

**Verticurl Marketing UK Limited**  
(Registered number: 09937310)

**Annual Report and financial statements**

**for the year ended 31 December 2019**

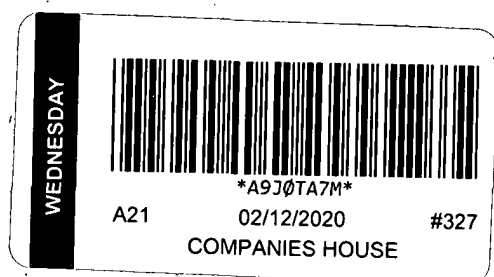
**Registered office address:**

27 Farm Street

London

W1J 5RJ

United Kingdom



**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Annual Report and financial statements**

**for the year ended 31 December 2019**

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**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Strategic report for the year ended 31 December 2019**

The Directors present their Strategic report on Verticurl Marketing UK Limited (the 'Company') for the year ended 31 December 2019.

**Principal activities**

The Company is a member of the WPP plc Group (the 'Group'). The Company's principal activity is the provision of advertising and allied services.

**Future developments**

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

**Review of business**

Revenue has increased by 42% during the year, increasing from £1,228,393 to £1,740,986 as the Company had some new clients during the year. Also, some of the existing clients saw large growth as well. The Company made a profit for the year ended 31 December 2019 of £237,586 which will be transferred to reserves (2018: a profit of £123,627 which was transferred to reserves).

The Directors are of the opinion that the current level of activity and performance is satisfactory and will remain so for the foreseeable future.

**Dividends**

No dividends have been paid or proposed during the year or up to the date of this report (2018: £nil)

**COVID-19**

The coronavirus pandemic has touched all our lives. For the Group, and in the Company, the first priority is the wellbeing of our people and doing what we can to limit the impact of the virus on society. The second priority has been the continuity of service for our clients. We have thrown ourselves into achieving both objectives.

To ensure the safety of employees and to help reduce transmission, the Group outlined a global policy of managed remote working from mid-March, which included employees of the Company.

The Directors will continue to monitor, review and take the 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 impact of Covid-19 will depend on future developments which are highly uncertain and cannot be predicted.

It is clear that the impact of Covid-19 on the business will be significant, but it is not possible at this stage to quantify the depth or duration of the impact.

**Going concern and liquidity risk**

The Directors believe that preparing the financial statements on the going concern basis is appropriate.

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

The financial forecasts, budgets, cash flows and liquidity assessments have been re-assessed for at least the next 12 months. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance including, but not limited to, possible revenue declines as a result of the impact of Covid-19.

After making enquiries, the Directors believe that although Covid-19 will have an effect on the operational performance of the Company, but there are reasonable expectations that the Company has adequate resources to continue in operational existence with low liquidity risk for at least the next 12 months from the date of signing the financial statements.

**Strategic report for the year ended 31 December 2019**

**Going concern and liquidity risk (continued)**

The Company has net current assets of £596,677 and net assets of £603,891 and can therefore meet its short and long term obligations as they fall due.

After making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue operational existence for at least the next 12 months from the date of signing of financial statements. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements. The Directors believe that the principal risks and uncertainties affecting the going concern for the Company are mitigated.

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

*COVID-19 Pandemic*

The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial condition and prospects.

While we expect the impacts of Covid-19 to have an adverse effect on our business, financial condition and results of operations, we are unable to predict the extent or nature or duration of these impacts at this time.

We are continuing to manage the risk by constantly monitoring our working capital position, supporting actions to maintain liquidity including cost reduction and cash conservation.

The majority of our people are working remotely and maintaining services to our clients and using creativity to support clients to adjust their communications, and support governments and NGOs in mitigating the impact of Covid-19.

*Client loss*

We compete for clients in a highly-competitive industry which has been evolving and undergoing structural change and is being adversely affected by the Covid-19 pandemic.

There are a range of impacts on our clients globally as a consequence of the Covid-19 pandemic. There is an increasing volume of cancellations in short term media and there is also a decline in project and retained work. New business pitches continue where the process was underway, but there is uncertainty over the future pipeline.

The risk of client loss or reduction in marketing budgets has increased significantly.

The Company manages the risk of client loss by providing value adding services, continuously improving our creative capabilities, and by seeking to secure long-term client relationships.

The management and leadership teams in the Company and Group are reviewing and monitoring 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.

*Cyber security and I.T. 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. These could all have a legal, financial or reputational consequence on the Company.

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.

The Company mitigates the risk of cyber security and I.T. 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.

**Strategic report for the year ended 31 December 2019**

**Financial risk management and principal risks and uncertainties (continued)**

*Credit risk*

We are subject to credit risk through the default of a client or other counterparty.

