

Company Registration No. 06872427

Hogarth Worldwide Limited

Report and Financial Statements

31 December 2014

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Hogarth Worldwide Limited

Report and financial statements 2014

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Hogarth Worldwide Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Barry Jones
Kevan Thorn
Chris Sweetland
Jonathan Eggar
Andrew Scott
Richard Glasson
Charles Ward Van Der Welle

Secretary

WPP Group (Nominees) Limited

Registered Office

164 Shaftesbury Avenue
London
WC2H 8HL

Bankers

Royal Bank of Scotland
49 Charing Cross
London
SW1A 2DX

Solicitors

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Hogarth Worldwide Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the entity is marketing, implementation and transcreation of print, TV and digital media internationally.

Business review

During the year, the business was able to grow its revenues from £67,243,000 to £69,850,000 as revenues from new clients came on stream and revenue from existing clients grew. Profit before tax for the year was £3,144,000 (PY Profit £12,726,000). Net assets increased from £21,162,000 to £21,992,000 as the company continues to grow.

The WPP group manages its operations on a network basis. For this reason, the Company's Directors believe that any 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 the advertising network of WPP plc, which includes the company, is disclosed in the Group's Annual Report which does not form part of this Report.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks, including credit risk and foreign exchange risk. The directors do not believe that the Company is significantly exposed to liquidity risk. The Company currently has sufficient cash to fund its activities. The company is part of a Group banking facility.

Future prospects and subsequent events

The directors can report that the trend of revenue growth experienced in 2012 has continued into 2013 and 2014, driven by growth in the UK business augmented by new subsidiaries openings around the world. Subsequent events have been disclosed in note 20.

Going concern

At 31 December 2014 the company had £3,311,000 of cash and net assets of £21,992,000.

The Directors have considered the latest forecasts of the business and made inquiries of management in reaching their conclusion on going concern. The Directors have every expectation that the Company has adequate resources through trading to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Financial Risk Management

Foreign exchange

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company does not currently use financial derivatives on its financial activities owing to the project-based nature of the business. The Directors keep the situation under review in the event that a practical means of hedging becomes available.

Credit risk

The Company's principal financial assets are bank balances, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the accounts are net of allowances for doubtful receivables. An allowance for loss is made where there is an identified loss event, which, based on the experience of the directors, is evidence of a reduction in the recoverability of the cash flows.

Hogarth Worldwide Limited

Strategic report (continued)

Diversity and inclusion

Hogarth Worldwide Limited is an equal opportunities employer. We select, develop and promote people based on merit and regardless of factors such as race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability. Policies on harassment and non-discrimination are included in our Code of Conduct.

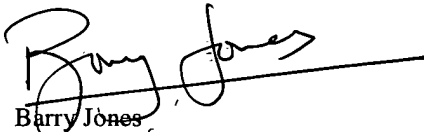
Where existing employees become disabled, our policy is to provide continuing employment and training wherever practicable.

Employees are updated on the Company's performance and matters that may concern them through regular internal communications.

Environment

The WPP group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Corporate Responsibility Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include improving our energy use efficiency, reducing paper use, increasing recycling, reviewing travel policies and through the selection of third-party suppliers.

Approved by the Board of Directors
and signed on behalf of the Board



Barry Jones
Director

2016

Hogarth Worldwide Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014. The Directors' have addressed financial risk management policies and objectives; going concern; diversity; the environment and future prospects/subsequent events in the strategic review.

Research and development

During 2014 the company spent £1494 (PY: £757) on non capitalised research and development.

Directors

The directors of the Company who served during the year (unless noted otherwise) and subsequently to the date of approving these financial statements were as follows:

Barry Jones
Kevan Thorn
Chris Sweetland
Jonathan Eggar
Andrew Scott
Richard Glasson
Charles Ward Van Der Welle

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Results and dividends

The Company's profit before tax for the year was £3,144,000 (2013: profit of £12,726,000). The directors recommended that a dividend be paid for the year ended 31 December 2014 of £965,000 (2013: £241,000).

Statement on information given to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

Re-appointment of the auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Barry Jones
Director

2016

Hogarth Worldwide Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Hogarth Worldwide Limited

We have audited the financial statements of Hogarth Worldwide Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

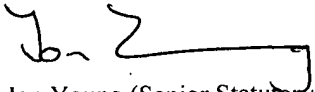
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information 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.

Matters on which we are required to report by exception

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

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


Jon Young (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

8 March 2016

Hogarth Worldwide Limited

Profit and loss account Year ended 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|---------------|---------------|
| Turnover | 2 | 69,850 | 67,243 |
| Cost of sales | | (23,766) | (20,181) |
| Gross profit | | 46,084 | 47,062 |
| Other operating expenses (net) | 3 | (42,288) | (42,644) |
| Exceptional items | 21 | (403) | 8,474 |
| Operating profit | | 3,393 | 12,892 |
| Finance charges (net) | 4 | (249) | (166) |
| Profit on ordinary activities before taxation | 5 | 3,144 | 12,726 |
| Tax charge on profit on ordinary activities | 8 | (1,357) | (2,613) |
| Profit after taxation for the financial year being retained profit carried forward | 16 | 1,787 | 10,113 |

All results derive from continuing operations. There were no recognised gains or losses other than the loss for the year. Accordingly, no separate statement of recognised gains or losses is presented.


Hogarth Worldwide Limited

Balance sheet As at 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|-----------------|-----------------|
| Fixed assets | | | |
| Investments | 11 | 1,631 | 1,531 |
| Intangible fixed assets | 9 | 2,681 | 1,556 |
| Tangible fixed assets | 10 | 6,141 | 6,821 |
| | | <u>10,453</u> | <u>9,908</u> |
| Current assets | | | |
| Cash at bank and in hand | | 3,311 | 2,830 |
| Work in progress | | 417 | 239 |
| Debtors: amounts falling due within one year | 12 | 42,437 | 35,173 |
| | | <u>46,165</u> | <u>38,242</u> |
| Creditors: amounts falling due within one year | 13 | <u>(20,949)</u> | <u>(18,405)</u> |
| Net current assets | | <u>25,216</u> | <u>19,837</u> |
| Total assets less current liabilities | | <u>35,669</u> | <u>29,745</u> |
| Creditors: amounts falling due after more than one year | 14 | <u>(13,677)</u> | <u>(8,583)</u> |
| Net assets | | <u>21,992</u> | <u>21,162</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 1 | 1 |
| Share premium | 15 | 6,132 | 6,122 |
| Profit and loss account | 16 | 15,859 | 15,039 |
| Total shareholders' funds | 16 | <u>21,992</u> | <u>21,162</u> |

The financial statements of Hogarth Worldwide Limited, registered number 06872427 were approved by the Board of Directors on 2016.

