

Company Registration No. 02956243

The Finsbury Group Limited

Annual Report and Financial Statements

31 December 2018



The Finsbury Group Limited

Annual report and financial statements 2018

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The Finsbury Group Limited

Annual report and financial statements 2018

Officers and professional advisers

Directors

R Rudd
J Murgatroyd
R Head
F Birch
S Winters

Company Secretary

WPP Group (Nominees) Ltd

Registered Office

The Adelphi
1-11 John Adam Street
London WC2N 6HT
United Kingdom

Bankers

HSBC Bank plc
The Helicon
2 South Place
London EC2M 2UP
United Kingdom

Solicitors

Squire Sanders (UK) LLP
7 Devonshire Square
London
EC2M 4YH
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

The Finsbury Group Limited

Strategic report

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

Review of the business

The Company is a financial communications firm with three principal areas of operation – financial public relations, investor relations and regulatory affairs. There have not been any significant changes in the Company's principal activities in the year under review.

The profit after taxation for the year is £8,380,873 (2017: £7,152,971). Turnover for the year ended 31 December 2018 was £36,382,187 (2017: £31,487,341). The net assets at 31 December 2018 were £17,294,183 (2017: £17,091,726). Called up share capital at 31 December 2018 was £48,804 (2017: £48,804).

Key performance indicators

The Company's revenue increased by 15.5% in the year compared to a decrease of 4.7% in 2017. This is primarily the result of higher project fees in 2018 and the impact of Brexit on the market in 2017. The Company continued to grow its business in non-core geographies and, also in line with one of the Company's strategic aims, from clients looking to benefit from and leverage The Finsbury Group Limited's global offering and expertise.

Operating profit for the year is reported at £8,403,848 up 26.5% on 2017. This is mainly a function of increased turnover as above.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to be:

- competition;
- Brexit;
- level of financial market activity;
- risks arising from current credit arrangements (including the availability of insurance) with clients;
- a dependency on key staff, suppliers and clients; and
- uncertainties posed by the potential impact of the economic outlook on business activities.

The Company has considerable financial resources together with contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Future developments

The directors expect the general level of activity to remain consistent with 2018 in the forthcoming year. Recovering markets should help boost project spend through the year but this is expected to be tempered by increasing scrutiny on new and existing fees by increasingly procurement-savvy clients. The full impact of Brexit is still to be determined.

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



J Murgatroyd
Director

30 September 2019

The Finsbury Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2018. Information in relation to the future developments is included in the Strategic Report, as permitted by section 414 C (11) of the Companies Act 2006.

Financial risk management

The Company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risk the directors consider significant to this Company is credit risk. This risk is mitigated by the Company's credit controls' policies.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources, taking into account the available cash to continue in operational existence for the foreseeable future being at least for the next twelve months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.

Dividends

A dividend payment of £10,012,500 was approved and paid by the Board for the year 2018 (2017: £10,000,000). There is no dividend proposed after year end.

Directors

The directors who served throughout the year and up to the date of signing were:

R Rudd
R Younger (Resigned 21 December 2018)
J Murgatroyd
R Head
F Birch
S Winters
A Scott (Resigned 12 November 2018)

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.

Disclosure of information to auditor

Each of the persons who is a director at the date of the 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 of the Companies Act 2006.

The Finsbury Group Limited

Directors' report (continued)

Events after the balance sheet date

There were no significant events since the balance sheet date.

Auditor

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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



J Murgatroyd
Director

30 September 2019

The Finsbury Group Limited

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 The Finsbury Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Finsbury Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of The Finsbury Group Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of The Finsbury Group Limited (continued)

Use of our report

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

Helen Burridge

Helen Burridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 September 2019

The Finsbury Group Limited

Profit and loss account For the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	4	36,382,187	31,487,341
Cost of sales		<u>(2,155,434)</u>	<u>(1,916,865)</u>
Gross profit		34,226,753	29,570,476
Administrative expenses		<u>(25,822,905)</u>	<u>(22,925,676)</u>
Operating profit		8,403,848	6,644,800
Net interest receivable and similar income	8	5,469	2,146
Other losses	9	-	<u>(8,020)</u>
Profit before taxation		8,409,317	6,638,926
Tax on profit	10	<u>(28,444)</u>	<u>514,045</u>
Profit after taxation	11	<u><u>8,380,873</u></u>	<u><u>7,152,971</u></u>

Results are derived from continuing operations.

