

## **WPP Group (UK) Limited**

Annual report and financial statements  
for the year ended 31 December 2013

Registered number: 2670617

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## **Directors' Report**

For the year ended 31 December 2013

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2013. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. As WPP Group (UK) is entitled to small companies exemption, no strategic report has been prepared.

### **Principal activities and business review**

The company acts as an intermediate holding company. The directors do not expect any changes in the company's activities in the foreseeable future.

The subsidiary undertakings held by the company are listed in note 6 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by s400 of the Companies Act 2006.

### **Results and dividends**

The audited financial statements for the year ended 31 December 2013 are set out on pages 6 to 17. The company made a profit on ordinary activities after tax for the year of £48,647,000 (2012: £41,476,000).

No ordinary dividends were paid during the year (2012: £718,253,000).

### **Directors**

The directors who served throughout the year were as follows:

- A. Scott
- C. Sweetland
- C. van der Welle (appointed 20 September 2013)
- P. Delaney (resigned 29 August 2013)

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

## Directors' Report

For the year ended 31 December 2013

### Statement of disclosure of information to auditor

So far as the directors currently in office are aware, there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all the steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

27 Farm Street  
London  
W1J 5RJ

By order of the Board



C. Sweetland  
Director

30 September 2014

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 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

### **Independent Auditor's Report to the members of WPP Group (UK) Limited**

We have audited the financial statements of WPP Group (UK) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

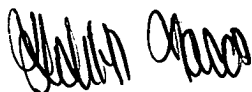
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditor's Report (continued)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Judith Tacon (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

London, United Kingdom

30 September 2014

# Profit and loss account

For the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Turnover</b>		-	-
<b>Operating profit</b>		-	-
Income from shares in group undertakings		82,305	67,089
Interest receivable and similar income	3	30,594	31,907
Amounts written off investments		(24,589)	(24,539)
Interest payable and similar charges	4	(38,257)	(31,903)
Foreign exchange (loss)/gain		(1,106)	(1,078)
Other expenses		(300)	-
<b>Profit on ordinary activities before taxation</b>	2	48,647	41,476
Tax on profit on ordinary activities	5	-	-
<b>Profit on ordinary activities after taxation</b>		48,647	41,476
<b>Profit for the financial year</b>	10	48,647	41,476

All results are derived from continuing activities.

There are no recognised gains or losses in either year other than those shown above and accordingly no statement of total recognised gains and losses has been prepared.

**Balance sheet**  
At 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Non-current assets</b>			
Investments	6	4,378,897	4,361,768
Debtors: due after one year	7	-	40
		<u>4,378,897</u>	<u>4,361,808</u>
<b>Current assets</b>			
Debtors: due within one year	7	870,864	865,549
Cash at bank		15	878
		<u>870,879</u>	<u>866,427</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,099,543)</u>	<u>(2,126,649)</u>
<b>Net current liabilities</b>		<u>(1,228,664)</u>	<u>(1,260,222)</u>
<b>Net assets</b>		<u>3,150,233</u>	<u>3,101,586</u>
<b>Capital and reserves</b>			
Called-up share capital	9	70,484	70,484
Share premium account	10	-	-
Capital reserve	10	44,840	44,840
Profit and loss account	10	<u>3,034,909</u>	<u>2,986,262</u>
<b>Shareholders' funds</b>	11	<u>3,150,233</u>	<u>3,101,586</u>

The financial statements were approved by the Board of Directors on ~~30~~ September 2014 and signed on its behalf by:

C. Sweetland

Director



## Notes to financial statements

For the year ended 31 December 2013

### 1 Accounting policies

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

#### *a) Going concern*

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

As at 31 December 2013 the current liabilities of the company exceed its current assets by £1,228,664,000 (2012: £1,260,222,000). The company is a subsidiary of WPP plc and is therefore subject to the overall WPP Group financing arrangements. The company meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility.

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

#### *b) Basis of accounting*

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by s400 of the Companies Act 2006 because it is a wholly owned subsidiary of WPP Jubilee Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

#### *c) Investments*

Fixed asset investments are shown at cost less provision for impairment.

