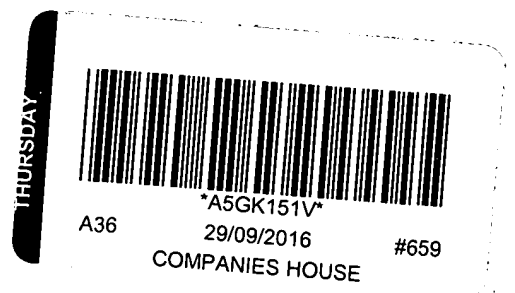


Company Registration No. 06872427

Hogarth Worldwide Limited

Annual Report and Financial Statements

For the year ended 31st December 2015



Hogarth Worldwide Limited

Annual Report and financial statements 2015

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Hogarth Worldwide Limited

Annual Report and financial statements 2015

Officers and professional advisers

Directors

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

Company 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
United Kingdom

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 £69,850,000 to £80,640,000 as revenues from new clients came on stream and revenue from existing clients grew. Loss before tax for the year was £4,275,000 (2014 Profit £3,144,000). Net assets decreased from £21,992,000 to £18,619,000 as the company continues to grow. During the year the business had exceptional costs of £7,829,000 details of which can be found in note 18.

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.

Going concern

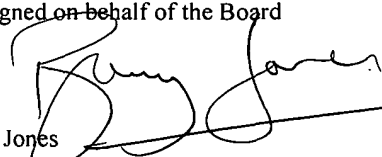
At 31 December 2015 the company had £2,582,000 of cash and net assets of £18,619,000.

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.

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

28th Sep 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 2015 the company spent £13,909 (2014: £1,494) 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 (resigned 27/07/2015)
Andrew Payne (appointed 27/07/2015)
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 loss before tax for the year was £4,275,000 (2014: profit of £3,144,000). The directors recommended no dividend be paid for the year ended 31 December 2015 (2014: £965,000).

Future prospects and subsequent events

The directors can report that the trend of revenue growth experienced in 2014 has continued into 2015, driven by growth in the UK business augmented by new subsidiaries openings around the world. Subsequent events have been disclosed in note 19.

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.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled while in the company's employment, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company magazine/Newsletter and intranet sharepoint. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Hogarth Worldwide Limited

Directors' report

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.

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

28th Sep 2016

Hogarth Worldwide Limited

Directors' Responsibility Statement

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2015 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

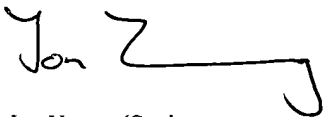
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

28 September 2016

Hogarth Worldwide Limited

Income Statement For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	80,640	69,850
Cost of sales		<u>(31,196)</u>	<u>(23,766)</u>
Gross profit		49,444	46,084
Administrative expenses	3	(5,310)	(3,406)
Other operating expenses (net)	3	(40,261)	(38,882)
Exceptional items	18	<u>(7,829)</u>	<u>(403)</u>
Operating Loss		(3,956)	3,393
Finance charges (net)	4	<u>(319)</u>	<u>(249)</u>
Loss on ordinary activities before taxation	5	(4,275)	3,144
Tax charge on (loss)/profit on ordinary activities	8	<u>901</u>	<u>(1,357)</u>
Profit after taxation for the financial year being retained profit carried forward		<u>(3,374)</u>	<u>1,787</u>

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 other comprehensive income is presented.

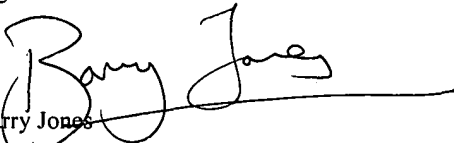
Hogarth Worldwide Limited

Balance Sheet As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	11	1,634	1,631
Intangible fixed assets	9	1,917	2,681
Tangible fixed assets	10	4,060	6,141
		<u>7,611</u>	<u>10,453</u>
Current assets			
Cash at bank and in hand		2,582	3,311
Work in progress		161	417
Debtors: amounts falling due within one year	12	42,617	42,437
		<u>45,360</u>	<u>46,165</u>
Creditors: amounts falling due within one year	13	<u>(17,787)</u>	<u>(20,949)</u>
Net current assets		<u>27,573</u>	<u>25,216</u>
Total assets less current liabilities		<u>35,184</u>	<u>35,669</u>
Creditors: amounts falling due after more than one year	14	<u>(16,566)</u>	<u>(13,677)</u>
Net assets		<u>18,618</u>	<u>21,992</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	15	6,132	6,132
Profit and loss account		12,485	15,859
Total shareholders' funds		<u>18,618</u>	<u>21,992</u>

The financial statements of Hogarth Worldwide Limited, registered number 06872427 were approved by the Board of Directors on 28th Sep 2016.