There are no other recognised gains and losses for the current and prior years other than those presented above. Accordingly no separate statement of comprehensive income is presented.

The Finsbury Group Limited

Balance sheet As at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	2,437,619	2,476,515
Investments	13	100	100
		<u>2,437,719</u>	<u>2,476,615</u>
Current assets			
Work in progress		460,667	318,436
Debtors	14	9,999,209	12,688,169
Cash at bank and in hand		16,560,455	10,858,651
		<u>27,020,331</u>	<u>23,865,256</u>
Creditors: amounts falling due within one year	15	<u>(12,163,867)</u>	<u>(9,250,145)</u>
Net current assets		<u>14,856,464</u>	<u>14,615,111</u>
Total assets less current liabilities		<u>17,294,183</u>	<u>17,091,726</u>
Net assets		<u>17,294,183</u>	<u>17,091,726</u>
Capital and reserves			
Share capital	17	48,804	48,804
Share premium account		2,895,859	2,895,859
Profit and loss account		14,349,520	14,147,063
		<u>17,294,183</u>	<u>17,091,726</u>
Shareholders' funds		<u>17,294,183</u>	<u>17,091,726</u>

The financial statements of The Finsbury Group Limited (registered number 02956243) were approved by the Board of Directors and authorised for issue on 30 September 2019.

Signed on behalf of the Board of Directors



J Murgatroyd
Director

The Finsbury Group Limited

Statement of changes in equity For the year ended 31 December 2018

	Share capital £	Share Premium Account £	Profit and loss account £	Total £
Balance at 1 January 2017	36,603	-	15,208,664	15,245,267
Profit and total comprehensive income for the period	-	-	7,152,971	7,152,971
Issue of share capital	12,201	-	-	12,201
Share Premium	-	2,895,859	-	2,895,859
Dividends	-	-	(10,000,000)	(10,000,000)
Capital contribution for equity-settled share based payments	-	-	1,785,428	1,785,428
Balance at 31 December 2017	48,804	2,895,859	14,147,063	17,091,726
Profit and total comprehensive income for the period	-	-	8,380,873	8,380,873
Dividends (Dividend per share: £0.00274)	-	-	(10,012,500)	(10,012,500)
Capital contribution for equity-settled share based payments (see note 2)	-	-	1,834,084	1,834,084
Balance at 31 December 2018	48,804	2,895,859	14,349,520	17,294,183

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

1. General information

The Finsbury Group Limited is incorporated in the United Kingdom under the Companies Act 2006.

The Finsbury Group Limited is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements under Section 401, because it is included in the group accounts of WPP plc. The Group accounts of WPP plc are available to the public and can be obtained as set out in note 21. The registered office address of the parent company preparing consolidated accounts is Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Adoption of these standards was on a modified retrospective basis. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 15 – Revenue from contracts with customers

In the current year, the Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in certain aspects of our accounting policies and adjustments to the amounts recognised in the financial statements. The prior year figures have not been restated for the adoption of IFRS 15.

The new standard establishes a five-step model where consideration received or expected to be received is recognised as revenue when contractual performance obligations are satisfied by transferring control of the relevant goods or services to the customer. Adopting IFRS 15 did not have a significant impact on the timing of the Company's revenue recognition nor on the Company's equity.

However, for certain of our contracts, the adoption of IFRS 15 resulted in a change in our accounting for certain third-party costs. Third-party costs are included in our revenue when the Company acts as principal with respect to the services provided to the client and are excluded when the Company acts as agent. Under IFRS 15, the principal versus agent assessment is based on whether the Company controls the relevant services before they are transferred to the client. As a result of the adoption of IFRS 15, there was an increase in third-party costs included in revenue and cost of services by the same amount and therefore no impact on gross profit or operating profit.