Future anticipated payments to vendors in respect of earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates. When earnouts are to be settled by cash consideration, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future.

#### *d) Taxation*

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 1 Accounting policies (continued)

#### e) Translation of foreign currency

Foreign currency transactions arising from operating activities are translated from local currency to sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.

### 2 Profit on ordinary activities before taxation

The directors received no remuneration during the year (2012: £nil) for services to the company. The company had no other employees during either the current or preceding year. All operating expenses, including the auditors' remuneration of £1,000 (2012: £1,000), were borne by WPP 2005 Limited, a fellow group company.

### 3 Interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable from other group undertakings	30,526	31,877
Interest receivable from associated undertakings	68	30
	<u>30,594</u>	<u>31,907</u>

### 4 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest payable	36,100	26,173
Interest payable to other group undertakings	2,157	5,730
	<u>38,257</u>	<u>31,903</u>

### 5 Tax on profit on ordinary activities

The corporation tax charge of £nil (2012: £nil) comprises:

	2013 £'000	2012 £'000
Corporation tax at the blended rate of 23.25% (2012 - 24.5%)	2,039	263
Adjustment in respect of group relief for nil consideration	(2,039)	(263)
	<u>-</u>	<u>-</u>

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 5 Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 23.25% (2012:- 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	48,647	41,476
Tax at the blended rate of 23.25% (2012:- 24.5%) thereon	(11,310)	(10,162)
<i>Factors affecting tax charge for the year:</i>		
Expenses not deductible for tax purposes	(70)	-
Non-taxable dividend income	19,136	16,437
Amounts written off investments	(5,717)	(6,012)
Adjustment in respect of group relief for nil consideration	(2,039)	(263)
Current tax charge for the year	-	-

A deferred tax asset of £nil (2012: £2,389,000) in relation to losses carried forward has not been recognised. In the opinion of the Directors, there is not sufficient evidence presently available that suitable taxable profits will be generated to support the recovery of the asset.

### 6 Fixed asset investments

	<u>Subsidiary undertakings</u> £'000	<u>Associated undertakings</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
<b>Cost</b>				
At 1 January 2013	6,750,426	21,678	30,874	6,802,978
Additions	41,223	705	-	41,928
Disposals	(210)	-	-	(210)
At 31 December 2013	<u>6,791,439</u>	<u>22,383</u>	<u>30,874</u>	<u>6,844,696</u>
<b>Provision for impairment</b>				
At 1 January 2013	2,413,980	14,917	12,313	2,441,210
Written off	24,589	-	-	24,589
At 31 December 2013	<u>2,438,569</u>	<u>14,917</u>	<u>12,313</u>	<u>2,465,799</u>
<b>Net book value at 31 December 2013</b>	<u>4,352,870</u>	<u>7,466</u>	<u>18,561</u>	<u>4,378,897</u>
<b>Net book value at 31 December 2012</b>	<u>4,336,446</u>	<u>6,761</u>	<u>18,561</u>	<u>4,361,768</u>

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 6

#### Fixed asset investments (continued)

Investments at 31 December 2013 represent interests in the ordinary share capital of the following companies:

Company	Country of incorporation	Activity	Holding	Type
All Global Limited	England and Wales	Market research	100%	Ordinary
Antidote Limited	England and Wales	Advertising	25%	Ordinary
Axicom Group Limited	England and Wales	Intermediate holding company	67%	Ordinary A
Axicom Group Limited	England and Wales	Intermediate holding company	4%	Ordinary B
Axicom Group Limited	England and Wales	Intermediate holding company	4%	Ordinary C
Blue State Digital UK Limited	England and Wales	Digital Marketing	100%	Ordinary
Beyond Worldwide Ltd	England and Wales	Advertising	49%	Ordinary
Clockwork Capital Limited	England and Wales	Lease finance for audio visual products	50%	Ordinary
Cockpit Two Limited	England and Wales	Intermediate holding company	100%	Ordinary
Coley Porter Bell Limited	England and Wales	Artistic & literary creation	100%	Ordinary A
Conquest Europe (UK) Limited	England and Wales	Dormant	100%	Ordinary
Dialogue Marketing Partnership Limited	England and Wales	Marketing consultants	100%	Ordinary
Digitlondon Limited	England and Wales	Communications	100%	Ordinary
E-Commera Holdings Limited	England and Wales	Software consultancy	6%	A1 Preferred Ordinary
E-Commera Holdings Limited	England and Wales	Software consultancy	2%	Ordinary A
E-Commera Holdings Limited	England and Wales	Software consultancy	2%	B1 Preferred Ordinary
Enduring Organisation	England and Wales	Intermediate holding company	76%	Ordinary B
Enduring Organisation	England and Wales	Intermediate holding company	10%	Ordinary A
Enduring Organisation Two	England and Wales	Intermediate holding company	5%	Ordinary
Enduring Organisation Two	England and Wales	Intermediate holding company	95%	Ordinary B
Enfatico Limited	England and Wales	Advertising	100%	Ordinary
Everystone Limited	England and Wales	Management consulting	93%	Ordinary A
Everystone Limited	England and Wales	Management consulting	7%	Ordinary B
EWA Limited	England and Wales	Database marketing	100%	Ordinary
Fitch: Qatar Limited	England and Wales	Provision of design services	100%	Ordinary
Flamingo Perspectives Limited	England and Wales	Intermediate holding company	100%	Ordinary
Flexible Organisation	England and Wales	Intermediate holding company	11%	Ordinary
Global Counsel LLP	England and Wales	Advertising	20%	Partnership Interest
Global Sportnet UK Limited	England and Wales	Advertising	100%	Ordinary

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
Goldfarb Focus Limited	England and Wales	Market research	100%	Ordinary
GroupM Entertainment Ltd	England and Wales	Advertising	100%	Ordinary
GroupM UK Ltd	England and Wales	Advertising	100%	Ordinary
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary A
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary B
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary C
Heath Wallace Limited	England and Wales	Website design	75%	Ordinary
Hill & Knowlton CIS Limited	England and Wales	Public relations consulting services	100%	Ordinary
Hill & Knowlton Limited	England and Wales	Market research	100%	Ordinary
Hogarth Worldwide Limited	England and Wales	Advertising	64%	Ordinary
Icomms Media Group Limited	England and Wales	Communications	100%	Ordinary
International Presentations Limited	England and Wales	Investor relations	100%	
JWT Mobile Marketing Ltd	England and Wales	Advertising	60%	Ordinary
JWT Specialized Communications Limited	England and Wales	Employment / marketing communications	100%	Ordinary
Kinetic Worldwide Group Limited	England and Wales	Advertising	100%	Ordinary
Lumi Technologies Ltd	England and Wales	Mobile engagement services	8%	Ordinary
M 101 Limited	England and Wales	Advertising	100%	Ordinary
Management Ventures Europe Limited	England and Wales	Business & management consultancy	100%	Ordinary
Matthew Poppy Advertising Limited	England and Wales	Healthcare advertising	100%	Ordinary
Maxus Communications Limited	England and Wales	Dormant	100%	Ordinary
MediaCom Holdings Limited	England and Wales	Advertising	5%	Ordinary
Mediacom North Limited	England and Wales	Advertising	80%	Ordinary A
Mediacom North Limited	England and Wales	Advertising	8%	Ordinary B
Mediaedge:CIA UK Limited	England and Wales	Advertising	27%	Ordinary
MillerPerry Limited	England and Wales	Advertising	10%	Ordinary A
MillerPerry Limited	England and Wales	Advertising	40%	Ordinary B
Millward Brown PreciS Limited	England and Wales	Media evaluation	84%	Ordinary A
Millward Brown PreciS Limited	England and Wales	Media evaluation	15%	Ordinary B
Millward Brown PreciS Limited	England and Wales	Media evaluation	1%	Ordinary
Millward Brown Ulster Limited	England and Wales	Market research	100%	Ordinary
Mindshare Media Worldwide Limited	England and Wales	Dormant	100%	Ordinary