Signed on behalf of the Board of Directors



Barry Jones
Director

Hogarth Worldwide Limited

Cash flow statement Year ended 31 December 2014

| | 2014 £'000 | 2013 £'000 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Operating profit | 3,393 | 12,892 |
| Depreciation and amortisation of fixed assets | 3,720 | 3,195 |
| Losses on disposals of fixed assets | - | 28 |
| Impairment of intangible assets | - | 479 |
| | <u>7,113</u> | <u>16,594</u> |
| Movements in working capital | | |
| Increase in trade and other receivables | (7,264) | (9,547) |
| Increase in trade and other payables | 3,090 | 1,124 |
| Increase in work in progress | (182) | (235) |
| | <u>(4,356)</u> | <u>(8,658)</u> |
| Net cash inflow from operating activities | <u>2,757</u> | <u>7,936</u> |
| Returns on investments and servicing of finance | | |
| Interest on intercompany loan with WPP Finance Co. Limited | (624) | (486) |
| Interest on intercompany loan with Hogarth Worldwide Inc | 369 | 313 |
| Bank and other interest | 6 | 7 |
| | <u>(249)</u> | <u>(166)</u> |
| Net cash outflows from returns on investments and servicing of finance | <u>(249)</u> | <u>(166)</u> |
| Taxation | | |
| Tax paid | (1,918) | (1,690) |
| | <u>(1,918)</u> | <u>(1,690)</u> |
| Capital expenditure and financial investment | | |
| Development costs | (2,118) | (1,255) |
| Payments for the purchase of fixed assets | (2,611) | (3,394) |
| Payments to acquire subsidiaries | (100) | (441) |
| Proceeds from the sale of fixed assets | 591 | - |
| | <u>(4,238)</u> | <u>(5,090)</u> |
| Net cash outflows from capital expenditure and financial investment | <u>(4,238)</u> | <u>(5,090)</u> |
| Financing | | |
| Proceeds from related party borrowings | 5,094 | (1,739) |
| Dividends paid | (965) | (241) |
| | <u>4,129</u> | <u>(1,980)</u> |
| Net cash inflow from financing | <u>4,129</u> | <u>(1,980)</u> |
| Net increase in cash and cash equivalents | <u>481</u> | <u>(990)</u> |
| Net increase in cash and cash equivalents | 481 | (990) |
| Cash and cash equivalents at the beginning of the year | 2,830 | 3,820 |
| | <u>3,311</u> | <u>2,830</u> |
| Cash and cash equivalents at the end of the year | <u>3,311</u> | <u>2,830</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 as WPP plc holds more than 50% of the allotted shares in the company and prepares consolidated accounts which are publicly available.

A notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate more than half of the remaining allotted shares in the company, or 5% of the total allotted shares in the company.

Accounting convention

The accounts are prepared under the historical cost convention.

Going concern

The Company is a subsidiary of WPP plc. Its business activities are set out in the business review on page 2.

At 31 December 2014 the company had £3,311,000 of cash and net assets of £21,992,000. After reviewing cash flow forecasts, budgets and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors of the Company continue to adopt the going concern basis in preparing these financial statements.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service/product provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Exceptional items

Exceptional items relates to the write down, net of expenses, of the Fabric intercompany balance. Further details can be found in note 21.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected life, as follows:

| | |
|------------------------|--|
| Leasehold improvements | Over the period of the lease |
| Computer equipment | 33% on a straight-line basis per annum |
| Furniture and fixtures | Over the period of the lease |
| Computer software | 33% on a straight-line basis per annum |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies (continued)

Intangible assets

Research expenditure is expensed as incurred. Development expenditure is also expensed, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. This period is between three and five years.

Taxation

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the profit and loss account.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies (continued)

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises mainly outlays incurred on behalf of clients and work in progress under project arrangements. Provision is made for irrecoverable costs where appropriate.

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit/(loss) are attributable to advertising production.

All turnover arose from the principal activity of the business and originated in the United Kingdom.

3. Other operating expenses (net)

| | 2014 £'000 | 2013 £'000 |
|-------------------------------|---------------|---------------|
| Staff costs | 29,345 | 28,679 |
| Depreciation and amortisation | 3,721 | 3,195 |
| Establishment costs | 5,178 | 5,030 |
| Other administrative expenses | 3,406 | 4,905 |
| Exchange (gains) / losses | 3 | (45) |
| Finance and general | 635 | 880 |
| | <u>42,288</u> | <u>42,644</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

4. Finance charges (net)

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Interest payable and similar charges | | |
| Intercompany loan with WPP Finance Co. Limited | 624 | 486 |
| | <u>624</u> | <u>486</u> |
| Interest receivable and similar income | | |
| Intercompany loan with Hogarth Worldwide Inc | (369) | (313) |
| Other finance income | (6) | (7) |
| | <u>(375)</u> | <u>(320)</u> |
| Net finance charge | <u>249</u> | <u>166</u> |

5. Profit on ordinary activities before taxation

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before taxation is stated after charging | | |
| Depreciation of tangible fixed assets: | | |
| - owned | 2,975 | 2,762 |
| Amortisation of intangible fixed assets | 746 | 433 |
| Loss on disposal of fixed assets | 591 | 28 |
| Impairment of intangible assets | - | 479 |
| Fabric Write down | 403 | - |
| Research and development costs written off | - | 38 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 74 | 67 |
| Rental Income | (233) | (140) |
| Operating leases | | |
| - Land and buildings | 1,914 | 1,637 |
| - Other | 159 | 132 |

