives and policies

The directors consider that the primary financial risks faced by the business are minimal, affecting primarily cash flow risk and credit risk. The directors do not believe that the company is exposed to significant price risk or liquidity risk. The company currently has sufficient cash to fund its activities.

Cash flow risk

The company's activities expose it to the financial risk of changes in foreign currency exchange rates. Where necessary, the company uses currency hedging to offset this risk. Foreign currency transactions are, where possible, kept to a minimum.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables, and investments. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for expected future credit losses. There is limited credit risk on liquid funds because the counterparties are clients with high credit ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Employee engagement

Please refer to the Section 172(1) statement, paragraph b), in the Directors' report for detail of how during the financial year the directors have engaged with employees and had regard to employee interests.

Business relationships

Please refer to the Section 172(1) statement, paragraph c), in the Directors' report for detail of how during the financial year the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard.

Statement of corporate governance arrangements

The company's Board is made up of the directors of the company as disclosed in the Directors' report. As set out in the Strategic report, on 5 December 2019 the sale was completed by WPP Group of a controlling interest in the Kantar Group, to Bain Capital. Up to the point of sale the company was subject to and abided by all WPP Group policies and procedures and worked within the WPP Group governance framework available at www.wpp.com. A statement of WPP Group's compliance with the 2018 UK Corporate Governance code can be found in the WPP Annual Report 2019, also available at www.wpp.com.

In the short time between the sale and the financial year-end, the directors do not consider any significant changes to have taken place impacting the governance of the company.

Kantar UK Limited

Directors' report For the year ended 31 December 2019

Directors' report (continued)

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director 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.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



M Verman
Director
4 February 2021

Kantar UK Limited

Directors' responsibilities statement For the year ended 31 December 2019

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.

Kantar UK Limited

Independent auditor's report to the members of Kantar UK Limited Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kantar UK 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 – 24.

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.

Kantar UK Limited

Independent auditor's report to the members of Kantar UK Limited Report on the audit of the financial statements (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Kantar UK Limited

Independent auditor's report to the members of Kantar UK Limited Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.



Jeremy Black (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 February 2021

Kantar UK Limited

Profit and loss account For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	272,010	269,248
Cost of sales		(113,792)	(100,728)
Gross profit		<u>158,218</u>	<u>168,520</u>
Administrative expenses		(251,612)	(241,357)
Other operating income	4	<u>106,103</u>	<u>92,540</u>
Operating profit		12,709	19,703
Interest receivable and similar income	5	1	17
Interest payable and similar expenses	6	<u>(2,032)</u>	<u>(906)</u>
Profit before taxation	4	10,678	18,814
Tax on profit	9	<u>(7,255)</u>	<u>(3,194)</u>
Profit for the financial year		<u><u>3,423</u></u>	<u><u>15,620</u></u>

All of the above results arise from continuing operations.

Kantar UK Limited

Statement of comprehensive income For the year ended 31 December 2019

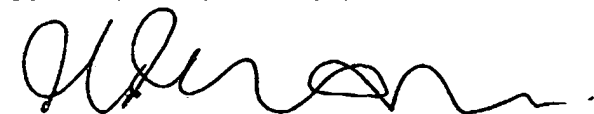
	Notes	2019 £'000	2018 £'000
Profit for the financial year		3,423	15,620
Items that will not be reclassified subsequently to the profit and loss account:			
Actuarial (loss)/gain	19	(2)	40
Change in recognisable surplus of plans with a surplus restriction	19	320	101
Total other comprehensive income for the period		<u>318</u>	<u>141</u>
Total other comprehensive income for the year attributable to the owners of the company		<u><u>3,741</u></u>	<u><u>15,761</u></u>