Signed on behalf of the Board of Directors


Barry Jones
Director

Hogarth Worldwide Limited

Statement of changes in equity Year ended 31 December 2015

	Notes	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2014		1	6,122	15,037	21,160
As restated		1	6,122	15,037	21,160
Profit for the period ended December 2014				1,787	1,787
Total comprehensive income for the period		-	-	1,787	1,787
Issue of share capital	15		10		10
Dividends	15			(965)	(965)
Balance at 31 December 2014		1	6,132	15,859	21,992
Profit for the year ended December 2015				(3,374)	(3,374)
Total comprehensive income for the period		-	-	(3,374)	(3,374)
Balance at 31 December 2015		1	6,132	12,485	18,618

Dividends paid in 2014 amounts to £76.17 per share.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

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 financial statements 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.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, financial instrument disclosures, standards not yet effective and related party transactions. Where required, the equivalent disclosures are given in the group accounts of WPP plc whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 21.

The financial statements have been prepared under the historical cost convention.

The Company is domiciled and has been incorporated in the United Kingdom. The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Changes in Accounting policies and disclosures

There are no IFRS or IFRIC interpretations that are effective for the first time this financial year which have a material impact on the Company.

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 2015 the company had £2,582,000 of cash and net assets of £18,619,000. 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 Zonza receivables balance. Further details can be found in note 18.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

Useful lives of property, plant and equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the director determined that there should be no changes in the useful lives of property, plant and equipment.

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

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. Amortisation is 33.3% straight line method.

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

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.

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.

Interest Receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the Directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

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)

	2015 £'000	2014 £'000
Staff costs	29,754	29,345
Depreciation and amortisation	3,766	3,721
Establishment costs	6,334	5,178
Other administrative expenses	5,310	3,406
Exchange losses	11	3
Finance and general	396	635
	<u>45,571</u>	<u>42,288</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

4. Finance charges (net)

	2015 £'000	2014 £'000
Interest payable and similar charges		
Intercompany loan with WPP Finance Co. Limited	835	624
	<u>835</u>	<u>624</u>
Interest receivable and similar income		
Intercompany loan with Hogarth Worldwide Inc	(509)	(369)
Other finance income	(7)	(6)
	<u>(516)</u>	<u>(375)</u>
Net finance charge	<u>319</u>	<u>249</u>

5. Loss on ordinary activities before taxation

	2015 £'000	2014 £'000
Profit/(Loss) on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets:		
- owned	2,729	2,975
Amortisation of intangible fixed assets	1,037	746
Loss on disposal of fixed assets	-	591
Impairment of intangible assets	-	-
Fabric Write down	-	403
Receivables write down	7,829	-
Research and development costs written off	-	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	84	74
Rental Income	(208)	(233)
Operating leases		
- Land and buildings	1,914	1,914
- Other	68	159

Rental Income

The company had entered into a lease agreement with RM2 amounting to £207,841 as at 31st December 2015 (2014: £233,029). This agreement was subsequently terminated after the balance sheet date with no further lease payments due.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

6. Staff costs

	2015	2014
	£'000	£'000
Wages and salaries	24,717	23,715
Social security costs	2,680	2,720
Pension costs	493	387
Other Staff Costs	1,864	2,523
	<u>29,754</u>	<u>29,345</u>

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

	2015	2014
Account handling	75	67
Admin/finance	41	43
General management	6	6
Human resources and talent management	12	12
Information technology	48	127
New business/business development	6	5
Production traffic	376	352
	<u>564</u>	<u>612</u>

7. Directors' remuneration

	2015	2014
	£'000	£'000
Remuneration		
The remuneration of the directors was as follows:		
Emoluments	1,320	1,320
	<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:

	2015	2014
	£'000	£'000
Emoluments	440	440
	<u>440</u>	<u>440</u>

The number of directors who are members of defined benefit pension scheme/money purchase pension scheme was none (2014: none). The Company made pension contributions of £44,667 (2014: £31,992) for two Directors (2014: two Directors).