6. Staff costs

| | 2014 £'000 | 2013 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 23,715 | 21,431 |
| Social security costs | 2,720 | 2,612 |
| Pension costs | 387 | 167 |
| | <u>26,822</u> | <u>24,210</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

The average monthly number of persons employed by the Company (including directors) during the year was:

| | 2014 No. | 2013 No. |
|---------------------------------------|-------------|-------------|
| Account handling | 67 | 73 |
| Admin/finance | 43 | 45 |
| General management | 6 | 10 |
| Human resources and talent management | 12 | 10 |
| Information technology | 127 | 97 |
| New business/business development | 5 | 8 |
| Production traffic | 352 | 334 |
| | <u>612</u> | <u>577</u> |

7. Directors' remuneration

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Remuneration | | |
| The remuneration of the directors was as follows: | | |
| Emoluments | <u>1,320</u> | <u>1,320</u> |
| | <u>1,320</u> | <u>1,320</u> |

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

| | 2014 £'000 | 2013 £'000 |
|------------|---------------|---------------|
| Emoluments | <u>440</u> | <u>440</u> |

The number of directors who are members of defined benefit pension scheme/money purchase pension scheme was none (2013: none). The Company made pension contributions of £31,992 (2013: £67,228) for two Directors (2013: one Director).

There were no other transactions with directors other than Emoluments and pension contributions disclosed in this note.

The emoluments of Chris Sweetland, Paul Delaney, Jonathan Eggar and Andrew Scott are borne by other WPP group entities. The company did not receive any charges for their services provided in either year.

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

8. Tax on profit on ordinary activities

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Analysis of tax in year | | |
| <i>Current tax</i> | | |
| UK corporation tax | 1,124 | 3,103 |
| Adjustments in respect of previous periods | 366 | (213) |
| Total current tax | <u>1,490</u> | <u>2,890</u> |
| <i>Deferred tax</i> | | |
| Current year | (237) | (58) |
| Prior year | 104 | (219) |
| Total tax for year | <u>1,357</u> | <u>2,613</u> |

8. Tax on profit on ordinary activities (continued)

Factors affecting taxation in year

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 3,144 | 12,726 |
| Tax charge on profit on ordinary activities at blended rate (21.5 %) (2013: 23.25%) | 676 | 2,959 |
| Factors affecting the charge in the year: | | |
| Depreciation in excess of capital allowances | 200 | 68 |
| Expenses not deductible for tax purposes | 248 | 76 |
| Prior year adjustment | 366 | (213) |
| Total actual amount of current tax | <u>1,490</u> | <u>2,890</u> |

The tax effect of timing differences on assets/liabilities due to:

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Excess of tax allowance over depreciation | (133) | (277) |
| | <u>(133)</u> | <u>(277)</u> |
| Credited to the profit and loss account in respect of deferred taxation and trading losses | (133) | (277) |
| | <u>(133)</u> | <u>(277)</u> |
| Amount falling due after more than one year | - | - |
| Total tax charge | <u>1,357</u> | <u>2,613</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

A deferred tax asset of £613,000 (31 December 2013: £480,000) has been recognised in respect of capital allowance in excess of depreciation as it is likely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

9 Intangible fixed assets – development costs

| | Total £'000 |
|-----------------------|------------------------|
| Cost | |
| At 1 January 2014 | 2,816 |
| Reclassifications | 123 |
| Additions | 2,118 |
| Disposals | (370) |
| At 31 December 2014 | <u>4,687</u> |
| Depreciation | |
| At 1 January 2014 | 1,260 |
| Charge for the year | 746 |
| At 31 December 2014 | <u>2,006</u> |
| Net book value | |
| At 31 December 2014 | <u>2,681</u> |
| At 31 December 2013 | <u>1,556</u> |

Development costs have been capitalised in accordance with SSAP 13 Accounting for research and development and are therefore not treated, for dividend purposes, as a realised loss.

The costs related to the development of FIDO2, the global digital asset management system. FIDO2 went live in March 2013, with costs subject to amortisation over three years.

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

10. Tangible fixed assets

| Company | Computer equipment £'000 | Computer software £'000 | Furniture and fixtures £'000 | Leasehold improvements £'000 | Total £'000 |
|-----------------------|--------------------------------|-------------------------------|---------------------------------------|------------------------------------|----------------|
| Cost | | | | | |
| At 1 January 2014 | 7,289 | 2,859 | 1,131 | 3,389 | 14,668 |
| Reclassifications | (12) | (164) | (27) | 80 | (123) |
| Additions | 1,121 | 929 | 146 | 445 | 2,641 |
| Disposals | (4) | (197) | - | (41) | (242) |
| At 31 December 2014 | <u>8,394</u> | <u>3,427</u> | <u>1,250</u> | <u>3,873</u> | <u>16,944</u> |
| Depreciation | | | | | |
| At 1 January 2014 | 4,576 | 1,911 | 516 | 845 | 7,849 |
| Charge for the year | 1,762 | 525 | 210 | 477 | 2,975 |
| Disposals | (2) | (19) | - | - | (21) |
| At 31 December 2014 | <u>6,337</u> | <u>2,416</u> | <u>727</u> | <u>1,322</u> | <u>10,801</u> |
| Net book value | | | | | |
| At 31 December 2014 | <u>2,058</u> | <u>1,010</u> | <u>524</u> | <u>2,550</u> | <u>6,141</u> |
| At 31 December 2013 | <u>2,713</u> | <u>948</u> | <u>615</u> | <u>2,544</u> | <u>6,821</u> |

The directors have considered the value of fixed assets and are satisfied that the aggregate value of those assets at 31 December 2014 was not less than the aggregate amount at which they are stated in these accounts.