Kantar UK Limited

Balance sheet At 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	10	36,901	25,398
Tangible assets	11	16,815	13,830
Investments	12	17,199	17,199
Right-of-use asset	13	28,532	-
		<u>99,447</u>	<u>56,427</u>
Current assets			
Debtors	15	140,066	195,203
Cash at bank and in hand		140,968	78,516
		<u>281,034</u>	<u>273,719</u>
Creditors: amounts falling due within one year	16	(175,392)	(164,734)
Lease liability	14	(5,070)	-
Provisions for liabilities and charges - current	18	(3,715)	(2,903)
		<u>96,857</u>	<u>106,082</u>
Net current assets			
		<u>196,304</u>	<u>162,509</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(8,366)	(8,366)
Lease liability	14	(25,400)	-
Provisions for liabilities and charges - non current	18	(1,833)	(1,476)
		<u>160,705</u>	<u>152,667</u>
Net assets excluding pension surplus			
Pension surplus	19	-	396
		<u>160,705</u>	<u>153,063</u>
Net assets including pension surplus			
Capital and reserves			
Share capital	21	37,384	37,384
Share premium		23,534	23,534
Profit and loss account		99,787	92,145
		<u>160,705</u>	<u>153,063</u>
Shareholders' funds			
		<u>160,705</u>	<u>153,063</u>

The financial statements of Kantar UK Limited, registered number 03073845 on pages 11-39 were approved by the Board of Directors and authorised for issue on 4 February 2021.



M Verman
Director

Kantar UK Limited

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

	Called-up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance as 1 January 2018	25,000	-	75,426	100,426
Profit for the period	-	-	15,620	15,620
Other comprehensive income for the period	-	-	141	141
Total comprehensive income for the period	-	-	15,761	15,761
Capital contributions for equity-settled share-based payments	-	-	958	958
Issue of new shares	12,384	23,534	-	35,918
Balance at 31 December 2018	37,384	23,534	92,145	153,063
Effect of restatement due to change in accounting framework	-	-	1,978	1,978
As restated Balance at 31 December 2018	37,387	23,534	94,123	155,041
Profit for the period	-	-	3,423	3,423
Other comprehensive income for the period	-	-	318	318
Total comprehensive income for the period	-	-	3,741	3,741
Capital contributions for equity-settled share-based payments	-	-	1,923	1,923
Balance at 31 December 2019	37,384	23,534	99,787	160,705

Kantar UK Limited

Notes to the financial statements For the year ended 31 December 2019

1. Principal accounting policies

Kantar UK Limited (the company) is a company incorporated in the United Kingdom under the Companies Act 2006.

The company is a private company limited by shares and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The principal accounting policies adopted in the preparation of these financial statements are set out below. They have all been applied consistently throughout the year and the preceding year, except as stated below with respect to the adoption of new accounting standards.

Basis of preparation

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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

Going concern

In July 2019 the WPP Group agreed the sale of a controlling interest in Kantar Group to Bain Capital, with the transaction completing in December 2019. The company formed part of this disposal group.

The COVID-19 pandemic has had a significant impact on the Global economy. The directors consider that the going concern assumption upon which these financials have been prepared continues to be appropriate, due to continuing support from the intermediate parent company, Kantar Group Holdings Ltd. Forecasts and cash flow projections have been produced by the Group, covering the period of 12 months from the date of signing these financial statements, which have been sensitised to reflect potential declines in revenue and profitability resulting from the COVID-19 pandemic and its impact on the global economy. These demonstrate the Group has sufficient funding to enable the company to meet its obligations as they fall due. Following correspondence with Group management, the directors of the company are satisfied that the Group will continue to invest in this entity as it is considered strategically beneficial to the Group.

The directors have a reasonable expectation, considering the support from the parent company, that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Amendments to International Financial Reporting Standards (IFRSs) and the new interpretations that are mandatory effective for the current year

Impact of initial application of IFRS 16 Leases:

In the current year, the Group 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. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described further below. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

Kantar UK Limited

Notes to the financial statements For the year ended 31 December 2019

1. Principal accounting policies (continued)

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 company 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 the first-time application of IFRS 16, the Group 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 Group 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:

- 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);
- recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.

Lease incentives (e.g. rent free period) 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.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within Administrative expenses in profit or loss.

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.

Kantar UK Limited

Notes to the financial statements For the year ended 31 December 2019

1. Principal accounting policies (continued)

- The company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- 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

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 2.93%.

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 statement of financial position at the date of initial application.

Impact on retained earnings as at 1 January 2019

	£'000
Operating lease commitments at 31 December 2018	34,796
Short-term leases and leases of low-value assets	(237)
Effect of discounting the above amounts	(1,124)
Lease liabilities recognised at 1 January 2019	<u>33,435</u>

The Group has recognised £33,435,000 of right-of-use assets and £33,435,000 of lease liabilities upon transition to IFRS 16.