We commit 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.

A significant number of our clients and suppliers are adversely financially impacted by the Covid-19 pandemic and economic inactivity across markets in periods of lockdown. Clients may seek to renegotiate payment terms, ask for discounts or fail to honour their payment obligations which would have an adverse impact on our working capital and operating cash flow.

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

Evaluating and monitoring clients' ongoing creditworthiness and in some cases requiring credit insurance or payments in advance.

**Key performance indicators (KPIs)**

|                          | 2019<br>£ | 2018<br>£ | Change<br>% |
|--------------------------|-----------|-----------|-------------|
| <b>Revenue</b>           | 1,740,986 | 1,228,393 | 42%         |
| <b>Profit before tax</b> | 295,019   | 211,015   | 40%         |
| <b>Net assets</b>        | 603,891   | 366,305   | 65%         |

The directors have discussed the performance of the Company in the "Review of business" section on page 1.

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.wppinvestor.com](http://www.wppinvestor.com).

**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 104-105 of the Annual report of WPP plc available at [wpp.com](http://wpp.com) for more information on how the Group directors meet their duty.

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Strategic report for the year ended 31 December 2019**

**Post balance sheet events**

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

The Company is continuing to monitor and review its liquidity and working capital. We are constantly reviewing cash outflows and receipts to monitor our position.

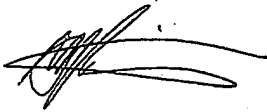
We are continuing to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments.

Cost reduction and cash conservation measures have also been taken.

The majority of our people are remote working and maintaining services to our clients and using creativity to support clients to adjust their communications, and support governments and NGOs in mitigating the impact of Covid-19.

It is clear that the impact of Covid-19 on the business will be significant, but it is not possible at this stage to quantify the depth or duration of the impact.

Approved by the Board and signed on its behalf by,



M Wrigley  
Director

30th November 2020

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Directors' report for the year ended 31 December 2019**

The Directors present their annual report and audited financial statements for the Company for the year ended 31 December 2019.

**Results**

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

**Directors and their interests**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements unless otherwise stated, were as follows:

M Wrigley  
C Lawson  
O Prats  
D Seary  
A Singh Gaur

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 benefits 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 the report.

**Statement of Directors' responsibilities**

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Directors' report for the year ended 31 December 2019**

**Items in the Strategic report:**

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

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

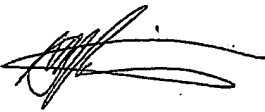
**Disclosure of information to auditor**

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that ought to have been taken to make themselves 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.

**Independent auditor**

Deloitte LLP are deemed to be re-appointed in accordance with an elective resolution made under s487 of the Companies Act 2006.

Approved by the Board and signed on its behalf by,



M Wrigley  
Director

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Independent auditor's report to the members of Verticurl Marketing UK Limited**

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

**Opinion**

In our opinion the financial statements of Verticurl Marketing UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- The Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

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

**Independent auditor's report to the members of Verticurl Marketing UK Limited (continued)**

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

We have nothing to report in respect of these matters.

**Responsibilities of Directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Report on other legal and regulatory requirements**

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

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

- the information given in the Strategic report and 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.

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Independent auditor's report to the members of Verticurl Marketing UK Limited (continued)**

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

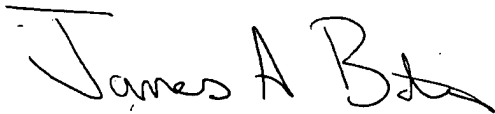
Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**Use of our report**

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



James Bates FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

30th November 2020

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Income statement**  
**for the year ended 31 December 2019**

|                               | Notes | 2019<br>£        | 2018<br>£        |
|-------------------------------|-------|------------------|------------------|
| Turnover                      | 3     | 1,740,986        | 1,228,393        |
| Cost of sales                 |       | (8,635)          | -                |
| <b>Gross profit</b>           |       | <b>1,732,351</b> | <b>1,228,393</b> |
| Administrative expenses       |       | (1,437,139)      | (1,017,210)      |
| <b>Operating profit</b>       | 4     | <b>295,212</b>   | <b>211,183</b>   |
| Finance expense               | 7     | (193)            | (168)            |
| <b>Profit before taxation</b> |       | <b>295,019</b>   | <b>211,015</b>   |
| Taxation                      | 8     | (57,433)         | (87,388)         |
| <b>Profit for the year</b>    |       | <b>237,586</b>   | <b>123,627</b>   |

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

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 presented.

