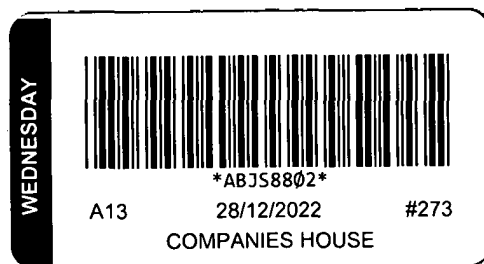


**MAXUS COMMUNICATIONS (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



**Registered office address:**

**Sea Containers**  
**18 Upper Ground**  
**London**  
**SE1 9ET**  
**United Kingdom**

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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## MAXUS COMMUNICATIONS (UK) LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors present their Strategic Report on Maxus Communications (UK) Limited (the 'Company') for the year ended 31 December 2021.

#### Principal activities

The Company is a member of the WPP plc Group (the 'Group'). The Company's principal activity is the provision of media buying and planning services in the United Kingdom.

#### Future developments

The Company is managing the run off of its pre-existing media commitments as not all clients have transitioned to its sister agency, Wavemaker Limited. The transition has continued through 2022 and will continue into 2023, therefore the Company will remain active and a going concern for the next 12 months.

#### Business review

Revenue has increased by 11% year-on-year, from £273,000 to £303,000. The Company made a profit for the year ended 31 December 2021 of £514,000, which will be transferred to reserves (2020: a profit of £292,000, which was transferred to reserves).

From April 2021, following an update to Group policy, the Company's syndicated banking arrangements with the Group have been restructured into 'zero balancing' pooling arrangements with a fellow Group company acting as the cash pool leader of these cash pools within the UK. All such receivables and/or payables shall be short-term in nature and the Company, as a participant in the cash pooling arrangements, can transact as normal on its bank accounts, notwithstanding that any cash and/or overdraft will be held by the cash pool leader.

The Directors are of the opinion that the current level of activity and performance is sustainable, due to the robust financial position and liquidity of the Company and will remain so for the foreseeable future. Further details are provided in the "Going concern and liquidity risk" section.

#### Dividends

The Company did not pay or declare any dividends in the current year or prior year to its ordinary shareholders.

#### Going concern and liquidity risk

The Directors have assessed the ongoing business activities and the potential impact that the Covid-19 pandemic, Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the Company for at least the next 12 months from the date of signing the financial statements.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2021. The impact of the Russian invasion of Ukraine and sanctions response from governments has been considered.

As at 31 December 2021, the Company has net current assets of £53,882,000 and net assets of £53,882,000 and can therefore meet its short and long-term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via the cash pooling arrangements.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Financial risk management and principal risks and uncertainties**

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2021 and up to date of this report. The principal risks for the Company are shown below:

*Covid-19 pandemic*

The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, any existing or new variants, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

The Company is continuing to manage the risk by constantly monitoring its working capital position, supported by actions to maintain liquidity including cost reduction and cash conservation.

*Economic and credit risk*

Adverse economic conditions, including those caused by the pandemic, invasion of Ukraine by Russia, sustained inflation in key markets where we operate and supply chain issues affecting the distribution of our clients' products pose a risk our clients may reduce, suspend or cancel spend with us or be unable to satisfy obligations. The Company is subject to credit risk through the default of a client or other counterparty.

The Company commits to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look at us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow.

The Company is working closely with our clients during this period of economic uncertainty to ensure timely payment of services in line with contractual commitments and with vendors to maintain the settlement flow on media.

There are increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.

*Currency risk*

The Company's activities expose it to the financial risks of changes in foreign exchange rates. Overall, the Company has minimal exposure to currency risks due to it mainly transacting in Pounds sterling. The Group's treasury function takes out contracts to manage the risk at a Group level.

*Loss of clients*

The Company competes for clients in a highly-competitive industry which has been evolving and undergoing structural change, now accelerated by the Covid-19 pandemic.

There are a range of impacts on our clients globally as a consequence of the Covid-19 pandemic. In the past, clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short-term than their other operating expenses.

The Company manages the risk of client loss by placing an emphasis on providing faster, more agile and more effectively integrated solutions and continuously improving our creative capability and reputation of our business.