Basis of consolidation

The financial statements are separate financial statements. No consolidated financial statements have been prepared as the company is 100% owned by Kantar Global Holdings S.à.r.l. Consequently, the company is exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency). Monetary assets and liabilities in currencies other than the functional currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency are converted at rates of exchange prevailing at the date the transactions were made. Foreign exchange differences are dealt with through the profit and loss account.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Principal accounting policies (continued)

Revenue recognition

Revenue on short-term projects is recognised based on the level of completion of the project. This is calculated based on the comparison between costs incurred versus estimated costs to complete. Costs incurred on these projects up to completion are expensed to the Profit and loss account. Revenue and profits on long-term or continuous projects are recognised on the satisfactory completion of each service delivery phase of the project. Turnover relating to long-term contracts less payments on account is classified as 'amounts recoverable on contracts' within debtors. Amounts invoiced to clients in advance of revenue and profits being recognised are shown as 'payments received on account' within creditors. Provisions are made for losses on projects as soon as they are identified.

Development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Principal accounting policies (continued)

Tangible and intangible fixed assets

Fixed assets are stated at original cost when acquired, less accumulated depreciation and amortisation. Depreciation and amortisation is calculated to write off the cost less the estimated residual value of each asset principally on a straight-line basis over its expected useful life as follows:

Freehold land	No depreciation
Freehold buildings	33 years
Software and databases	3 years or remaining life if shorter
Fixtures, fittings, equipment and motor vehicles	3 - 10 years
Leasehold refurbishments	5 - 33 years or remaining life if shorter

Useful lives and residual values are reviewed at the end of each reporting period. Amortisation is included in the administrative expenses line in the profit and loss account.

Goodwill

Goodwill is not subject to amortisation but is assessed for impairment at the end of each financial reporting period.

Fixed asset investments

Fixed asset investments are stated at cost less provisions for any permanent diminution in the value of investments.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Pension arrangements

The company operates a number of contributory pension plans. The majority of employees participate in defined contribution plans that are set up through insurance companies. Contributions are also made to personal pension plans at equivalent rates. Payments in respect of such current service contributions are charged to the profit and loss account as they fall due.

The company also operated four defined benefit pension plans. Obligations under defined benefit plans are measured at discounted present values by actuaries, while plan assets are recorded at fair value. The operating and financing costs of these plans are recognised separately in the profit and loss account. Financing costs are recorded in finance costs and recognised in the years in which they arise. Actuarial gains and losses are taken directly to reserves in the year in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Principal accounting policies (continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of 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.

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.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Principal accounting policies (continued)

Policies applicable from 1 January 2019

The company as a lessee

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This was the method of accounting adopted for operating leases under IAS 17 in the comparative period presented (2018).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Principal accounting policies (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'administrative expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

The critical judgements 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, are discussed below.

Critical judgements

Judgement is required in relation to the assessment of whether there are indicators of impairment of fixed assets, investments or goodwill. This is determined with reference to the expected future financial performance of the underlying investments or business units. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Key sources of estimation uncertainty

Estimation uncertainty exists with relation to the estimated stage of completion on long term client contracts, which then determines the level of profit to be recognised at the year end. The commercial project managers estimate the stage of completion on their projects, and this estimate is then reviewed by senior management in order to ensure accuracy. See notes 15 and 16 for the value of amounts recoverable on contracts and payments received on account, driven by the estimated stage of completion on projects.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

3. Turnover

Turnover represents the total amount earned by the company in respect of market research services sold to customers, excluding Value Added Tax. The geographical analysis by destination is as follows:

	2019 £'000	2018 £'000
United Kingdom	189,537	222,000
Continental Europe	60,177	29,407
Asia	3,912	2,627
Americas	14,883	14,077
Middle East & Africa	3,501	1,137
	<u>272,010</u>	<u>269,248</u>

4. Profit before taxation

Profit before taxation is stated after charging:

	2019 £'000	2018 £'000
Depreciation/amortisation charge for the year:		
- tangible fixed assets	2,895	2,611
- other intangible fixed assets	3,112	3,391
Research and development	56	56
Impairment of goodwill	-	540
Fees payable to the company's auditor for the audit of the company's annual financial statements	406	406
Rental expense on operating leases	-	7,194
Foreign exchange losses	1,043	270
	<u>10,412</u>	<u>14,468</u>