11. Fixed asset investments

| | Subsidiary undertakings £'000 |
|--|-------------------------------------|
| Cost | |
| At 1 January 2014 | 1,531 |
| Additions | 100 |
| At 31 December 2014 | <u>1,631</u> |
| Provision for impairment | |
| At 1 January 2014 and 31 December 2014 | - |
| Net book value | |
| At 31 December 2014 | <u>1,631</u> |
| At 31 December 2013 | <u>1,531</u> |

The £100k investment in 2014 relates to the establishment of Hogarth Worldwide SDN.BHD in Kuala Lumpur.

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

Principal investments

The parent Company has shares in the following subsidiary undertakings.

| Country of incorporation | or principal business address | Principal activity | Holding |
|--|--|--------------------|--|
| | 164 Shaftesbury Avenue, London WC2H 8HL | Dormant | 700 shares of the £1.00 ordinary stock |
| | 164 Shaftesbury Avenue, London WC2H 8HL | Dormant | 510 shares of the £1.00 ordinary stock |
| Hogarth Worldwide (Hong Kong) Limited | 26 th Floor, The Center, London WC2H 8HL | Marketing | 1 Share of the HKD1.00 ordinary stock |
| Hogarth Worldwide de México, S.R.L. de C.V. | Bvd. Manuel Avila Camacho 176 – 4 ^o Floor, Mexico City | Marketing | 2,999 shares of the MXP 1.00 ordinary stock |
| Hogarth Worldwide plc, Limited | 50 Scotts Road, 02-01, Singapore (228242) | Marketing | 2 shares of the SGD\$ 1.00 ordinary stock |
| Hogarth Worldwide Incorporated | 230 Park Avenue South, 1 st Floor New York, USA | Implementation | 1 share of \$1 in the common stock |
| Native Limited | 164 Shaftesbury Avenue, London WC2H 8HL | Dormant | 760 shares of the £1.00 ordinary stock |
| Act Two Ltd | 164 Shaftesbury Avenue, London WC2H 8HL | Marketing | 107,500 shares of the ordinary stock |
| Hogarth Argentina S.A. | London WC2H 8HL | Implementation | GBP £0.01 ordinary stock |
| | Arevalo 1880 C1414CQL, Buenos Aires Argentina | Marketing | 90,000 shares of the AES1.00 ordinary stock |
| Hogarth Worldwide GmbH | Darmstädter Landstr. 112 60598 Frankfurt am Main Germany | Marketing | 100% of the EUR 82,000 ordinary stock |
| Hogarth (Shanghai) image and video design and production Co., Ltd. | Units 07-08, 10 th Floor, The Center, 989 Chang Le Road, Shanghai 200031, China | Marketing | 100% of the USD 300,000 capital |
| Hogarth Worldwide Publicidade Brasil Ltda | | Marketing | 594,990 shares of the 601,000 ordinary stock |
| Hogarth Worldwide SDN. BHD | Level 15 Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur | Implementation | 499,998 shares of the RM1.00 ordinary stock |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

12. Debtors

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 8,039 | 6,107 |
| Amounts owed by Group undertakings | 19,658 | 15,244 |
| Due from Related Companies | 9,611 | 6,390 |
| Other debtors | 93 | 240 |
| Prepayments and accrued income | 4,433 | 6,664 |
| Deferred tax | 557 | 480 |
| Called up share capital not paid | 46 | 46 |
| | <u>42,437</u> | <u>35,173</u> |

Amounts owed by Group companies can be broken down as follows:

| Group Company | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Act Two Limited | - | 20 |
| AKQA Ltd | 6 | - |
| Atlas Advertising Ltd | 1 | - |
| Bassat Ogilvy And Mather Madrid SA | 12 | - |
| Burson-Marsteller (a Division of Young and Rubicam Group Ltd) | - | 1 |
| Cohn & Wolfe, a division of Y&R Group Ltd | - | 8 |
| Cortex Worldwide Ltd | 826 | - |
| Fabric Worldwide Ltd | 450 | - |
| G2 Grey Ukraine | - | 1 |
| G2 London Limited | - | 113 |
| Geometry Global Advertising LLC | 5 | - |
| Geometry Global Benelux NV | 1 | - |
| Geometry Global SAS | 1 | - |
| GMT+0 Limited | 52 | - |
| Grey Advertising Limited | 1,401 | 1,265 |
| Grey Communications Group Ltd | 6 | 7 |
| GREY GLOBAL GROUP INC | - | 2 |
| Grey Worldwide GmbH | 0 | 1 |
| Grey Worldwide Warszawa Sp. z o.o | 1 | - |
| Group Activation Ltd | 417 | 149 |
| Hogarth (Shanghai) image and video design and production Co., Ltd. | 576 | 498 |
| Hogarth Argentina S.A. | - | 43 |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | |
|--|-------|-------|
| Hogarth Worldwide (Hong Kong) Ltd | 436 | 453 |
| Hogarth Worldwide (Pty) Limited | 568 | - |
| Hogarth Worldwide De Mexico S. de R.L. de C.V. | 147 | 66 |
| Hogarth Worldwide GmbH | 256 | 357 |
| Hogarth Worldwide Inc | 9,085 | 6,482 |
| Hogarth Worldwide PTE Ltd (Singapore) | 183 | 66 |
| Hogarth Worldwide Publicidade Brasil Ltda | 48 | 159 |
| Hogarth Worldwide S.R.L | 1,594 | 638 |
| Initiativ Nya Grey Ogilvy INGO AB | 4 | - |
| J Walter Thomson Italia S.p.A | - | 2 |
| J. Walter Thompson Company | 1 | 0 |
| J. Walter Thompson Group Limited | 810 | 925 |
| J. Walter Thompson Company Ltd | 4 | 1 |
| JWT L.L.C | 63 | 13 |
| Lambie-Nairn & Company Ltd | 9 | - |
| MediaCom Holdings Limited | 243 | - |
| MediaCom LLC | 17 | - |
| Mediaedge:Cia UK Ltd | 154 | 259 |
| Memac Ogilvy & Mather LLC | 19 | - |
| Memac Ogilvy Algerie SARL | 4 | - |
| Mindshare Media UK Limited | - | 12 |
| Ogilvy & Mather Gesellschaft mbH | 10 | - |
| Ogilvy & Mather Group (Holdings) Limited. | 559 | 1,669 |
| Ogilvy & Mather LLC | - | 133 |
| Ogilvy & Mather Ltd | 4 | - |
| Ogilvy & Mather Portugal Publicidade Unipessoal, Lda | 5 | 1 |
| Ogilvy & Mather Private Ltd | 2 | 3 |
| Ogilvy & Mather S.p.A | 1 | 4 |
| Ogilvy Action SP. Z.O.O. | 3 | 2 |
| Ogilvy Advertising Ltd | 234 | 371 |
| Ogilvy Brand Center GmbH | 1 | 1 |
| Ogilvy Group (Nederland) BV | 16 | 1 |
| Ogilvy Group SA | 2 | - |
| Ogilvy Primary Contact Ltd | 69 | - |
| Pointblank Productions Ltd | 7 | 2 |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | |
|---|---------------|---------------|
| Possible LLC | 12 | - |
| Possible Worldwide Ltd | 80 | 109 |
| RKCR Y&R a division of Young and Rubicam Group Ltd | 497 | 344 |
| SC Ogilvy & Mather Advertising SRL | 201 | 0 |
| Soho Square (Advertising) Ltd | 2 | 17 |
| Sudler & Hennessey Ltd | - | 20 |
| VML London Ltd | 1 | 15 |
| WPP 2005 Ltd | 14 | 12 |
| Wunderman (a Division of Young and Rubicam Group Ltd) | 76 | 884 |
| Wunderman Polska Sp z o.o | 1 | - |
| Wunderman SAS | (0) | 1 |
| Y&R Hong Kong | - | 1 |
| Y&R New York Inc | 1 | (0) |
| Young & Rubicam France Ltd | 349 | 42 |
| Young & Rubicam GmbH | (8) | 12 |
| Young & Rubicam Praha s.r.o. | 118 | 59 |
| Young & Rubicam Roma SRL | - | 1 |
| | <u>19,658</u> | <u>15,244</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