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 (continued) Year ended 31 December 2015

8. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Analysis of tax in year		
<i>Current tax</i>		
UK corporation tax	-	1,124
Adjustments in respect of previous periods	(952)	366
Total current tax	<u>(952)</u>	<u>1,490</u>
<i>Deferred tax</i>		
Current year	(215)	(237)
Prior year	265	104
Total tax for year	<u>(902)</u>	<u>1,357</u>

Factors affecting taxation in year

	2015 £'000	2014 £'000
(Loss)/Profit on ordinary activities before tax	<u>(4,275)</u>	<u>3,144</u>
Tax charge on profit on ordinary activities at blended rate (21.5 %) (2014: 23.25%)	(919)	676
Factors affecting the charge in the year:		
Depreciation in excess of capital allowances	212	200
Expenses not deductible for tax purposes	195	248
Prior year adjustment	(952)	366
Total actual amount of current tax	<u>(952)</u>	<u>1,490</u>
The tax effect of timing differences on assets/liabilities due to:		
Excess of tax allowance over depreciation	50	(133)
	<u>50</u>	<u>(133)</u>
Credited to the profit and loss account in respect of deferred taxation and trading losses	50	(133)
	<u>50</u>	<u>(133)</u>
Amount falling due after more than one year	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>(902)</u>	<u>1,357</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

At the balance sheet date, the company has unused tax losses of £4,275,000 (2014 profit: £3,144,000) available for offset against future profits. A deferred tax asset of £563,000 (31 December 2014: £613,000) 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. There was a change in tax rate during the year from 21% to 20%.

9 Intangible fixed assets – development costs

	Total £'000
Cost	
At 1 January 2015	4,686
Reclassifications	(332)
Additions	606
Disposals	-
At 31 December 2015	<u>4,960</u>
Accumulated Amortisation	
At 1 January 2015	2,006
Charge for the year	1,037
At 31 December 2015	<u>3,043</u>
Net book value	
At 31 December 2015	<u>1,917</u>
At 31 December 2014	<u>2,681</u>

Development costs have been capitalised in accordance with IAS38 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 (continued) Year ended 31 December 2015

10. Tangible fixed assets

Company	Computer equipment £'000	Computer software £'000	Furniture and fixtures £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 January 2015	8,395	3,427	1,250	3,872	16,944
Reclassifications				(103)	(103)
Additions	534	113	-	104	758
Disposals					-
At 31 December 2015	<u>8,929</u>	<u>3,540</u>	<u>1,250</u>	<u>3,873</u>	<u>17,592</u>
Depreciation					
At 1 January 2015	6,337	2,417	727	1,322	10,802
Charge for the year					-
Disposals	1,480	525	214	510	2,730
At 31 December 2015	<u>7,817</u>	<u>2,942</u>	<u>941</u>	<u>1,832</u>	<u>13,532</u>
Net book value					
At 31 December 2015	<u>1,112</u>	<u>598</u>	<u>309</u>	<u>2,041</u>	<u>4,060</u>
At 31 December 2014	<u>2,058</u>	<u>1,010</u>	<u>524</u>	<u>2,550</u>	<u>6,141</u>

The directors have considered the value of fixed assets and are satisfied that the aggregate value of those assets at 31 December 2015 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 2015	1,631
Additions	3
At 31 December 2015	<u>1,634</u>
Provision for impairment	
At 1 January 2015 and 31 December 2015	<u>-</u>
Net book value	
At 31 December 2015	<u>1,634</u>
At 31 December 2014	<u>1,631</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

Subsidiary Undertakings

The parent Company has shares in the following subsidiary undertakings.