Other operating income of £106.1m (2018: £92.5m) shown in the profit and loss account relates to service recharges to fellow subsidiaries.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

5. Interest receivable and similar income, net

	2019 £'000	2018 £'000
Interest expense on defined benefit obligations	(21)	(1,131)
Interest income on the defined benefit pension scheme assets	42	1,172
Interest expense on effect of asset ceiling	(24)	(24)
Interest income other	4	-
	<u>1</u>	<u>17</u>

6. Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest payable – fellow subsidiaries	1,099	906
Interest expense for finance lease liabilities	933	-
	<u>2,032</u>	<u>906</u>

7. Directors' emoluments

The emoluments of the directors of the company were:

	2019 £'000	2018 £'000
Aggregate emoluments	1,222	870
Amounts receivable under long-term incentive schemes	115	132
Pension contributions to defined contribution scheme	31	32
	<u>1,368</u>	<u>1,034</u>

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

7. Directors' emoluments (continued)

	2019 £'000	2018 £'000
Emoluments for the highest paid director	375	236
Pension contributions to defined contribution scheme	8	2
	<u>383</u>	<u>238</u>

The highest paid director exercised stock valued at £36,258 under long-term incentive schemes in respect of qualifying services (2018: £50,768). Five other directors (2018: three) exercised stock valued at £78,623 under long-term incentives schemes in respect of qualifying services (2018: £81,057).

Six directors remunerated by the company accrue retirement benefits under group defined contribution schemes and are not accruing benefit under defined benefit schemes.

The directors of Kantar UK Limited are considered the key management personnel.

8. Employee information

The average monthly number of employees (including directors) employed by the company during the year was made up as follows:

	2019 No.	2018 No.
Client services	1,101	1,178
Production services	545	563
Administration	375	312
	<u>2,021</u>	<u>2,053</u>

Staff costs (including directors) including severance costs comprised:

	2019 £'000	2018 £'000
Wages and salaries	104,015	106,398
Social security costs	13,841	13,078
Other pension costs	5,838	6,530
	<u>123,694</u>	<u>126,006</u>

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

9. Taxation on profit

The UK corporation tax rate is 19% for the years ended 31 December 2018 and 31 December 2019. A reduction in the rate from 19% to 17% effective from 1 April 2020 was substantively enacted on 6 September 2016 by the Finance Act 2016. As this rate has been substantively enacted as at 31 December 2019, the company has used the 17% tax rate in its deferred tax calculations for the year ended 31 December 2019. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020.

The reversal of the rate change does not have a material impact on the Balance Sheet. If the rate change had been substantively enacted, the deferred tax asset would have been £8,332,831.

	2019 £000	2018 £000
a) Analysis of tax charge/(credit) for the year		
UK corporation tax	5,065	-
Adjustments in respect of prior years	443	-
Current tax	5,507	-
Overseas tax	2,668	1,006
Total current tax	8,176	1,006
Deferred Tax (Credit)/Charge		
Deferred tax for the current year	(537)	2,188
Prior year adjustment to deferred tax	(384)	-
Deferred Tax (Credit)/Charge	(921)	2,188
TOTAL TAX CHARGE FOR THE PERIOD	7,255	3,194
b) Factors affecting the tax charge/(credit) for the year		
Profit/(loss) on ordinary activities before tax	10,678	18,813
Tax calculated at the rate of 19%	2,029	3,575
Effects of:		
Expenses not deductible for tax purposes	359	406
Other adjustments	(558)	(391)
Imputed transfer pricing adjustment	2,634	-
Adjustments in respect of prior years - current tax	443	-
Adjustments in respect of prior years - deferred tax	(384)	-
Overseas taxes	2,668	1,006
Previously unrecognised deferred tax	-	1,037
Impact of change in rate for deferred tax	63	-
Group relief for no consideration	-	(2,439)
TOTAL TAX CHARGE FOR THE PERIOD	7,255	3,194

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

9. Taxation on profit (continued)

DEFERRED TAX ASSET	2019 £000	2018 £000
Accelerated capital allowances	(7,169)	(6,534)
Other timing differences	(287)	-
	<u>(7,456)</u>	<u>(6,534)</u>
At the beginning of the year	(6,534)	(5,606)
Credited to profit and loss account	(922)	(928)
As at the end of the year	<u>(7,456)</u>	<u>(6,534)</u>

The company has an unrecognised deferred tax asset of £582,600 relating to gross capital tax losses of £3,427,056 which are not recognised due to uncertainty surrounding the company's ability to utilise the losses in the future.