13. Creditors: amounts falling due within one year

| | 2014 £'000 | 2013 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 2,186 | 1,937 |
| Amounts owed to Group undertakings | 4,858 | 5,803 |
| Due to Related Companies | 2,709 | - |
| Other creditors | 9 | 75 |
| Taxation and social security | 3,954 | 3,471 |
| Accruals and deferred income | 7,147 | 7,119 |
| | <u>20,949</u> | <u>18,405</u> |

Amounts owed to Group companies as at 31 December 2014 can be broken down as follows:

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Act Two Limited | 34 | 75 |
| Blue Hive Shanghai Advertising Co Ltd | 9 | - |
| Deliver LLC | 15 | - |
| Global 313 GmbH | 2 | - |
| Graphicpeople Limited | 248 | 141 |
| Grey Advertising Limited | 139 | 217 |
| Grey Communications Group Ltd | - | 117 |
| Group Activation Ltd | 152 | - |
| Hogarth (Shanghai) image and video design and production Co., Ltd. | 5 | - |
| Hogarth Argentina S.A. | 10 | - |
| Hogarth Worldwide (Hong Kong) Ltd | 56 | 64 |
| Hogarth Worldwide (Pty) Limited | 128 | - |
| Hogarth Worldwide De Mexico S. de R.L. de C.V. | 8 | 172 |
| Hogarth Worldwide GmbH | 5 | 36 |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | |
|---|------|-------|
| Hogarth Worldwide Inc | 217 | 252 |
| Hogarth Worldwide PTE Ltd (Singapore) | 623 | 513 |
| Hogarth Worldwide Publicidade Brasil Ltda | 89 | - |
| Hogarth Worldwide S.R.L | 233 | 62 |
| J. Walter Thompson Group Limited | 575 | 572 |
| JWT L.L.C | 58 | 53 |
| MediaCom Holdings Limited | 27 | - |
| Mediaedge:Cia UK Ltd | 57 | 72 |
| Ogilvy & Mather Germany Gmbh | 81 | 86 |
| Ogilvy & Mather Group (Holdings) Limited. | 403 | 1,323 |
| Ogilvy Advertising Ltd | | 92 |
| Ogilvy & Mather LLC | 85 | - |
| Ogilvy Russia | 14 | - |
| Quasar Media PVT LTD | 6 | 58 |
| RKCR Y&R a division of Young and Rubicam Group Ltd | 286 | 456 |
| Sprint Productions SRL | 6 | 2 |
| The Brand Union (Proprietary) Ltd | 142 | 78 |
| WPP 2005 Ltd | 419 | 588 |
| WPP Group (UK) Ltd | 285 | 60 |
| WPP Group USA Inc | (11) | 5 |
| WTMS Ltd | 171 | 144 |
| Wunderman (a Division of Young and Rubicam Group Ltd) | 53 | 300 |
| Wunderman Helsinki OY | 7 | 37 |
| Y&R BRANDS COLOMBIA | 15 | - |
| Y&R New York Inc | 137 | 43 |
| Young & Rubicam Brands Ltda. | - | 57 |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | |
|------------------------------|--------------|--------------|
| Young & Rubicam Praha s.r.o. | 70 | 122 |
| Young and Rubicam Europe Ltd | - | 4 |
| | <u>4,858</u> | <u>5,803</u> |

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

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Intercompany loan with WPP Finance Co. Ltd | 13,677 | 8,583 |
| Creditors amounts falling due after more than one year | <u>13,677</u> | <u>8,583</u> |

Borrowings are repayable as follows:

| | 2014 £'000 | 2013 £'000 |
|---------------------------|---------------|---------------|
| Intercompany loans | | |
| One - two years | 13,677 | 8,583 |
| | <u>13,677</u> | <u>8,583</u> |

The intercompany loan repayable to WPP Finance Co. Ltd. is a credit facility with WPP, expiring in 2016. Interest at 5.0% per annum above the Bank of England Base Rate is charged on a monthly basis on the outstanding balance.