IFRS 9 – Financial Instruments (Replacing IAS 39- Financial Instruments – Recognitions and Measurement)

The requirement under IFRS 9 to use an expected loss method of Impairment of financial assets did not have a material effect on the Company due to the short-term nature of the Company's trade and other receivables, which are mainly due from large national or multinational companies.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers and certain related party impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of WPP plc.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Other than the new standards adopted in the period, the accounting policies adopted and applied consistently throughout the current and preceding year are described below.

Going concern

The directors have identified risks and uncertainties facing the Company, arising from the current economic conditions and other factors, as set out in the Directors' Report. The Company has considerable financial resources together with contracts with a number of clients and suppliers across different geographical areas and industries. As a consequence, the directors believe the Company is well placed to manage these risks and uncertainties into the foreseeable future being at least for the next twelve months from the approval of these financial statements. For this reason the directors continue to adopt the going concern basis in preparing the accounts.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computers	-	33% per annum
Short-term leasehold improvements	-	over the term of the lease
Fixtures and fittings	-	20% per annum

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Fixed Assets Investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

Work in progress

Work in progress represents third party costs billable to clients and is stated at the lower of cost and net realisable value.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The requirement under IFRS 9 to use an expected loss method of Impairment of financial assets did not have a material effect on the Company due to the short-term nature of the Company's trade and other receivables, which are mainly due from large national or multinational companies.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Pension costs

The company operates a defined contribution scheme. 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 actually paid are shown either as accruals or prepayments in the balance sheet.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the balance sheet date. Differences arising from movements in rates of exchange are recognised in the profit and loss account.

Turnover and revenue recognition

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in certain aspects of our accounting policies but no material adjustments to the amounts recognised in the financial statements.

The new standard establishes a five-step model where consideration received or expected to be received is recognised as revenue when contractual performance obligations are satisfied by transferring control of the relevant goods or services to the customer.

Revenue is typically derived from retainer fees and services to be performed subject to specific agreement. Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically performance obligations are satisfied over time as services are rendered. Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The turnover and pre-tax profit, all of which arises in the United Kingdom, are attributable to one activity, the provision of communications advice. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

Third-party costs are included in revenue when the Company acts as principal with respect to the services provided to the client and are excluded when the Company acts as agent. Under IFRS 15, the principal versus agent assessment is based on whether the Company controls the relevant services before they are transferred to the client. As a result of the adoption of IFRS 15, there was an increase in third-party costs included in revenue and costs of services. This change increased revenue and costs of services by the same amount and therefore had no impact on gross profit or operating profit.

Leases

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.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies (continued)

Share-based payments

The company has applied the requirements of IFRS 2 to all unvested share-based payments. Certain employees of the company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristics of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

The Company charged £1,834,084 to the profit and loss account in the year ended 31 December 2018 (2017: £1,785,428) in relation to equity-settled share-based payments.

Restricted stock schemes

Certain employees participate in restricted stock schemes, which are in most cases satisfied by the delivery of stock from one of the WPP plc ESOP Trusts. The most significant schemes are:

Performance Share Awards (PSA)

Grants of restricted stock under PSA are dependent upon annual performance targets, typically based on one or more of: operating profit; profit before taxation; and operating margin. Grants are made in the year following the year of performance measurement, and will vest two years after grant provided the individual concerned is continually employed by a WPP company throughout this time.

Grant details

For restricted stock awards, the number of shares granted for the most significant schemes and the weighted average fair value of these grants was as follows:

	2018	2017
PSA		
Number of shares granted	269,442	125,385
Weighted average fair value at grant date	£8.50	£13.00

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Assets at Amortised Cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. Financial assets are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets at amortised cost are stated net of provisions for impairment. The Company has adopted IFRS 9 Financial Instruments from 1 January 2018 which requires an expected loss method of impairment of financial assets to be used. The implementation of this did not have a material impact on the Company. The Company has applied the simplified approach to measuring expected credit losses, as permitted by IFRS 9. Therefore the Company does not track changes in credit risk, but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The Company measures expected credit losses based on the ageing of the receivable, based on the Company's historical experience and informed credit assessment. Credit losses are recognised where the Company has information that indicates it is unlikely to recover balances in full.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

This forward-looking view includes:

- Information based on expected future macro-economic conditions;
- Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
- Expert management judgement.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

3. Critical accounting judgements and key sources of estimation uncertainty

The directors believe that there are no critical judgements, that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

The directors believe that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

4. Turnover

An analysis of the Company's turnover is as follows:

	2018 £	2017 £
Continuing operations		
Sales of services	36,382,187	31,487,341
Total revenue	<u>36,382,187</u>	<u>31,487,341</u>

The revenue is generated wholly in the United Kingdom.