10. Intangible fixed assets

	Goodwill £'000	Software and databases £'000	Development costs £'000	Patents £'000	Total £
Cost					
At 1 January 2019	24,780	22,594	888	141	48,403
Additions	-	14,615	-	-	14,615
Disposal	-	(25)	-	-	(25)
At 31 December 2019	<u>24,780</u>	<u>37,184</u>	<u>888</u>	<u>141</u>	<u>62,993</u>
Amortisation/impairment					
At 1 January 2019	10,207	11,769	888	141	23,005
Charge for the year	-	3,112	-	-	3,112
Disposal	-	(25)	-	-	(25)
At 31 December 2019	<u>10,207</u>	<u>14,856</u>	<u>888</u>	<u>141</u>	<u>26,092</u>
Net book value					
At 31 December 2019	<u>14,573</u>	<u>22,328</u>	<u>-</u>	<u>-</u>	<u>36,901</u>
At 31 December 2018	<u>14,573</u>	<u>10,825</u>	<u>-</u>	<u>-</u>	<u>25,398</u>

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

11. Tangible fixed assets

	Leasehold buildings £'000	Freehold land and buildings £'000	Equipment £'000	Total £
Cost				
At 1 January 2019	4,436	6,122	15,793	26,351
Additions	3,704	-	2,185	5,889
Disposal	(1)	-	(808)	(809)
At 31 December 2019	8,139	6,122	17,170	31,431
Depreciation				
At 1 January 2019	1,663	3,619	7,239	12,521
Charge for the year	556	178	2,161	2,896
Disposal	-	-	(800)	(800)
At 31 December 2019	2,219	3,797	8,600	14,616
Net book value				
At 31 December 2019	5,920	2,325	8,570	16,815
At 31 December 2018	2,773	2,503	8,554	13,830

12. Fixed asset investments

	Interest in subsidiary undertakings £'000
Cost at 1 January 2019 and 31 December 2019	17,199
Provisions for impairment at 1 January 2019 and 31 December 2019	-
Net book value at 1 January 2019 and 31 December 2019	17,199

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

12. Fixed asset investments (continued)

In the opinion of the directors the value of the interests in the subsidiary undertakings is not less than the carrying values as stated above.

Details of investments in which the company holds more than 20% of the nominal value of any class of share capital, all of which is represented by ordinary shares, are as set out below.

Subsidiary undertakings	Country of incorporation	Registered address	Ownership	Principal activity
			2018/9	
TNS Ireland	Ireland	Millbank House, Arkle Road, Sandyford, Dublin 18.	100%	Market research
TNS Ireland LLC	USA	United Corporate Services, Inc, 874 Walker Road, Suite C, Dover, Kent, DE, 19904.	100%	Dormant
TNS Services Ltd	UK	6 More London Place, Tooley Street, London SE1 2QY.	100%	Provision of agency Services

The company is exempt from the obligation to prepare and deliver consolidated financial statements under section 400 of the Companies Act 2006.

13. Right-of-use assets

	Buildings £000
Cost	
At 1 January 2019	33,435
Additions	-
As 31 December 2019	<u>33,435</u>
Accumulated Depreciation	
At 1 January 2019	-
Charge for the year	(4,903)
As 31 December 2019	<u>(4,903)</u>
Carrying amount	
At 1 January 2019	33,435
As 31 December 2019	<u>28,532</u>

The company leases several buildings. The average lease term is 6.6 years (2018: 6.6 years)

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

13. Right-of-use assets (continued)

	31/12/2019
Amounts recognised in profit and loss	£'000
Depreciation expense on right-of-use assets	4,903
Interest expense on lease liabilities	933

The total cash outflow for leases amount to £3,987,184.