15. Called up share capital

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Authorised, called up, allotted and fully paid 13,126 (2013: 13,126) ordinary shares of £0.10 each | <u>1</u> | <u>1</u> |
| Share premium account Share premium | <u>6,132</u> | <u>6,122</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

16. Reserves

| | Share premium account £'000 | Share capital account £'000 | Profit and loss account £'000 | Total £'000 |
|-------------------------------|--------------------------------------|--------------------------------------|--|----------------|
| At 1 January 2014 | 6,122 | 1 | 15,037 | 21,160 |
| Profit for the financial year | - | - | 1,787 | 1,787 |
| Share premium paid in | 10 | - | - | 10 |
| Dividends paid | - | - | (965) | (965) |
| At 31 December 2014 | <u>6,132</u> | <u>1</u> | <u>15,859</u> | <u>21,992</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

17. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

| | 2014 £'000 | 2013 £'000 |
|------------------------------|---------------|---------------|
| Land and buildings | | |
| Expiring: | | |
| - between two and five years | 948 | 953 |
| - after five years | 966 | 966 |
| | <u>1,914</u> | <u>1,919</u> |
| Other | | |
| Expiring: | | |
| - between two and five years | 151 | 129 |
| | <u>151</u> | <u>129</u> |

18. Analysis and reconciliation of net debt

| | 1 January 2014 £'000 | Cash flow £'000 | 31 December 2014 £'000 |
|--------------------------|----------------------------|--------------------|------------------------------|
| Cash at Bank and in hand | 2,830 | 481 | 3,311 |
| | <u>2,830</u> | <u>481</u> | <u>3,311</u> |
| Debt due after 1 year | (8,583) | (5,094) | (13,677) |
| | <u>(8,583)</u> | <u>(5,094)</u> | <u>(13,677)</u> |
| Net debt | <u>(5,753)</u> | <u>(4,612)</u> | <u>(10,366)</u> |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Increase/(decrease) in cash in the year | 481 | (990) |
| Cash inflow from increase in debt | (5,094) | 1,739 |
| Change in net debt resulting from cash flows | (4,612) | 749 |
| Movement in net debt in year | (4,612) | 749 |
| Net debt at 1 January | (5,753) | (6,502) |
| Net debt at 31 December | (10,366) | (5,753) |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