Subsidiary undertaking	Country of incorporation or principal business address	Principal activity	Holding	%
Cortex Worldwide Limited	164 Shaftesbury Avenue, London WC2H 8HL	Dormant	700 shares of the £1.00 ordinary stock	100.00
Hogarth Nearshore Limited	164 Shaftesbury Avenue, London WC2H 8HL	Dormant	510 shares of the £1.00 ordinary-a stock	51.00
Hogarth Worldwide (Hong Kong) Limited	26 th Floor, The Center, 99 Queen's Road Central, Hong Kong	Marketing Implementation	1 Share of the HKD1.00 ordinary stock	100.00
Hogarth Worldwide de México, S.R.L. de C.V.	Blvd. Manuel Avila Camacho 176 – 4° Floor, Mexico City	Marketing Implementation	2,999 shares of the MXP 1.00 ordinary stock	99.97
Hogarth Worldwide pte. Limited	50 Scotts Road, 02-01, Singapore (228242)	Marketing Implementation	2 shares of the SGD\$ 1.00 ordinary stock	100.00
Hogarth Worldwide Incorporated	230 Park Avenue South, 1 th Floor New York, USA	Marketing Implementation	1 share of \$1 in the common stock	100.00
Native Limited	164 Shaftesbury Avenue, London WC2H 8HL	Dormant	760 shares of the £1.00 ordinary stock	100.00
Act Two Ltd	164 Shaftesbury Avenue, London WC2H 8HL	Marketing Implementation	107,500 shares of the GBP £0.01 ordinary stock	100.00
Hogarth Argentina S.A.	Arevalo 1880 C1414CQL, Buenos Aires Argentina	Marketing Implementation	90,000 shares of the AES1.00 ordinary stock	90.00
Hogarth Worldwide GmbH	Darmstädter Landstr. 112 60598 Frankfurt am Main Germany	Marketing Implementation	100% of the EUR 82,000 ordinary stock	100.00
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 Implementation	100% of the USD 300,000 capital	100.00
Hogarth Worldwide Publicidade Brasil Ltda		Marketing Implementation	594,990 shares of the 601,000 ordinary stock	99.00
RBK CONSULTORIA LTDA	Avenida Brigadeiro Faria Lima, 201, 26° e 27° andares, conjuntos 261 e 271, Pinheiros, CEP 05426-100	consultancy activities in business management	490 shares of the 1,000 ordinary stock	49.00
Hogarth Worldwide SDN. BHD	Level 15 Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur	Marketing Implementation	499,998 shares of the RM1.00 ordinary stock	100.00

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

12. Debtors

	2014 £'000	2014 £'000
Trade debtors	12,958	8,039
Amounts owed by Group undertakings	18,949	19,658
Due from Related Companies	4,322	9,611
Other debtors	113	93
Prepayments and accrued income	5,716	4,433
Deferred tax	513	557
Called up share capital not paid	46	46
	<u>42,617</u>	<u>42,437</u>
Amounts falling due within one year	<u>42,617</u>	<u>42,437</u>

13. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	1,767	2,186
Amounts owed to Group undertakings	5,755	4,858
Due to Related Companies	2	2,709
Other creditors	12	9
Taxation and social security	806	4,040
Accruals and deferred income	9,445	7,147
	<u>17,787</u>	<u>20,949</u>
	<u>17,787</u>	<u>20,949</u>

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

	2015 £'000	2014 £'000
Intercompany loan with WPP Finance Co. Ltd	16,566	13,677
	<u>16,566</u>	<u>13,677</u>
Creditors amounts falling due after more than one year	<u>16,566</u>	<u>13,677</u>

Borrowings are repayable as follows:

	2015 £'000	2014 £'000
Intercompany loans		
One - two years	16,566	13,677
	<u>16,566</u>	<u>13,677</u>
	<u>16,566</u>	<u>13,677</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

The intercompany loan repayable to WPP Finance Co. Ltd. is a credit facility with WPP which is being renegotiated. For this reason it is not due within one year of year end date. Interest at 5.0% per annum above the Bank of England Base Rate is charged on a monthly basis on the outstanding balance. This remains unpaid.

15. Called up share capital

	2015 £'000	2014 £'000
Authorised, called up, allotted and fully paid 13,127 (2014: 13,127) ordinary shares of £0.10 each	1	1
Share premium account Share premium	6,132	6,122

16. Financial commitments

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

	2015 £'000	2014 £'000
Land and buildings		
Expiring:		
- between two and five years	948	948
- after five years	966	966
	<u>1,914</u>	<u>1,914</u>
Other		
Expiring:		
- between two and five years	115	151
	<u>115</u>	<u>151</u>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 2 years with an option to extend for a further rental term to be agreed at the then prevailing market rate. Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

17. 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 acquired Deluxe Broadcast Services Limited's shares in Zonza Limited. This agreement was signed on 7th March 2016, and on completion and in accordance with the agreement, Hogarth Worldwide Limited became the owner of 100% of the share capital of Zonza Limited.

Hogarth Worldwide Limited

Notes to the financial statements (continued) Year ended 31 December 2015

18. Exceptional items

	2015 £'000	2014 £'000
Licence Fee Income	-	-
Zonza Platform receivable write-off	7,829	-
Fabric Write Down	-	403
Legal Fees	-	-
	<u>7,829</u>	<u>403</u>

Zonza write off relates to the writing off of receivable balances due to Hogarth Worldwide Ltd.

19. 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.

20. Transitioning from old UK GAAP to FRS 101

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As a consequence of adopting FRS 101, no transitional adjustments are required.