14. Lease liabilities

Lease liabilities are presented in the statement of Financial position as follows:

	2019 £000
Current	(5,070)
Non Current	<u>(25,400)</u>
	<u>(30,470)</u>
Maturity Analysis	
Year 1	6,142
Year 2	5,551
Year 3	5,482
Year 4	4,431
Year 5	2,983
Onwards	<u>10,020</u>
	<u>34,609</u>
Less: unearned interest	<u>(4,139)</u>
	<u>30,470</u>

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

15. Debtors

	2019 £'000	2018 £'000
Trade debtors	63,473	61,569
Amounts owed by group undertakings*	36,452	88,370
Amounts recoverable on contracts	21,221	22,257
Corporation tax	-	927
Deferred tax	7,456	6,534
Other debtors	5,438	6,700
Prepayments	6,026	8,846
	<u>140,066</u>	<u>195,203</u>

* Amounts owed by group undertakings are receivable on demand and are interest-free.

16. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	26,522	12,736
Payments received on account	28,132	21,792
Amounts owed to group undertakings*	68,699	88,538
4.51% non-cumulative preference shares	210	210
Other tax and social security	10,621	7,665
Corporation tax liability	4,975	-
Other creditors	1,468	2,062
Accruals	34,765	31,731
	<u>175,392</u>	<u>164,734</u>

* Amounts owed to group undertakings are repayable on demand and are interest-free, except for a loan amount from TNS Worldpanel Limited which attracts interest at a rate equal to 0.5% above LIBOR and is repayable on demand. As mentioned in note 22, the company is taking the exemption under FRS 101 paragraph 8(k) from disclosing further detail regarding transactions with companies that are 100% owned within the Kantar Group.

The company is part of an overdraft facility arrangement, together with a group of other subsidiaries of the Kantar group. As a form of guarantee, the provider of the facility has the right to offset positive and negative cash balances across the respective group of companies. The net limit of the facility is £2 million with a gross debit cap of £30 million. The facility does not have a set termination date and the provider has the option to demand repayment of amounts owed, or to withdraw the facility, at any time.

Together with a group of other subsidiaries of the Kantar group, the company is a joint and several guarantor in relation to a credit facility held by Kantar Group Holdings Ltd, a parent company. The drawn down value on this facility as at 31 December 2019 was £57.4m. The credit facility is due to mature in December 2026.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

17. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
7.28% 'A' cumulative preference shares	8,366	8,366

In 2010, the company issued 83,661 £100 non-redeemable cumulative 'A' preference shares as consideration for the acquisition of the business and net assets of Research International Limited. The shares entitle the holder to a fixed interest payment of 7.28% per annum. £609,052 of interest was paid in 2019 (2018: £609,052).

18. Provisions for liabilities and charges

	Property provisions £'000	Panel incentives £'000	Total £'000
At 1 January 2019	1,480	2,899	4,379
Additional provision in the year	500	4,935	5,435
Utilised during the year	-	(4,266)	(4,266)
At 31 December 2019	1,980	3,568	5,548

Provisions comprise liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount.

The property provision of £1,980,000 (2018: £1,480,000) relates to dilapidations.

Panel incentives represent redeemable points worth £3,568,000 (2018: £2,899,000). The provision represents the best estimate of rewards payable in the future to panellists for their participation in panel research.

The estimated maturity profile of the provisions is as follows:

	2019 £'000	2018 £'000
Within one year	3,715	2,903
More than one year	1,833	1,476
	5,548	4,379

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Notes to the financial statements (continued) For the year ended 31 December 2019

19. Pensions and similar obligations

a) Defined contribution plans

The company's contributions to all defined contribution pension plans are 4% of salary below the age of 35, 6% from age 35 to below 50, and 8% for those aged 50 years and over. The retirement age for both men and women is 65.

Employer contributions to the defined contribution pension plans in the year were £5,837,669 (2018: £5,334,479).

b) Defined benefit plans

The company historically had three UK defined benefit schemes, Research International Senior Pension Fund, Research International Superannuation Fund and Taylor Nelson Sofres Plan 4. These plans were bought out last year so only had a small asset value shown as at 31 December 2018. These have a zero value as at 31 December 2019 as these Plans have been wound up. The only active scheme as at 31 December 2019 was Taylor Nelson Sofres Pension Plan 2 (TNS Plan 2):

Taylor Nelson Sofres Pension Plan 2 (TNS Plan 2)

Key assumptions used

The following assumptions have been used to arrive at the valuation for the plan (PP2 only in 2019 and 2018 as all other schemes had been bought out):