19. Related party transactions

| WPP subsidiary | Service value received | Service value provided | Service value received | Service value provided | Management services | Management services |
|--|------------------------|------------------------|------------------------|------------------------|---------------------|---------------------|
| | 2014 £'000 | 2014 £'000 | 2013 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Acao Producoes e Eléctronicas Ltda (T/A Y&R Brazil) | 0 | - | 7 | - | - | - |
| Act Two Limited | - | 279 | - | 180 | - | - |
| Actis Wunderman | 5 | - | 7 | - | - | - |
| AKQA Ltd | - | 5 | - | 3 | - | - |
| Atlas Advertising Ltd | - | 1 | - | - | - | - |
| Atletico International Advertising S.L | - | - | - | 4 | - | - |
| Bassat Ogilvy Mather Madrid SA | - | - | - | 10 | - | - |
| BDG Architecture + Design | 15 | - | - | - | - | - |
| Blue Hive | 1 | - | - | - | - | - |
| Blue Hive GmbH | - | 23 | - | - | - | - |
| Blue Hive Shanghai Advertising Co Ltd | 9 | - | 42 | - | - | - |
| Brand Union Ltd | - | 1 | - | - | - | - |
| Burson-Marsteller (a Division of Young and Rubicam Group Ltd) | - | - | - | 1 | - | - |
| Cohn & Wolfe, a division of Y&R Group Ltd | - | - | - | 6 | - | - |
| Coley Porter Bell | - | 3 | - | - | - | - |
| Dialogue | - | 276 | - | - | - | - |
| G2 Branding & Design | - | - | - | 7 | - | - |
| G2 Grey Ukraine | - | - | - | 1 | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|--|-------|-------|-------|-------|-----|-----|
| G2 United Kingdom Limited (T/A G2) | - | 18 | 9 | 167 | - | 1 |
| Geometry Global (UK) Limited | 120 | 2,048 | - | - | 139 | - |
| Geometry Global Advertising LLC | - | 5 | - | - | - | - |
| Geometry Global Benelux NV | - | 1 | - | - | - | - |
| Geometry Global SAS | - | 1 | - | - | - | - |
| Global 313 GmbH | 2 | 11 | 71 | - | - | - |
| GMT+0 Limited | - | 43 | - | - | - | - |
| Graphicpeople Limited | 818 | - | 338 | - | - | - |
| Grey Advertising Hong Kong Limited | - | 0 | - | - | - | - |
| Grey Advertising Ltd | 1,446 | - | 1,589 | 7,623 | 723 | 834 |
| Grey CIS Werbeagentur GmbH (Moscow) | - | 4 | - | 6 | - | - |
| Grey Communications Group Ltd | 59 | 47 | 95 | 46 | - | - |
| Grey Dusseldorf GmbH | - | 43 | - | - | - | - |
| Grey Düsseldorf GmbH | - | - | - | 84 | - | - |
| Grey Espana SLU | - | - | - | 8 | - | - |
| Grey Euroclearing | - | 6 | - | - | - | - |
| Grey Group | - | - | - | 32 | - | - |
| Grey London | - | 7,034 | - | - | - | - |
| Grey London Barcelona S.L.U | - | - | - | 1 | - | - |
| Grey New York | - | 36 | - | 5 | - | - |
| Grey Paris | 3 | - | 3 | 5 | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---|-----|-----|-----|-----|---|---|
| Grey Worldwide GmbH | 4 | - | - | 34 | - | - |
| Grey Worldwide Italia Srl | - | 3 | - | - | - | - |
| Grey Worldwide SDN BHD | - | - | - | 1 | - | - |
| Grey Worldwide Warszawa Sp. z o.o | - | 1 | - | 1 | - | - |
| GreyPOSSIBLE Amsterdam B.V | - | 1 | - | - | - | - |
| Group Activation | - | - | - | 198 | - | - |
| Group Activation Ltd | - | 277 | - | - | - | - |
| Hogarth Shanghai | - | - | - | 498 | - | - |
| Hogarth South Africa | - | 367 | - | - | - | - |
| Hogarth Worldwide (De Mexico) SRL de CV | - | - | - | 46 | - | - |
| Hogarth Worldwide (Hong Kong) Limited | - | 11 | 3 | - | - | - |
| Hogarth Worldwide (Hong Kong) Ltd | 37 | - | - | - | - | - |
| Hogarth Worldwide (Shanghai) | 5 | - | - | - | - | - |
| Hogarth Worldwide De Mexico S DE RL | 201 | - | - | - | - | - |
| Hogarth Worldwide De Mexico S. de | - | - | 173 | 149 | - | - |
| Hogarth Worldwide De Mexico S. de R.L. de C.V. | - | 168 | - | - | - | - |
| Hogarth Worldwide GmbH | 33 | 281 | 36 | 4 | - | - |
| Hogarth Worldwide Inc | 374 | 365 | 454 | 499 | - | - |
| Hogarth Worldwide Pte Ltd (Singapore) | 587 | 116 | 833 | 210 | - | - |
| Hogarth Worldwide Publicidade Brasil Ltda | 89 | - | - | - | - | - |
| Hogarth Worldwide S.R.L | 170 | 953 | 162 | 255 | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---|-------|-------|-------|-------|-----|-----|
| Hogarth Worlwide Argentina S.A. | 10 | - | - | - | - | - |
| Initiativ Nya Grey Ogilvy INGO AB | - | 14 | - | 16 | - | - |
| J Walter Thompson Company Ltd | 1,019 | 2,857 | - | - | - | - |
| J Walter Thompson Italia S.p.A | - | - | - | 2 | - | - |
| J. Walter Thompson Company (New York) | - | 1 | - | 1 | - | - |
| J. Walter Thompson GmbH | - | - | - | 23 | - | - |
| J. Walter Thompson Group Limited | - | - | 1,374 | 3,553 | 519 | 689 |
| J.Walter Thompson Company Ltd | - | 15 | - | 171 | - | - |
| Johannes Leonardo | - | - | - | 15 | - | - |
| JWT Delvico S.L | - | - | - | 8 | - | - |
| JWT LLC | 156 | 46 | 53 | 13 | 46 | - |
| JWT Mobile Marketing Limited | - | - | 1 | - | - | - |
| JWT Netherlands International | - | - | - | 53 | - | - |
| Lambie-Nairn & Company Ltd | - | 105 | - | - | - | - |
| Mather Communications | - | - | - | 3 | - | - |
| MediaCom Holdings Limited | 23 | 477 | - | 23 | - | - |
| MediaCom LLC | - | 17 | - | - | - | - |
| MediaEdge:CIA UK Ltd | 72 | 592 | 2 | 663 | 34 | 57 |
| Memac Ogilvy Algerie SARL | - | 4 | - | - | - | - |
| Mindshare Media UK Limited | - | - | - | 1 | - | - |
| Ogilvy & Mather (Hong Kong) Private Ltd | - | 1 | - | - | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---|-----|-------|-----|-------|-----|-----|
| OGILVY & MATHER (SYDNEY) PTY LTD | 7 | - | 66 | - | - | - |
| Ogilvy & Mather Advertising Sp. z o.o. | - | 6 | - | - | - | - |
| Ogilvy & Mather Advertising SRL | - | - | 33 | 1 | - | - |
| Ogilvy & Mather AG | - | 27 | - | 12 | - | - |
| Ogilvy & Mather Germany Gmbh | - | - | 281 | - | - | - |
| Ogilvy & Mather Ges.m.b.h. | - | - | - | 2 | - | - |
| Ogilvy & Mather Gesellschaft GmbH | - | 17 | - | - | - | - |
| Ogilvy & Mather Gesellschaft mbH | - | - | - | 6 | - | - |
| Ogilvy & Mather Group (Holdings) Limited | 870 | 3,074 | 735 | 5,222 | 404 | 429 |
| Ogilvy & Mather Ltd | - | 11 | - | 3 | - | - |
| Ogilvy & Mather Portugal Publicidade Unipessoal, Lda | - | 11 | - | 11 | - | - |
| Ogilvy & Mather Private Limited | - | 18 | - | 28 | - | - |
| Ogilvy & Mather Publicidad Madrid SA | - | 34 | - | - | - | - |
| Ogilvy & Mather S.p.A | - | 6 | - | 4 | - | - |
| Ogilvy & Mather S.p.A Divisone Blue Hive | - | 2 | - | - | - | - |
| Ogilvy & Mather spol Sro | - | 2 | - | 4 | - | - |
| Ogilvy & Mather UK | - | 114 | - | - | - | - |
| Ogilvy Action Sp. z o. o | - | 5 | - | 15 | - | - |
| Ogilvy Advertising Ltd | 1 | 6 | - | 68 | - | - |
| Ogilvy and Mather Reklamcilik AS | - | 3 | - | - | - | - |
| Ogilvy Brand Center GmbH | - | - | - | 44 | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---|-----|-----|----|-----|---|---|
| Ogilvy et Mather SAS | - | 2 | - | - | - | - |
| Ogilvy Groep (Nederland) BV | - | 67 | - | 14 | - | - |
| Ogilvy Group NV/SA | - | 6 | - | - | - | - |
| Ogilvy Group SA | - | 26 | - | 14 | - | - |
| Ogilvy Group Zrt | - | 2 | - | 5 | - | - |
| Ogilvy Mather Madrid SA | - | - | - | 4 | - | - |
| Ogilvy Miami | - | 6 | - | - | - | - |
| Ogilvy New York | 391 | - | - | 133 | - | - |
| Ogilvy Primary Contact Ltd | - | 203 | - | - | - | - |
| Ogilvy Public Relations GmbH | - | 1 | - | - | - | - |
| Ogilvy South Africa (PTY) Ltd | 21 | - | - | - | - | - |
| Ogilvy& Mather (Hong Kong) Private Ltd | - | 23 | - | - | - | - |
| OgilvyOne Worldwide | - | 711 | - | - | - | - |
| Pointblank Productions Ltd | - | 54 | - | 13 | - | - |
| Possible Worldwide Ltd | - | 169 | - | 134 | - | - |
| Public Relations and International Sports Marketing Ltd | - | - | - | 2 | - | - |
| Quasar Media PVT LTD | 78 | - | 64 | - | - | - |
| Redworks (Indonesia) | 2 | - | - | - | - | - |
| Redworks GmbH | - | 2 | - | 1 | - | - |
| Redworks Hong Kong | 19 | - | 33 | - | - | - |
| Redworks Limited | - | 26 | - | - | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---|-----|-------|-----|-------|-----|-----|
| RKCR Young and Rubicam, a division of Young and Rubicam Group Limited | - | 3,341 | 884 | 4,458 | 495 | 763 |
| SC Ogilvy & Mather Advertising SRL | - | 205 | - | 1 | - | - |
| Soho Square (Advertising) Ltd | - | 18 | - | 14 | - | - |
| Sprint Productions SRL | 6 | - | 6 | - | - | - |
| Studiocom | 82 | - | - | - | - | - |
| Sudler & Hennessey | - | 54 | - | - | - | - |
| Team Detroit Inc | - | 39 | - | 49 | - | - |
| The Blue Hive (Part of Ogilvy) | - | 104 | - | - | - | - |
| The Brand Union Dubai | 713 | - | 225 | - | - | - |
| The Farm Post Production Limited | 0 | - | 5 | - | - | - |
| Transart | - | 17 | - | - | - | - |
| VML London Ltd | - | 23 | - | 1 | - | - |
| Wildfire Word of Mouth Ltd | - | 6 | - | 19 | - | - |
| WPP 2005 Ltd | 440 | 72 | 569 | 32 | - | - |
| WPP Deliver LLC | - | - | 16 | - | - | - |
| WPP Group (UK) Ltd | 646 | - | 182 | - | - | - |
| WPP Group USA Inc | 6 | - | 6 | - | - | - |
| WTMS Ltd | 485 | - | 463 | - | - | - |
| Wunderman (a Division of Young and Rubicam Group Ltd) | 134 | 456 | 250 | 2,455 | - | - |
| Wunderman A/S | - | 1 | - | - | - | - |
| Wunderman Australia | - | 2 | - | - | - | - |