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £65,668 (2017: £64,696).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2018 Number	2017 Number
Operations	79	83
Administration	22	21
	<u>101</u>	<u>104</u>

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

6. Staff costs (continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	14,923,816	13,393,262
Social security costs	2,383,645	2,074,337
Other pension costs	601,332	588,728
Share based payments	1,834,084	1,785,428
	<u>19,742,877</u>	<u>17,841,755</u>

7. Directors' remuneration and transaction

	2018 £	2017 £
Directors' remuneration		
Emoluments	9,526,281	7,474,697
Company contributions to money purchase pension schemes	63,143	62,762
	<u>9,589,424</u>	<u>7,537,459</u>

The number of directors who:

Are members of a money purchase pension scheme

Number	Number
<u>3</u>	<u>3</u>

Remuneration of the highest paid director:

Emoluments
Company contributions to money purchase schemes

£	£
<u>5,924,810</u>	<u>5,209,068</u>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

Directors' transactions

Details of transactions with directors during the year are disclosed in note 19.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

8. Net Interest receivable and similar income

	2018 £	2017 £
Interest payable on bank loans and overdrafts	-	(3)
Interest receivable from bank deposits	5,469	2,149
	<u>5,469</u>	<u>2,146</u>

9. Other Losses

	2018 £	2017 £
Loss on disposal of fixed assets' write-offs	-	(8,020)
	<u>-</u>	<u>(8,020)</u>

10. Tax on profit

Factors that may affect future tax changes: The UK tax rate for the year ended 31 December 2018 is 19%. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 7 November 2015). These include reductions to the main rate to reduce the rate from 19% to 17% from 1 April 2020. The loss for the year can be reconciled to the profit in the profit and loss account as follows:

	2018 £	2017 £
Profit before tax	<u>8,409,317</u>	<u>6,638,926</u>
Tax on profit at effective UK corporation tax rate of 19% (2017: 19.25%)	(1,597,770)	(1,277,993)
Effects of:		
Expenses not deductible/income not taxable for tax purposes	(291,809)	(136,451)
Recognition of deferred tax not previously recognised	-	182,184
Movement in short term timing differences	(156,222)	324,863
Capital allowances in excess of depreciation	(1,968)	7,602
Group relief	2,019,325	1,413,840
Total tax (loss)/gain for period	<u>(28,444)</u>	<u>514,045</u>

A deferred tax asset of £485,601 has been recognised in respect of capital allowances in excess of depreciation, deferred tax on share options and other timing differences as it is probable that there will be sufficient taxable profits against which the asset will reverse in the future.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

11. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2018 £	2017 £
Net foreign exchange (gains)/losses	(332,787)	112,528
Depreciation of tangible assets:	338,422	101,687
Operating lease rentals		
- Other	11,640	12,098
- Land and buildings	1,121,707	917,283
Staff costs (see note 6)	19,742,877	17,841,755

12. Tangible assets

	Computers £	Short-term leasehold improvements £	Fixtures and fittings £	Total £
Cost				
At 1 January 2018	403,529	2,808,889	658,773	3,871,191
Additions	61,329	177,416	60,781	299,526
(Disposals)	-	(622,620)	-	(622,620)
At 31 December 2018	464,858	2,363,685	719,554	3,548,097
Depreciation				
At 1 January 2018	348,873	679,587	366,216	1,394,676
Charge for the Year	27,904	240,026	70,492	338,422
(Disposals)	-	(622,620)	-	(622,620)
At 31 December 2018	376,777	296,993	436,708	1,110,478
Net book value				
At 31 December 2018	88,081	2,066,692	282,846	2,437,619
At 31 December 2017	54,656	2,129,302	292,557	2,476,515

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

13. Fixed asset investments

	Shares in subsidiary undertakings £
Cost and net book value	
At 1 January 2018 and 31 December 2018	100

Investments in subsidiary undertakings comprise ordinary shares of the following companies all of which are engaged in public relations and related activities or dormant and are registered in England and Wales.

