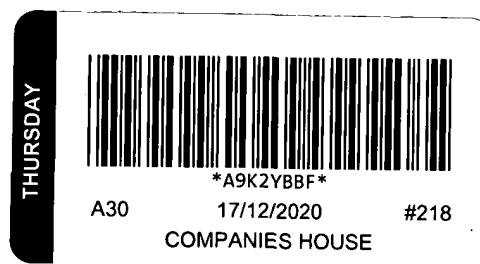


**Superunion Limited**  
(Registered number: 01263713)

**Annual Report and financial statements**

**for the year ended 31 December 2019**



**Registered office address:**

6 Brewhouse Yard,  
London,  
EC1V 4DG,  
United Kingdom.

**Superunion Limited**  
**(Registered number: 01263713)**

**Annual Report and financial statements**

**for the year ended 31 December 2019**

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**Superunion Limited**  
**(Registered number: 01263713)**

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

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

**Principal activities**

The Company is a member of the WPP plc Group (the 'Group'). The Company's principal activity is the provision of strategic branding and design services to a UK and global client base.

The business model is professional consulting. We sell the value of our people (in simple terms) based on rate cards multiplied by the hours worked on projects.

**Future developments**

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

**Review of business**

On 1 April 2019, the Company bought trade and assets at net book value of £(2,600,000) of SJS Management Services Limited, a fellow group Company, for a cash consideration of £1, resulting in a loss on acquisition of £2,600,000 that has been recognised in the income statement.

The investment in I R Group Limited, a 100% subsidiary of the Company, was fully impaired in the year resulting in a charge in the income statement of £2,508,000. I R Group Limited was subsequently dissolved on 22 September 2020.

Revenue has increased by 72% during the year as result of the impact from acquisitions made in 2018, increasing from £17,287,000 to £29,811,000. The Company made a loss for the year of £510,000 which will be transferred to reserves (2018: a profit of £694,000 which was transferred to reserves).

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

**COVID-19**

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

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

The Directors will continue to monitor, review and take the appropriate steps to respond to the impact of the Covid-19 pandemic in the Company, as well as recognise and address the other current and emerging risks and uncertainties we face as a business. The extent of the impact of Covid-19 will depend on future developments which are highly uncertain and cannot be predicted.

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

**Dividends**

No dividend is proposed to the holders of any share for the year ended 31 December 2019

In the prior year no dividend was proposed to the holders of any share for the year ended 31 December 2018.

**Superunion Limited**  
**(Registered number: 01263713)**

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

### **Going concern and liquidity risk**

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

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

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

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

The Company has cash and cash equivalents of £15,085,000 (net of bank overdraft), net current assets of £16,772,000 and net assets of £39,538,000 and can therefore meet its short and long term obligations as they fall due.

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

### **Principal risks and uncertainties**

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2019 and up to date of this report. The principal risk(s) for the Company are shown below:

#### *COVID-19 Pandemic*

The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial condition and prospects. However, we are unable to predict the extent or nature or duration of these impacts at this time.

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

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

**Superunion Limited**  
**(Registered number: 01263713)**

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

**Principal risks and uncertainties**

*Credit risk*

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

We commit to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look at us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow.

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

We are working closely with our clients during this period of economic uncertainty to ensure timely payment of services in line with contractual commitments and with vendors to maintain the settlement flow on media.

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

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

*Currency risk*

The Company's activities expose it to the financial risks of changes in foreign exchange rates. Overall, the Company has minimal exposure to currency risks due to it mainly transacting in Pounds sterling.

*Loss of clients*

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

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

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

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

The management and leadership teams in the Company and Group are reviewing and monitoring the status of client losses and upcoming pitches for new clients.

There is continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.

The Company recruits and aims to retain the most talented people by supporting them to expand their skills and capabilities.

**Superunion Limited**  
**(Registered number: 01263713)**

**Strategic report for the year ended 31 December 2019**  
**Principal risks and uncertainties (continued)**

*Brexit*

Other principal risks include uncertainty in the global economy caused by withdrawal of the United Kingdom from the European Union in 2020. The Directors have considered the impact of the United Kingdom's referendum on EU membership and have concluded that although this has led to uncertainty in the UK economy, this is not expected to significantly impact operations or performance in the short term.

*Retention of talented staff*

The Company recruits and aims to retain the most talented people by supporting them to expand their skills and capabilities.

*Cyber security and I.T. staff*

The Company is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.

A cyber-attack could result in disruption to our business or compromise the security of data. These could all have a legal, financial or reputational consequence on the Company.

With a majority of our people working remotely as a consequence of the Covid-19 pandemic, there is the potential of an increased risk of compromised data security and cyber-attacks.

The Company mitigates the risk of cyber security and I.T. breaches by adhering to strict information security protocol and by monitoring and logging our network and systems. We are also raising our people's security awareness through our training.

**Key performance indicators (KPIs)**

	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Revenue	29,811	17,287	72.4%
(Loss) / profit for the year	(510)	694	(173.5%)
Net assets	39,538	39,983	(1.1%)

The Company is a wholly owned subsidiary of WPP plc. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of WPP plc, which includes this Company, is discussed in the Group's annual report, which does not form part of this report. The financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com).

**Duty to promote the success of the Company**

The Directors believe that they have acted in a way that has promoted the success of the Company for the benefit of its members as a whole.

**Superunion Limited**  
**(Registered number: 01263713)**

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

**Post balance sheet events**

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

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

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

Cost reduction and cash conservation measures have also been taken.

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

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

There are no material adjusting or non-adjusting events noted subsequent to the balance sheet date.