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Balance sheet**  
**As at 31 December 2019**

|                                              | Notes | 2019<br>£        | 2018<br>£        |
|----------------------------------------------|-------|------------------|------------------|
| <b>Non-current assets</b>                    |       |                  |                  |
| Property, plant and equipment                | 10    | 7,214            | 8,574            |
| <b>Total non-current assets</b>              |       | <b>7,214</b>     | <b>8,574</b>     |
| <b>Current assets</b>                        |       |                  |                  |
| Trade and other receivables                  | 11    | 181,983          | 543,200          |
| Cash and cash equivalents                    |       | 1,127,465        | 529,225          |
| <b>Total current assets</b>                  |       | <b>1,309,448</b> | <b>1,072,425</b> |
| <b>Total assets</b>                          |       | <b>1,316,662</b> | <b>1,080,999</b> |
| <b>Current liabilities</b>                   |       |                  |                  |
| Trade and other payables                     | 12    | (652,291)        | (610,671)        |
| Taxation                                     |       | (60,480)         | (104,023)        |
| <b>Total current liabilities</b>             |       | <b>(712,771)</b> | <b>(714,694)</b> |
| <b>Net current assets</b>                    |       | <b>596,677</b>   | <b>357,731</b>   |
| <b>Total assets less current liabilities</b> |       | <b>603,891</b>   | <b>366,305</b>   |
| <b>Total liabilities</b>                     |       | <b>(712,771)</b> | <b>(714,694)</b> |
| <b>Net assets</b>                            |       | <b>603,891</b>   | <b>366,305</b>   |
| <b>Equity</b>                                |       |                  |                  |
| Share capital                                | 14    | 1                | 1                |
| Retained earnings                            |       | 603,890          | 366,304          |
| <b>Shareholder's funds</b>                   |       | <b>603,891</b>   | <b>366,305</b>   |

The financial statements on pages 10 to 17 were approved by the Board of Directors on 30/11/2020 and signed on its behalf by:



M Wrigley  
Director

**Verticurl Marketing UK Limited**  
**(Registered number: 09937310)**

**Statement of changes in equity**  
**for the year ended 31 December 2019**

|                                                    | <b>Share<br/>capital</b> | <b>Retained<br/>earnings</b> | <b>Total</b>   |
|----------------------------------------------------|--------------------------|------------------------------|----------------|
|                                                    | <b>£</b>                 | <b>£</b>                     | <b>£</b>       |
| <b>As at 1 January 2018</b>                        | <b>1</b>                 | <b>242,677</b>               | <b>242,678</b> |
| Profit and total comprehensive income for the year | -                        | 123,627                      | 123,627        |
| <b>As at 31 December 2018</b>                      | <b>1</b>                 | <b>366,304</b>               | <b>366,305</b> |
| Profit and total comprehensive income for the year | -                        | 237,586                      | 237,586        |
| <b>As at 31 December 2019</b>                      | <b>1</b>                 | <b>603,890</b>               | <b>603,891</b> |

**Notes to the financial statements for the year ended 31 December 2019**

**1 Presentation of the financial statements**

**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 27 Farn Street London W1J 5RJ United Kingdom.

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

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

**2.01 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

Please see the 'Going concern and liquidity risk' section in the strategic report for the going concern assessment of the Company.

**Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a) (iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
  - (iv) paragraph 62(a) and (b) of IAS 40 Investment property;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d); (statement of cash flows),
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirements for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third balance sheet),
  - 111 (cash flow statement information), and
  - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.
- Paragraph 134 and 135 of IAS 36 'Impairment of assets'
- 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 preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors believe that there are no significant accounting judgements or critical estimates that apply to the Company.

**Amendments to International Financial Reporting Standards (IFRSs) and the new Interpretations that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs or IFRIC interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. No new accounting standards including IFRS 16 Leases, have had a material impact on the Company for the year ended 31 December 2019. The other amendments to accounting standards or IFRIC interpretations have not had any material impact on the disclosures or on the amounts reported in these financial statements.

**2.02 Ultimate and immediate parent undertaking**

The Company is a wholly owned subsidiary of the 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 Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from [www.wppinvestor.com](http://www.wppinvestor.com). 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 Verticurl Pte Limited. These financial statements are separate financial statements.

**Notes to the financial statements for the year ended 31 December 2019**

**2 Summary of significant accounting policies (continued)**

**2.03 Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The functional and presentation currency of the Company is Pounds Sterling (£).

*(ii) Transactions and balances*

Foreign currency transactions are booked in functional currency of the Company at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated into functional currency at rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency denominated balances at year-end exchange rates are included in the income statement within Operating Expenses.

**2.04 Turnover**

Revenue comprises commissions and fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media and 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. Typically performance obligations are satisfied over time as services are rendered.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The 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.