There is management focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. There are regular updates to the management team on the status of client losses and upcoming pitches for new clients.

There is continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**Financial risk management and principal risks and uncertainties (continued)**
*Cyber security and IT staff*

The Company is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.

A cyber-attack could result in disruption to our business or compromise the security of data.

With a majority of our people working remotely as a consequence of the Covid-19 pandemic, there is the potential of an increased risk of compromised data security and cyber-attacks.

These could all have a legal, financial or reputational consequence on the Company.

The Company mitigates the risk of cyber security and IT breaches by adhering to strict information security protocol and by monitoring and logging our network and systems. We are also raising our people's security awareness through our training.

**Financial key performance indicators**

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
<b>Revenue</b>	303	273	11.0%
<b>Profit before tax</b>	514	292	76.0%
<b>Net assets</b>	53,882	53,368	1.0%

The Company is a wholly owned subsidiary of WPP plc. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of WPP plc, which includes this Company, is discussed in the Group's annual report, which does not form part of this report. The financial statements of WPP plc are available at [www.wpp.com/investors](http://www.wpp.com/investors).

**Environmental matters and streamlined energy and carbon reporting (SECR)**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations. As the Company is a UK subsidiary of WPP plc, its SECR reporting details are included, together with the other Group subsidiaries, in the WPP plc Annual report. Refer to pages 214-217 of the Annual report of WPP plc available at [wpp.com/investors](http://wpp.com/investors) for more information.

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Directors' statement of compliance with duty to promote the success of the Company**

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 benefit 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.

Further details of the Company's engagement with external stakeholders is given in the Directors' report.

The Directors are of the opinion that the remaining details of how they meet their duty is in line with those reflected by the Directors of WPP plc in their Annual report. Refer to pages 113-115 of the Annual report of WPP plc available at [wpp.com/investors](http://wpp.com/investors) for more information on how the Group directors meet their duty.

This report was approved by the board on 16 December 2022 and signed on its behalf.

*Shil Patel*

Shil Patel (Dec 16, 2022 13:19 GMT)

S Patel  
Director

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Directors present their Annual report and the financial statements for the year ended 31 December 2021.

**Results**

The Company's results for the financial year are shown in the income statement on page 10.

**Directors and their interests**

The Directors who served during the year and up to the date of signing of the financial statements, unless otherwise stated, were:

S Patel

P Hutchison (resigned 14 June 2022)

K McCarley (appointed 15 June 2022)

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business.

**Directors' indemnity**

Each of the Directors benefit from a third party qualifying indemnity given by the Company in respect of liabilities incurred by the Director in the execution and discharge of their duties. The provision remains in force throughout the financial year and up until the date of this report.

**Engagement with suppliers, customers and others**

The Company recognises 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.

A detailed statement on the Group's external stakeholder engagement can be found in the Group's Annual report.

**Directors' responsibilities statement**

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

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Directors' responsibilities statement (continued)**

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.

**Matters covered in the Strategic Report**

The following items have been included in the Strategic Report on pages 1 - 4:

- principal activities
- future developments;
- business review;
- dividends paid or declared;
- going concern and liquidity risk statement;
- financial risk management and principal risks and uncertainties; and
- environmental matters and streamlined energy and carbon reporting.

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a Director in order to be 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.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

Under section 487(2) of the Companies Act 2006, Deloitte LLP, Statutory Auditor will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 16 December 2022 and signed on its behalf.

*Shil Patel*

Shil Patel (Dec 16, 2022 13:19 GMT)

S Patel  
Director



**Independent auditor's report to the members of  
Maxus Communications (UK) Limited  
Company Registration No. 02671949**

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

**Opinion**

In our opinion the financial statements of Maxus Communications (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2021 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 income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Independent auditor's report to the members of  
Maxus Communications (UK) Limited  
Company Registration No. 02671949**

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

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

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

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

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

**Independent auditor's report to the members of  
Maxus Communications (UK) Limited  
Company Registration No. 02671949**

**Extent to which the audit was considered capable of detecting irregularities, including fraud  
(continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

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

**Report on other legal and regulatory requirements**

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

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

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

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

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

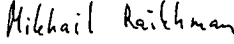
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**Use of our report**

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

DocuSigned by:  
  
41E845A01A8B477...