# Notes to financial statements (continued)

For the year ended 31 December 2013

## 6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
Newcrosse Limited	England and Wales	Intermediate holding company	98%	Ordinary
Newcrosse Limited	England and Wales	Intermediate holding company	2%	Redeemable B preference
Ogilvy & Mather Europe Ltd	England and Wales	Advertising	100%	Ordinary
Ogilvy Healthworld Europe Ltd	England and Wales	Dormant	100%	Ordinary
Permanent Organisation	England and Wales	Intermediate holding company	100%	Ordinary
Permanent Organisation Two	England and Wales	Intermediate holding company	2%	Ordinary
P.O.A. (Holdings) Limited	England and Wales	Outdoor advertising	100%	Ordinary
Pointblank Productions Limited	England and Wales	Advertising	80%	Ordinary
Possible Worldwide Limited	England and Wales	Digital Marketing	75%	Ordinary A
Precis (567) Limited	England and Wales	Dormant	100%	Ordinary A
Public Relations and International Sports Marketing Limited	England and Wales	PR & sports marketing	100%	Ordinary
Quill Communications Limited	England and Wales	Management consultancy	100%	Ordinary
Quisma UK Ltd	England and Wales	Advertising	100%	Ordinary
Red Dot Square Holdings Ltd	England and Wales	Intermediate holding company	100%	Preferred Ordinary
Relish Marketing Ltd	England and Wales	Advertising	100%	Ordinary
RMG: Black Cat Limited	England and Wales	Advertising	100%	Ordinary
RMS Instore Limited	England and Wales	Information, insight & consultancy	100%	Ordinary
ROCQM Limited	England and Wales	Dormant	100%	Ordinary
SCI Scientific Communications and Information UK Ltd	England and Wales	Healthcare Communications	100%	Ordinary
Signposter.com Limited	England and Wales	Advertising	100%	Ordinary
Spafax Airline Network Limited	England and Wales	Specialist communications	100%	Ordinary
Sparklab Limited	England and Wales	Dormant	100%	Ordinary
SponsorCom Limited	England and Wales	Media representation services	100%	Ordinary
Syzygy AG	Germany	Interactive	17%	Ordinary
Taylor Nelson Sofres Suomi OY	England and Wales	Advertising	63%	Ordinary
TBU Holdings Limited	England and Wales	Branding & identity	100%	Ordinary A1
Tempest Online Marketing Ltd	England and Wales	Dormant	100%	Ordinary
Team News Marketing Services Ltd	England and Wales	Advertising	100%	Ordinary
The Brandmade Media Group Limited	England and Wales	Dormant	100%	Ordinary

# Notes to financial statements (continued)

For the year ended 31 December 2013

## 6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
The Brand Union Holdings Ltd	England and Wales	Specialist communications	100%	Ordinary
The Brand Union Worldwide Ltd	England and Wales	Branding & identity	100%	Ordinary
The Kantar Group Limited	England and Wales	Intermediate holding company	100%	Ordinary
The Store Consulting Limited	England and Wales	Dormant	100%	Ordinary
The WOW Factory Limited	England and Wales	Dormant	100%	Ordinary
Transact Communications Limited	England and Wales	Dormant	100%	Ordinary
Tutssels Enterprise IG Ltd	England and Wales	Dormant	100%	Ordinary
United London Communications Limited	England and Wales	Advertising	90%	Ordinary
Voluntarily United Creative Agencies Limited	England and Wales	Advertising	100%	Ordinary
Warwicks UK Limited	England and Wales	Branding & identity	100%	Ordinary
Westbourne Terrace Management Services Limited	England and Wales	Intermediate holding company	100%	Ordinary
Wildfire Word of Mouth Limited	England and Wales	Business & management consultancy	50%	Ordinary
WPP 1177	England and Wales	Intermediate holding company	100%	Ordinary
WPP 2828 Ltd	England and Wales	Dormant	100%	Ordinary
WPP AMC Holdings	England and Wales	Intermediate holding company	31%	Ordinary
WPP Beans Limited	England and Wales	Intermediate holding company	1%	Ordinary
wpp.com Limited	England and Wales	Dormant	100%	Ordinary
WPP Communications Limited	England and Wales	Dormant	100%	Ordinary
WPP Finance One plc	England and Wales	Intermediate holding company	100%	Ordinary
WPP Group (Nominees) Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Group Nominees One Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Two Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Three Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Four Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Five Limited	England and Wales	Dormant	100%	Ordinary
WPP GUSA UK	England and Wales	Intermediate holding company	46%	Ordinary
WPIIH 2001 Incorporated	United States	Intermediate holding company	15%	Ordinary