Name of company	Country of incorporation	Principal activity	Holding	Address
Subsidiary				
FIPRA UK Limited	United Kingdom	Dormant	100%	Tenter House, 45 Moorfields, London, EC2Y 9AE
Finsbury.com Limited	United Kingdom	Dormant	100%	Tenter House, 45 Moorfields, London, EC2Y 9AE

14. Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	7,295,243	5,884,595
Amounts owed by other group undertakings	694,267	273,359
Other debtors	6,303	55,362
Prepayments and accrued income	1,517,795	5,960,808
	<u>9,513,608</u>	<u>12,174,124</u>
	2018	2017
	£	£
Amounts falling due after more than one year:		
Deferred tax asset	485,601	514,045
Total Debtors	<u>9,999,209</u>	<u>12,688,169</u>

Amounts owed by other group undertakings are interest free and repayable on demand.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	227,046	110,596
Amounts owed to other group undertakings	466,850	208,985
Other taxes and social security	2,130,480	1,653,056
Accruals and deferred income	9,268,707	7,277,508
Other creditors	70,784	-
	<u>12,163,867</u>	<u>9,250,145</u>

Amounts owed to other group undertakings are interest free and repayable on demand.

16. Retirement benefit schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund, which amounted to £601,332 (2017: £588,728). As of 31 December 2018 pension costs payable totalled £70,784 (2017: £nil).

17. Share Capital

	2018 £	2017 £
Authorised, issued and fully paid:		
3,660,356,000 ordinary shares of £0.00001 each	36,603	36,603
1,220,118,760 growth shares of £0.00001 each	12,201	12,201
	<u>48,804</u>	<u>48,804</u>

Each Ordinary share is entitled to one vote in any circumstances, and is entitled *pari passu* with other ordinary shares to dividend payments or any other distribution. Growth shares have no voting rights, and are not entitled to dividend payments or any other distribution. Each Ordinary share is entitled *pari passu* with other Ordinary shares to participate in a distribution arising from a winding up of the company in priority over Growth shares.

The Finsbury Group Limited

Notes to the financial statements (continued) Year ended 31 December 2018

18. Financial commitments

At the balance sheet date, the company had outstanding commitments for total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Commitment expiring:				
- within one year	754,380	11,640	-	12,098
- in the second to fifth years inclusive	5,811,520	-	5,113,020	-
- After five years	4,842,933	-	6,295,813	-

Operating lease payments primarily represent rentals payable by the group for its office properties. Leases of land and buildings provide for the lessee to pay all insurance, maintenance and repair costs.

19. Transactions with directors

The following transactions have taken place with directors:

Quasi-loan to directors:

The company made unsecured non-interest-bearing quasi-loans to Mr Rudd at various times throughout the year, in respect of personal costs incurred by him and initially paid by the company. At the balance sheet date there was a balance of £nil (2017: £nil) outstanding. The maximum outstanding at any point in the year was £10,759 (2017: £24,034).

20. Guarantees and other financial commitments

The Finsbury Group Limited participates in group banking arrangements with its parent company, WPP plc, and has access to a group cash management facility. The Finsbury Group Limited guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The Company, together with its parent, WPP plc, and certain other subsidiary undertakings, is party to the group's syndicated banking arrangements. The Company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP plc.

21. Ultimate parent company and controlling party

The directors regard WPP Group Holdings Limited, a company incorporated 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.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is WPP plc, registered at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. The parent undertaking of the smallest such group is WPP Jubilee Limited, incorporated in England and Wales.

Copies of the financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of WPP Jubilee Limited can be obtained from 27 Farm Street, London W1J 5RJ, its registered address.