**2.05 Expenditure**

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. A provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

**2.06 Finance income and expense**

Finance income and expenses are recognised on an accruals basis using the effective interest method.

**2.07 Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

**2.08 Property, plant and equipment**

Property, plant and equipment is stated at the historical cost of purchase or construction less provisions for depreciation and impairment. The historical cost includes expenditure that was directly attributable to the acquisition of the item. Financing costs are capitalised within the cost of qualifying assets in construction.

Depreciation is calculated to write off the cost of property, plant and equipment, excluding freehold land, using the straight-line basis over their expected useful lives to their residual values. The normal expected useful lives of the major categories of tangible fixed assets are:

|                    |         |
|--------------------|---------|
| Computer equipment | 3 years |
|--------------------|---------|

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals or scrapping of an asset are determined by comparing the proceeds with the carrying amount, and they are recognised in "Operating expenses" in the income statement.

**Notes to the financial statements for the year ended 31 December 2019**

**2 Summary of significant accounting policies (continued)**

**2.09 Trade and other receivables**

Trade and other receivables are amounts due from customers for service performed or goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

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. Long-term receivables are discounted where the effect is material.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, highly liquid investments with maturities of three months or less and bank overdrafts. Cash equivalents and liquid investments are readily convertible into known amounts of cash and have an insignificant risk of changes in value. Bank overdrafts are shown separately within current liabilities in the balance sheet.

**2.11 Trade and other payables**

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

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest method. Long-term payables are discounted where the effect is material.

**2.12 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 Revenue**

Analysis of revenue by geography:

|               | 2019<br>£        | 2018<br>£        |
|---------------|------------------|------------------|
| UK            | 966,232          | 370,850          |
| Europe        | 104,034          | 119,560          |
| Rest of World | 670,720          | 737,984          |
|               | <b>1,740,986</b> | <b>1,228,394</b> |

All turnover relates to advertising and allied services from continued operations.

**4 Operating profit**

|                                                                                       | 2019<br>£   | 2018<br>£ |
|---------------------------------------------------------------------------------------|-------------|-----------|
| <b>The following items have been (charged)/credited to the Operating profit:</b>      |             |           |
| Depreciation of property, plant and equipment                                         | (4,953)     | (3,661)   |
| Exchange gains/(losses) on foreign currency transactions                              | (17,962)    | (10,201)  |
| Employee costs                                                                        | (1,219,343) | (869,302) |
| Audit fees payable to the Company's auditor for the audit of the financial statements | (15,000)    | (15,000)  |

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

**5 Employees**

|                                           | 2019<br>£        | 2018<br>£      |
|-------------------------------------------|------------------|----------------|
| <b>Employee costs</b>                     |                  |                |
| Wages and salaries                        | 1,009,217        | 728,010        |
| Social security costs                     | 123,949          | 94,384         |
| Pension costs- defined contribution plans | 72,724           | 40,088         |
| Benefits and other employee costs         | 13,453           | 6,820          |
|                                           | <b>1,219,343</b> | <b>869,302</b> |

|                                                                                            | number    | number   |
|--------------------------------------------------------------------------------------------|-----------|----------|
| <b>The average monthly number of persons employed by the Company (including Directors)</b> |           |          |
| Account management and creative support                                                    | 14        | 9        |
|                                                                                            | <b>14</b> | <b>9</b> |

The average number of Company employees exclude temporary and contract staff.

**Verticurl Marketing UK Limited**  
(Registered number: 09937310)

**Notes to the financial statements for the year ended 31 December 2019**

**6 Directors' remuneration**

|              | 2019<br>£'000 | 2018<br>£'000 |
|--------------|---------------|---------------|
| Emoluments   | 174           | 162           |
| Pension      | 17            | 16            |
| <b>Total</b> | <b>191</b>    | <b>178</b>    |

Retirement benefits accrued under pension schemes for 1 Director during the year ended 31 December 2019 (2018: 1 Director).

The total number of Directors that exercised share options during the year ended 2019 is Nil (2018: 1 Director).