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
WPP India Limited	England and Wales	Dormant	100%	Ordinary
WPP Investments Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Ottawa Limited	England and Wales	Intermediate holding company	57%	Ordinary
WPP Phoenix Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Razor UK	England and Wales	Intermediate holding company	50%	Ordinary
WPP Sparky Limited	England and Wales	Intermediate holding company	41%	Ordinary
WPP Spike Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Toronto Limited	England and Wales	Intermediate holding company	17%	Ordinary
WPP Vancouver Limited	England and Wales	Intermediate holding company	17%	Ordinary

During the year the company made further investments in existing undertakings and new investments in Okam Limited, SecondSync Limited, Crystal Semantics Ltd and Grey Possible Holdings B.V.

During the year the company disposed of investments in Possible Worldwide Limited and Okam Limited.

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2013 impairment review was undertaken as at 31 December 2013. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 8.63% has been assumed.

### 7 Debtors

	2013 £'000	2012 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by other group undertakings	867,883	863,259
Amounts owed by associated undertakings	2,795	2,047
Other debtors	186	243
	<u>870,864</u>	<u>865,549</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by associated undertakings	-	40
	<u>870,863</u>	<u>865,589</u>

The interest rates applied on the company's loans owed by associated undertakings and other group undertakings are 1.885%, 5.250%, 5.500% and 1.500% (2012: 2.313%, 2.121%, 5.250%, 5.500% and 1.500%).



## Notes to financial statements (continued)

For the year ended 31 December 2013

### 8 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank overdraft	1,582,732	1,625,551
Amounts owed to other group undertakings	505,459	489,785
Accrued interest	3,028	2,929
Payments due to vendors	8,324	8,384
	<u>2,099,543</u>	<u>2,126,649</u>

The interest rate applied on the company's overdraft facility is 1.5% (2012:1.5%). The interest rates applied on the company's loans due to other group undertakings are 0.257%, 0.690% and 1.264% (2012: 0.582%, 2.164% and 2.121%).

### 9 Called-up share capital

	2013 £	2012 £
<i>Allotted, called-up and fully-paid</i>		
679,079,608 (2012: 679,079,608 of £0.1 each) ordinary shares of £0.1 each	67,907,961	67,907,961
25,759,475 (2012: 25,759,475 of £0.1 each) preferred ordinary shares of £0.1 each	2,575,948	2,575,948
	<u>70,483,909</u>	<u>70,483,909</u>

The preferred ordinary shares do not carry voting rights, but rank pari passu with the ordinary shares with regard to rights on a return of capital on liquidation or otherwise, and any right to participate in the profits of the company.

### 10 Reserves

	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	-	44,840	2,986,262	3,031,102
Profit for the financial year	-	-	48,647	48,647
At 31 December 2013	<u>-</u>	<u>44,840</u>	<u>3,034,909</u>	<u>3,079,749</u>

## Notes to financial statements (continued)

For the year ended 31 December 2013

### 11 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	48,647	41,476
Dividend paid	-	(718,253)
Net (deduction)/addition to shareholders' funds	48,647	(676,777)
Opening shareholders' funds	3,101,586	3,778,363
Closing shareholders' funds	3,150,233	3,101,586

### 12 Guarantees and other financial commitments

The company participates in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank.

### 13 Related party transactions

As a wholly owned subsidiary of WPP plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by WPP plc.

### 14 Ultimate parent company and controlling party

The directors regard WPP LN Limited, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is WPP Jubilee Limited, incorporated in England and Wales.

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com). Copies of the financial statements of WPP Jubilee Limited can be obtained from 27 Farm Street, London, W1J 5RJ, UK.