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

| | | | | | | |
|---------------------------------------|---------------|---------------|--------------|---------------|--------------|--------------|
| Wunderman EMEA | - | 962 | - | - | - | - |
| Wunderman Helsinki (IMFIYR) | 87 | - | - | - | - | - |
| Wunderman Polska Sp z o.o | - | 1 | - | - | - | - |
| Wunderman SAS | - | - | 92 | 3 | - | - |
| Wunderman, Young and Rubicam Group NV | - | 2 | - | - | - | - |
| Xaxis Digital Ltd | - | - | - | 2 | - | - |
| Y&R Advertising HQ | - | 9 | - | - | - | - |
| Y&R Hong Kong | - | - | - | 4 | - | - |
| Y&R New York | 87 | - | - | - | - | - |
| Y&R Praha s.r.o | 68 | - | - | - | - | - |
| Y&R RKCR Ltd | 1,036 | - | - | - | - | - |
| Young & Rubicam France | - | 1,296 | - | 1,143 | - | - |
| Young & Rubicam GmbH | - | 3 | - | 18 | - | - |
| Young & Rubicam Praha s.r.o. | - | 1,067 | - | 1,069 | - | - |
| Young & Rubicam Roma SRL | - | - | - | 1 | - | - |
| Young & Rubicam SA (Pty) Ltd | - | 3 | - | 6 | - | - |
| Young and Rubicam Europe Ltd | - | 9 | - | 2 | - | - |
| Young and Rubicam Inc | - | 1 | - | - | - | - |
| | <u>10,441</u> | <u>28,882</u> | <u>9,162</u> | <u>29,646</u> | <u>2,359</u> | <u>2,773</u> |

WPP 2005 Limited, a fellow WPP plc subsidiary held leases relating to the Ground, 1st, 2nd, 4th, 5th and 6th floors of the property occupied by the Company at 164 Shaftesbury Avenue, London WC2H 8HL. The Company made all payments relating to these leases in the period, to the value of £846,094 (2013: £795,556). No amounts were outstanding at the year-end in relation to this.

Hogarth Worldwide Limited

Notes to the financial statements Year ended 31 December 2014

During the prior year the Company received loan financing from WPP Finance Co. Limited, a fellow WPP plc subsidiary. Amounts owed to WPP Finance Co. Limited are disclosed in note 14. The interest payable on the loan balances during the year was £624,145 (2013: £486,342).

Amounts owed to and from related parties are disclosed in notes 12 and 13.

20. Subsequent events

Subsequent to the balance sheet date, Hogarth Worldwide Limited and Deluxe Broadcast Services Limited signed a Share Purchase Agreement whereby Hogarth Worldwide Limited will acquire Deluxe Broadcast Services Limited's shares in Zonza Limited. This agreement was signed on 7th March 2016, and when the transaction completes in accordance with the agreement, Hogarth Worldwide Limited will own 100% of the share capital of Zonza Limited.

21. Exceptional items

| | 2014 £'000 | 2013 £'000 |
|-------------------------------------|---------------|---------------|
| Licence Fee Income | - | 9,232 |
| Zonza Platform receivable write-off | - | (479) |
| Fabric Write Down | 403 | - |
| Legal Fees | - | (370) |
| | <u>403</u> | <u>8,474</u> |

On 1 July 2013 Hogarth Worldwide Limited sold a perpetual Zonza Platform licence to Zonza Ltd for \$15,000,000 (£9,232,000). Income from the transaction is presented in exceptional items net of transaction costs.

22. Ultimate parent and controlling parent undertaking

The directors regard WPP Group (UK) Limited, a company incorporated in The United Kingdom and registered in England and Wales, as the immediate parent company and WPP plc, a Company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is Lexington International BV, registered in the Netherlands.

Copies of the financial statements of WPP plc are available at www.wpp.com. Copies of the financial statements of Lexington International BV can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London W1J 5RJ, UK.