	2019	2018
	%	%
Discount rate	1.90	2.60
Inflation (RPI)	3.30	3.50
Inflation (CPI)	2.60	2.60

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Notes to the financial statements (continued) For the year ended 31 December 2019

19. Pensions and similar obligations (continued)

An analysis of the market value of scheme assets for TNS Plan 2 is shown below. This is then shown against the present value of the scheme liabilities, with the impact of any surplus restrictions giving rise to the net amount recognised in the balance sheet:

	2019 £'000	2018 £'000
Cash and cash equivalents	36	23
Other	1,770	2,081
Market value of assets	1,806	2,104
Present value of liabilities	(1,169)	(1,162)
Surplus in the plan	637	942
Surplus restriction	(637)	(933)
Net pension asset	-	9

Other assets consist of insurance annuities.

The following amounts have been recorded in the profit and loss account for TNS Plan 2:

	2019 £'000	2018 £'000
Past service cost	197	20
Administrative expenses	99	269
Net interest payable	3	1
Defined benefit cost recognised in profit and loss account	299	290

The analysis of the amount recognised in the statement of comprehensive income is as follows:

	2019 £'000	2018 £'000
Loss on plan assets (excluding amounts included in net interest cost)	(2)	(147)
Experience gains arising on the plan liabilities	-	170
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain	-	137
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain	320	101
Total amount recognised in other comprehensive income – gain	318	261

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

19. Pensions and similar obligations (continued)

Movements restricted surplus:

	2019 £'000	2018 £'000
Asset ceiling at end of previous year	933	1,010
Interest expense	24	24
Gain recognised in other comprehensive income	(320)	(101)
Asset ceiling at end of year	<u>637</u>	<u>933</u>

The plan assets are stated at their market value as at 31 December 2019. Movements in the fair value of plan assets were as follows:

	2019 £'000	2018 £'000
Fair value of plan assets at start of period	2,104	4,157
Interest income	42	87
Actuarial loss	-	(147)
Contributions by the group	-	38
Settlement payment	-	(1,617)
Benefits paid and expenses	(390)	(414)
Business combinations/divestitures/transfers	50	-
Fair value of plan assets at end of period	<u>1,806</u>	<u>2,104</u>

The present value of defined benefit obligation for TNS defined benefit plan:

	2019 £'000	2018 £'000
Defined benefit obligation at start of period	1,162	3,147
Service cost	197	20
Interest expense	21	64
Actuarial gain from changes in financial assumptions	-	(125)
Actuarial gain to liability experiences	-	(170)
Settlement payment	-	(1,617)
Actuarial gain from changes in demographic assumptions	-	(12)
Benefits paid and expenses	(289)	(145)
Business combinations/divestitures/transfers	78	-
Defined benefit obligation at end of period	<u>1,169</u>	<u>1,162</u>

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation:

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Notes to the financial statements (continued) For the year ended 31 December 2019

19. Pensions and similar obligations (continued)

Defined benefit plans acquired from Research International Limited

Research International Senior Pension Fund and Research International Superannuation Fund were bought out last year so only had a small asset value shown as at 31 December 2018. In the year ended 31 December 2019 these Plans have been wound up.

	2019 £'000	2018 £'000
Cash and cash equivalents	-	387
Market value of assets	-	387
Present value of liabilities	-	-
Net pension surplus	-	387

The following amounts have been recorded in the profit and loss account for RI defined benefit plans:

	2019 £'000	2018 £'000
Past service cost	-	52
Administrative expenses	164	693
Net interest receivable	-	(18)
Defined benefit costs recognised in profit and loss account	164	727

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

19. Pensions and similar obligations (continued)

The analysis of the amounts recognised in the statement of comprehensive income is as follows:

	2019 £'000	2018 £'000
Loss on plan assets (excluding amounts included in net interest cost)	-	(2,779)
Past service credit	-	2,659
Total loss recognised in other comprehensive income	-	(120)

The scheme's assets are stated at their market value as at 31 December 2019. Movements in the fair value of scheme assets were as follows:

	2019 £'000	2018 £'000
Fair value of plan assets at start of period	387	47,011
Interest income	-	1,085
Loss on plan assets (excluding interest income)	-	(2,779)
Contributions by the group	(223)	469
Settlement payment	-	(42,892)
Benefits paid and expenses	(164)	(2,507)
Fair value of plan assets at end of period	-	387