**7 Finance expense**

|                              | 2019<br>£  | 2018<br>£  |
|------------------------------|------------|------------|
| Bank charges                 | 193        | 168        |
| <b>Total finance expense</b> | <b>193</b> | <b>168</b> |

**8 Taxation**

|                                                  | 2019<br>£     | 2018<br>£     |
|--------------------------------------------------|---------------|---------------|
| <b>Income tax charge / (credit)</b>              |               |               |
| Current tax:                                     |               |               |
| UK Corporation tax rate of 19.00% (2018: 19.00%) | 57,433        | 87,388        |
| <b>Total current tax</b>                         | <b>57,433</b> | <b>87,388</b> |

The tax assessed for the year differs from the corporation tax rate in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%)

|                                                          | 2019<br>£     | 2018<br>£     |
|----------------------------------------------------------|---------------|---------------|
| <b>Reconciliation of total tax charge for the year</b>   |               |               |
| Profit before taxation                                   | 295,019       | 211,015       |
| Profit at the UK statutory rate of 19.00% (2018: 19.00%) | 56,054        | 40,093        |
| Effects of:                                              |               |               |
| Expenses not deductible for tax purposes                 | 1,121         | 803           |
| Depreciation in excess of capital allowances             | 258           | (31)          |
| Remeasurement of prior year tax charge                   | -             | 46,469        |
| Movements in short term timing differences               | -             | (266)         |
| Deferred tax assets not recognised                       | -             | 320           |
| <b>Total tax charge for the year</b>                     | <b>57,433</b> | <b>87,388</b> |

Factors that may affect future tax charges:

The UK tax rate for the year ended 31 December 2019 is 19%. Further reductions to 17 to be effective 1 April 2020 were enacted as part of the Finance Act 2017 on 27 April 2017. A further change to the UK tax rate was substantively enacted on 17 March 2020 reversing the reductions to 17 meaning the applicable rate from 1 April 2020 now remains at 19%. However, as this change was substantively enacted after the balance sheet date, the tax rate used for deferred tax purposes is 17%.

No instance of current or deferred taxation has been recognised directly in other comprehensive income in either the current or prior year.

**10. Property, plant and equipment**

|                                           | Computer hardware<br>£ |
|-------------------------------------------|------------------------|
| <b>Cost</b>                               |                        |
| At 1 January 2019                         | 14,557                 |
| Additions                                 | 3,593                  |
| <b>At 31 December 2019</b>                | <b>18,150</b>          |
| <b>Accumulated depreciation</b>           |                        |
| At 1 January 2019                         | (5,983)                |
| Charge for the year                       | (4,953)                |
| <b>At 31 December 2019</b>                | <b>(10,936)</b>        |
| <b>Net book value at 31 December 2018</b> | <b>8,574</b>           |
| <b>Net book value at 31 December 2019</b> | <b>7,214</b>           |

**Notes to the financial statements for the year ended 31 December 2019**

**11 Trade and other receivables**

|                                    | 2019<br>£      | 2018<br>£      |
|------------------------------------|----------------|----------------|
| <b>Amounts due within one year</b> |                |                |
| Trade receivables                  | 123,199        | 30,236         |
| Amounts owed by Group undertakings | 41,874         | 481,183        |
| Other receivables                  | 16,911         | 31,781         |
|                                    | <b>181,983</b> | <b>543,200</b> |

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**12 Trade and other payables**

|                                            | 2019<br>£      | 2018<br>£      |
|--------------------------------------------|----------------|----------------|
| <b>Amounts falling due within one year</b> |                |                |
| Trade payables                             | 28,623         | 215            |
| Amounts owed to Group undertakings         | 470,526        | 26,553         |
| Accruals                                   | 153,143        | 157,053        |
| Deferred income                            | -              | 426,850        |
|                                            | <b>652,291</b> | <b>610,671</b> |

The amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**13 Pensions**

**Defined contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of £72,724 (2018: £39,503) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There are no outstanding or prepaid contributions at the balance sheet date (2018: £nil).

**14 Share capital**

|                                                | 2019<br>Number of<br>shares | 2018<br>Number of<br>shares | 2019<br>£ | 2018<br>£ |
|------------------------------------------------|-----------------------------|-----------------------------|-----------|-----------|
| <b>Issued and fully paid</b>                   |                             |                             |           |           |
| Ordinary shares of 100p each (2018: 100p each) | 1                           | 1                           | 1         | 1         |
|                                                | <b>1</b>                    | <b>1</b>                    | <b>1</b>  | <b>1</b>  |

**15 Commitments**

**Syndicated banking arrangement**

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 arrangement. Details of these arrangements are included in the financial statements of WPP plc.

**16 Post balance sheet events**

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

The Company is continuing to monitor and review its liquidity and working capital. We are constantly reviewing cash outflows and receipts to monitor our position.

We are continuing to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments.

Cost reduction and cash conservation measures have also been taken.

The majority of our people are remote working and maintaining services to our clients and using creativity to support clients to adjust their communications, and support governments and NGOs in mitigating the impact of Covid-19.

It is clear that the impact of Covid-19 on the business will be significant, but it is not possible at this stage to quantify the depth or duration of the impact.