Mikhail Raikhman, CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
16 December 2022

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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	Notes	2021 £'000	2020 £'000
Revenue	4	303	273
Administrative expenses		(64)	(258)
<b>Operating profit</b>	5	<b>239</b>	15
Interest receivable and similar income	9	275	277
<b>Profit before tax</b>		<b>514</b>	292
Taxation	10	-	-
<b>Profit for the year</b>		<b>514</b>	292

The notes on pages 13 to 21 form part of these financial statements.

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement of comprehensive income has been prepared.

**MAXUS COMMUNICATIONS (UK) LIMITED**  
**REGISTERED NUMBER: 02671949**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Current assets</b>			
Trade and other receivables	11	96,622	4,041
Cash	12	-	95,204
		<u>96,622</u>	<u>99,245</u>
<b>Current liabilities</b>			
Trade and other payables	13	(42,740)	(45,877)
<b>Net current assets</b>		<u>53,882</u>	<u>53,368</u>
<b>Total assets less current liabilities</b>		<u>53,882</u>	<u>53,368</u>
<b>Net assets</b>		<u>53,882</u>	<u>53,368</u>
<b>Capital and reserves</b>			
Called up share capital	14	10	10
Profit and loss account		53,872	53,358
		<u>53,882</u>	<u>53,368</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2022.

*Shil Patel*

Shil Patel (Dec 16, 2022 13:19 GMT)

S Patel  
 Director

The notes on pages 13 to 21 form an integral part of these financial statements.

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2020</b>	<b>10</b>	<b>53,066</b>	<b>53,076</b>
Profit and total comprehensive income for the year	-	292	292
<b>At 31 December 2020</b>	<b>10</b>	<b>53,358</b>	<b>53,368</b>
Profit and total comprehensive income for the year	-	514	514
<b>At 31 December 2021</b>	<b>10</b>	<b>53,872</b>	<b>53,882</b>

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

The Company is a private company, limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. The address of the registered office is Sea Containers, 18 Upper Ground, London, SE1 9ET, United Kingdom.

The Company's principal business activities, future development and a review of its performance and position are set out in the Strategic Report on pages 1 - 4.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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## MAXUS COMMUNICATIONS (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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## 2. Accounting policies (continued)

### 2.3 Consolidation and ultimate parent company

The Company is a wholly owned subsidiary of its ultimate parent company. WPP plc, a company incorporated in Jersey, is the Company's ultimate parent undertaking and controlling party. The largest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP plc. The registered address of WPP plc is 13 Castle Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from [www.wpp.com/investors](http://www.wpp.com/investors). The smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP Jubilee Limited, registered in the England and Wales. The registered address of WPP Jubilee Limited is Sea Containers House, 18 Upper Ground, London, SE1 9GL, United Kingdom. The immediate parent undertaking is BJK & E Holdings Limited.

### 2.4 Going concern

The Directors have assessed the ongoing business activities and the potential impact that the Covid-19 pandemic, Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the Company for at least the next 12 months from the date of signing the financial statements.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2021. The impact of the Russian invasion of Ukraine and sanctions response from governments has been considered.

As at 31 December 2021, the Company has net current assets of £53,882,000 and net assets of £53,882,000 and can therefore meet its short and long-term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via the cash pooling arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

### 2.5 Impact of new international reporting standards, amendments and interpretations

No new accounting standards or IFRIC interpretations have had a material impact on the Company's financial statements for the current year.

### 2.6 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentation currency is Pounds Sterling (£).

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.



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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**2. Accounting policies (continued)**
**2.6 Foreign currency translation (continued)**

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**2.7 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue comprises commissions and fees earned in respect of amounts billed. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project are charged directly to clients, predominantly media & data collection costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

In most instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative standalone selling prices.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement and per the requirements of IFRS 15 Revenue from Contracts with Customers.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition. The amount of revenue recognised depends on whether we act as an agent or as a principal. Certain arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases we are acting as an agent as we do not control the relevant good or service before it is transferred to the client. When we act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers (such as production costs and media suppliers) are excluded from revenue and recorded as work in progress until billed. The Company

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.7 Revenue (continued)**

acts as principal when we control the specified good or service prior to transfer.

