

ENDURING ORGANISATION TWO

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANIES HOUSE

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ENDURING ORGANISATION TWO

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ENDURING ORGANISATION TWO

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report on Enduring Organisation Two (the 'Company') for the year ended 31 December 2020.

Principal activities

The Company is a member of the WPP plc Group (the 'Group'). The Company's principal activity is to act as an intragroup financing company.

Future developments

The Directors do not envisage any major change to the nature of the business in the foreseeable future.

Business review

The Company made a profit for the year ended 31 December 2020 of £537,000 which will be transferred to reserves (2019: a profit of £438,000 which was transferred to reserves).

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

Covid-19

As the Company does not have any employees, the Company did not access any financial support measures made available by the UK and other governments.

The Directors will continue to monitor, review and take any appropriate steps to respond to the impact of the Covid-19 pandemic in the Company, as well as recognise and address the other current and emerging risks and uncertainties we face as a business.

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, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

Dividends

The Company paid no dividend in the current year nor 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 global outbreak of Covid-19 may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

As the Company is primarily an intragroup financing company, there is no expected impact to the financial position of the Company as a result of Covid-19.

As at 31 December 2020, the Company has net assets of £40,543,000 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.

ENDURING ORGANISATION TWO

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern and liquidity risk (continued)

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

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 2020 and up to date of this report. As the Company is primarily an intragroup financing company with a limited amount of transactions, the Directors believe that the Company has no principal risks and uncertainties other than going concern and liquidity. Going concern and liquidity risks are discussed above.

Financial key performance indicators

	2020 £'000	2019 £'000	Change %
Profit before taxation	537	438	22.6%
Net assets	40,543	40,006	1.3%

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.

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 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.

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 117-118 of the Annual report of WPP plc available at wpp.com/investors for more information on how the Group directors meet their duty.

This report was approved by the board on 31 January 2022 and signed on its behalf.



D Conaghan
Director

ENDURING ORGANISATION TWO

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the unaudited financial statements for the year ended 31 December 2020.

Results

The Company's results for the financial year are shown in the income statement on page 5.

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:

D Conaghan
A Payne
C Van der Welle

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.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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.

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.

ENDURING ORGANISATION TWO

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Matters covered in the strategic report

The following items have been included in the strategic report on pages 1 - 2:

- principal activities and future developments;
- review of business;
- dividends paid or declared;
- going concern statement; and
- financial risk management policies and objectives.

Post balance sheet events

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

This report was approved by the board on 31 January 2022 and signed on its behalf.



D Conaghan
Director

ENDURING ORGANISATION TWO

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Interest receivable and similar income	6	1,025	1,153
Interest payable and similar expenses	7	(488)	(715)
Profit before taxation		537	438
Taxation	8	-	-
Profit for the year		537	438

The notes on pages 8 to 14 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 to present other comprehensive income has been prepared.

ENDURING ORGANISATION TWO
REGISTERED NUMBER: 04331338

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Trade and other receivables	9	79,300	79,300
Current assets			
Trade and other receivables	9	737	870
Current liabilities			
Bank overdraft	10	(39,457)	(40,103)
Trade and other payables	11	(37)	(61)
Net current liabilities		(38,757)	(39,294)
Total assets less current liabilities		40,543	40,006
Net assets		40,543	40,006
Capital and reserves			
Called up share capital	12	31,115	31,115
Profit and loss account		9,428	8,891
		40,543	40,006

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 January 2022.



D Conaghan
Director

The notes on pages 8 to 14 form an integral part of these financial statements.

ENDURING ORGANISATION TWO

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	31,115	8,453	39,568
Profit and total comprehensive income for the year	-	438	438
At 31 December 2019	31,115	8,891	40,006
Profit and total comprehensive income for the year	-	537	537
At 31 December 2020	31,115	9,428	40,543

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private Company, unlimited 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 House, 18 Upper Ground, London, SE1 9GL, 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 - 2.

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 paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

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. 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 WPP Group (UK) Limited. These financial statements are separate financial statements.

2.4 Going concern

The Directors have assessed the ongoing business activities and the potential impact that the global outbreak of Covid-19 may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

As the Company is primarily an intragroup financing company, there is no expected impact to the financial position of the Company as a result of Covid-19.

As at 31 December 2020, the Company has net assets of £40,543,000 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 and liquidity 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 for the year ended 31 December 2020.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational 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.

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

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Foreign currency translation (continued)

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 Interest income

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

2.8 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 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 current 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.

2.10 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.

Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Bank overdrafts are shown separately within current liabilities in the balance sheet.

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 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.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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 year in which the estimate is revised if the revision only affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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. Employees

The Company has no employees (2019: nil).

5. Directors' remuneration

During the year all 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 (2019: £nil).

6. Interest receivable

	2020 £'000	2019 £'000
Group interest receivable	1,025	1,153

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank interest payable	488	715

8. Taxation

	2020 £'000	2019 £'000
Current tax on profit for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	537	438
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	102	83
Effects of:		
Group relief	(102)	(83)
Total tax charge for the year	-	-

Factors that may affect future tax charges

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Trade and other receivables

	2020 £'000	2019 £'000
Due after more than one year		
Amounts owed by group undertakings	<u>79,300</u>	<u>79,300</u>
	2020 £'000	2019 £'000
Due within one year		
Amounts owed by group undertakings	<u>737</u>	<u>870</u>

The amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 1.23363% (2019: 1.45600%).

10. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	-	-
Less: bank overdrafts	<u>(39,457)</u>	<u>(40,103)</u>
	<u>(39,457)</u>	<u>(40,103)</u>

The Company participates in group banking arrangements with its ultimate parent Company, 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. The Company, together with its ultimate parent Company, WPP plc, and certain other subsidiary undertakings, is a party to the group's syndicated banking arrangements. The Company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP plc.

11. Trade and other payables falling due within one year

	2020 £'000	2019 £'000
Accruals and deferred income	<u>37</u>	<u>61</u>

ENDURING ORGANISATION TWO

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
28,373,659 (2019 - 28,373,659) Ordinary shares of £1.00 each	28,374	28,374
274,132,150 (2019 - 274,132,150) B ordinary shares of £0.01 each	2,741	2,741
	31,115	31,115

The B ordinary shares carry rank pari passu with the ordinary shares in all respects save the following exceptions:

On a show of hands every holder of the ordinary shares present in person or by proxy shall have one vote and on a poll shall have one vote for each ordinary share of which he is a holder. On a show of hands of every holder of 'B' ordinary shares present in person or by proxy shall have two votes and on a poll shall have two votes for each 'B' ordinary share of which he is the holder; and

The dividend received for each 'B' ordinary share be equivalent to 0.01 of the value of the dividend received for each ordinary share.

13. 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 information around remuneration of key management personnel.

14. Post balance sheet events

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