The present value of defined benefit obligation for RI defined benefit plans:

	2019 £'000	2018 £'000
Defined benefit obligation at start of period	-	46,246
Current service costs	-	52
Interest expense	-	1,067
Actuarial gain from changes in demographic assumptions	-	(315)
Actuarial gain from changes in financial assumptions	-	(2,344)
Settlement payment	-	(42,892)
Benefits paid and expenses	-	(1,814)
Defined benefit obligation at end of period	-	-

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Notes to the financial statements (continued) For the year ended 31 December 2019

20. Share-based payments

In July 2019, the WPP Group agreed the sale of a controlling interest in Kantar to Bain Capital, with the transaction completing in December 2019. As a result of this sale WPP did not issue any restricted stock or stock options to Kantar employees during the financial year.

Existing stock on issue that was being recognised on a straight-line basis over the vesting period has now been accelerated to reflect the change in vesting terms and any outstanding charges have been recognised during the 2019 Financial Year.

The company charged £1,921,565 to the profit and loss account in the year ended 31 December 2019 (2018: £958,667) in relation to equity-settled share-based payments.

21. Called up share capital

	2019 No. of shares	2018 No. of shares	2019 £'000	2018 £'000
Authorised, allotted, called up and fully paid				
Ordinary A shares of £1 each	25,000,001	25,000,001	25,000	25,000
Ordinary B shares of £1 each	12,384,118	12,384,118	12,384	12,384
Total shares	37,384,119	37,384,119	37,384	37,384

22. Related party transactions

Prior to the 5 December 2019, Kantar UK Ltd was a wholly-owned subsidiary of WPP and were exempt as a qualifying entity under FRS 101 paragraph 8(k) from disclosing transactions with companies that are 100% owned within the Group. Since this date the company is ultimately 100% owned by Kantar Global Holdings S.à.r.l and as a result, took advantage of the exemption under FRS 101 paragraph 8(k) no to disclose the details of transactions with other Kantar companies, the consolidated financial statements of which are publicly available from 222 Grays Inn Road, London, WC1X 8HB, United Kingdom.

23. Ultimate parent company and controlling party

In July 2019, the WPP Group agreed the sale of a controlling interest in Kantar to Bain Capital, with the transaction completing on 5 December 2019.

Up to this date, the directors regard WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party. Up to the date of the transaction, the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc. Copies of the financial statements of WPP plc are available at www.wpp.com. WPP plc's registered address is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES.

For the period subsequent to the transaction up to 31 December 2019, the directors regard Research SA B.V., registered address Laan op Zuid 167, 3072 DB Rotterdam, a company incorporated in the Netherlands, as the immediate parent company and Bain Capital Europe Fund V, SCSp, a private equity fund registered at 4 Rue Lou Hemmer, Findel, Luxembourg L-1748, as the ultimate parent and the ultimate controlling party.

Kantar UK Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

23. Ultimate parent company and controlling party (continued)

For the period subsequent to the transaction up to 31 December 2019, the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Kantar Global Holdings S.à.r.l, registered at 4 Rue Lou Hemmer, Findel, Luxembourg L-1748.

Copies of the financial statements of Kantar Global Holdings S.à.r.l are available at 222 Grays Inn Road, London, WC1X 8HB.

24. Subsequent events

In the period since 31 December 2019, the emergence and spread of Covid-19 has impacted the company and its clients. The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial conditions and prospects.

The company continues to monitor and take measures to mitigate the effects of the global challenges associated with COVID-19.

In December 2020, Kantar announced the sale of its Healthcare division. The proposed transaction is expected to complete in the first half of 2021.

On 1 September 2020, the company purchased the trade and assets of Mavens Ltd, in exchange for a cash consideration of £8,342,000. Below is a summary of the book value and fair value of the net assets acquired:

	£'000
Non-current assets	
Tangible fixed assets	34
	<hr/>
	34
Current assets	
Trade debtors	1,160
Amounts owed by group undertaking	598
Other debtors	234
Cash	7,530
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	9,522
Current liabilities	
Trade creditors	(186)
Payments received on account	(273)
Other creditors	(382)
Accruals	(373)
	<hr/>
	(1,214)
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Net assets	<u>8,342</u>