When the Company acts as a principal (such as in-house production services, events, data investment management and branding), the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

**2.8 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**2.10 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2.11 Trade and other receivables**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts.

Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the income statement.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Subsequent recoveries of amounts previously provided for are credited to the income statement.

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**MAXUS COMMUNICATIONS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.12 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.13 Trade and other payables**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.14 Share capital**

Ordinary shares are classified as equity.

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

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 only affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the Directors there are no critical accounting estimates or judgements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

**4. Revenue**

The whole of the Company's revenue is attributable to the provision of media buying and planning services in the United Kingdom in the current and prior year.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Exchange differences	<b>45</b>	<b>122</b>
	<b>=====</b>	<b>=====</b>

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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FOR THE YEAR ENDED 31 DECEMBER 2021**


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**6. Auditor's remuneration**

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	72	55

There were no non-audit services provided by the Company's auditor in the current or prior year.

**7. Employees**

Staff costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	4	12
Social security costs	-	1
Benefits and other employee costs	-	(4)
	<u>4</u>	<u>9</u>

Staff costs for the year relates to recharged employee costs from Wavemaker Limited for the provision of services to the Company's remaining clients. The Company does not have any employees in the current or prior years.

**8. Directors' remuneration**

During the year, the Directors of the Company were remunerated as executives of the Group by a fellow Group company. They received no remuneration in respect of their services to the Company (2020: £nil).

**9. Interest receivable and similar income**

	2021 £'000	2020 £'000
Bank interest receivable	45	277
Group interest receivable	230	-
	<u>275</u>	<u>277</u>

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**10. Taxation**

	2021 £'000	2020 £'000
<b>Income tax charge</b>		
Current tax on profit for the year	-	-
Deferred tax charge for the year	-	-
<b>Taxation on profit</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	<u>514</u>	<u>292</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	98	55
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	2
Group relief	(100)	(57)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The UK tax rate for the year ended 31 December 2021 is 19%. The increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023 was enacted at the balance sheet date, and deferred tax balances have been remeasured accordingly at 25% (2020: 19%).

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**11. Trade and other receivables**

	2021 £'000	2020 £'000
Trade debtors	-	1,483
Amounts owed by group undertakings	96,584	2,203
Other debtors	38	38
Prepayments and accrued income	-	317
	<u>96,622</u>	<u>4,041</u>

Included within amounts owed by group undertakings is a balance of £95,722,000 which is a loan with a fellow group company in relation to the cash pooling arrangement with an average interest rate of 0.33% per annum as at 31 December 2021. All other amounts owed by group undertakings are interest-free. All amounts owed by group undertakings are unsecured and repayable on demand.

**12. Cash**

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>-</u>	<u>95,204</u>

From April 2021, following an update to Group policy, the Company's syndicated banking arrangements with the Group have been restructured into 'zero balancing' pooling arrangements with a fellow Group company acting as the cash pool leader of these cash pools within the UK. All such receivables and/or payables shall be short-term in nature and the Company, as a participant in the cash pooling arrangements, can transact as normal on its bank accounts, notwithstanding that any cash and/or overdraft will be held by the cash pool leader.

**13. Trade and other payables falling due within one year**

	2021 £'000	2020 £'000
Trade payables	309	914
Amounts owed to group undertakings	33,380	28,696
Other taxation and social security	-	4
Accruals and deferred income	9,051	16,263
	<u>42,740</u>	<u>45,877</u>

The amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

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**MAXUS COMMUNICATIONS (UK) LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Share capital**

	2021 £'000	2020 £'000
<b>Allotted, called up and fully paid</b>		
10,000 (2020 - 10,000) Ordinary shares of £1.00 each	<u>10</u>	<u>10</u>

**15. Related party transactions**

As a wholly owned subsidiary of the ultimate parent company, WPP plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced Disclosure Framework' not to disclose any related party transactions with other wholly owned members of the Group, or certain information around remuneration of key management personnel.