**Directors' duty to promote the success of the Company**

The Directors' of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members.

The Directors' have carried out these duties and have made decisions and undertaken short and long term strategies to maintain its financial performance and position. The Directors' continue to recognise the importance of the Company's partnership with all stakeholders, including employees, members, suppliers, customers and the community, as well as maintaining its high standards of business conduct and reputation.

The Directors are of the opinion that the remaining details of how they meet their duty is in line with those reflected by the Directors of WPP plc in their Annual report. Refer to pages 104-106 of the Annual report of WPP plc available at [wpp.com](http://wpp.com) for more information on how the Group directors meet their duty.

Approved by the Board and signed on its behalf by,



R Kindred  
Director

4th December 2020

**Superunion Limited**  
**(Registered number: 01263713)**

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

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

**Results**

The Company's results for the financial year are shown in the income statement on page 11.

**Directors and their interests**

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

R Kindred	
A Spark	
H Maguire	(appointed on 20 May 2019)
S Bolton	(resigned on 6 November 2019)
T Tyrrell	(resigned on 20 May 2019)

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business.

**Directors' indemnity**

Each of the Directors benefits from a third party qualifying indemnity given by the Company in respect of liabilities incurred by the Director in the execution and discharge of their duties. The provision remains in force throughout the financial year and up until the date of the report.

**Statement of Directors' responsibilities**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including FRS 101, 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.

**Superunion Limited**  
**(Registered number: 01263713)**

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

**Statement of Directors' responsibilities (continued)**

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 following items have been included in the Strategic report on pages 1 to 5:

- principal activities and future developments;
- review of business;
- dividends paid or declared;
- post balance sheet events;
- going concern statement;
- principal risks and uncertainties; and
- Section 172 Companies Act statement.

**Disclosure of information to auditor**

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Independent auditor**

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

Approved by the Board and signed on its behalf by,



R Kindred  
Director

4th December 2020

**Superunion Limited**  
**(Registered number: 01263713)**

## **Independent auditor's report to the members of Superunion Limited**

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

#### **Opinion**

In our opinion the financial statements of Superunion Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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 of the Company which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

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.

**Superunion Limited**  
**(Registered number: 01263713)**

**Independent auditor's report to the members of Superunion Limited (continued)**

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

We have nothing to report in respect of these matters.

**Responsibilities of Directors**

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

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

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

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

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

**Report on other legal and regulatory requirements**

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

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

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

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

**Superunion Limited**  
(Registered number: 01263713)

**Independent auditor's report to the members of Full year (continued)**

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in respect of these matters.

**Use of our report**

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

*Matthew Hall*

Matthew Hall FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
4 December 2020

**Superunion Limited**  
**(Registered number: 01263713)**

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

	Notes	2019 £'000	2018 £'000
Turnover	4	29,811	17,287
Direct costs		(9,328)	(2,476)
<b>Gross profit</b>		<b>20,483</b>	<b>14,811</b>
Administrative expenses		(15,534)	(14,349)
Loss on acquisition	13	(2,600)	-
Impairment of investments in subsidiaries	14	(2,508)	-
<b>Operating (loss) / profit</b>	5	<b>(159)</b>	<b>462</b>
Finance income	8	15	4
Finance expense	9	(258)	(3)
<b>(Loss) / profit before taxation</b>		<b>(402)</b>	<b>463</b>
Taxation	10	(108)	231
<b>(Loss) / profit for the year</b>		<b>(510)</b>	<b>694</b>

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

**Superunion Limited**  
(Registered number: 01263713)

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

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	4,556	353
Intangible assets	12	20,396	20,271
Investments in subsidiaries and associates	14	-	2,508
Right-of-use assets	15	4,560	-
Deferred tax asset	10	603	700
<b>Total non-current assets</b>		<b>30,115</b>	<b>23,832</b>
<b>Current assets</b>			
Trade and other receivables	17	7,954	11,976
Prepayments and accrued income	18	2,579	1,690
Work in progress		-	224
Cash and cash equivalents		18,269	14,612
<b>Total current assets</b>		<b>28,802</b>	<b>28,502</b>
<b>Total assets</b>		<b>58,917</b>	<b>52,334</b>
<b>Current liabilities</b>			
Bank overdraft		(3,184)	(234)
Trade and other payables	19	(4,311)	(8,406)
Accruals and deferred income	20	(3,802)	(3,660)
Lease liabilities	16	(733)	-
<b>Total current liabilities</b>		<b>(12,030)</b>	<b>(12,300)</b>
<b>Net current assets</b>		<b>16,772</b>	<b>16,202</b>
<b>Total assets less current liabilities</b>		<b>46,887</b>	<b>40,034</b>
<b>Non-current liabilities</b>			
Other provisions	21	(933)	(51)
Lease liabilities	16	(6,416)	-
<b>Total non-current liabilities</b>		<b>(7,349)</b>	<b>(51)</b>
<b>Total liabilities</b>		<b>(19,379)</b>	<b>(12,351)</b>
<b>Net assets</b>		<b>39,538</b>	<b>39,983</b>
<b>Equity</b>			
Share capital	24	14,743	14,743
Share premium		22,065	22,065
Other reserves		3,095	3,030
(Accumulated losses) / retained earnings		(365)	145
<b>Shareholder's funds</b>		<b>39,538</b>	<b>39,983</b>

The financial statements on pages 11 to 27 were approved by the Board of Directors on 4th December 2020 and signed on its behalf by:



R Kindred  
Director

**Superunion Limited**  
**(Registered number: 01263713)**

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

	Share capital £'000	Share premium £'000	Other reserves £'000	(Accumulated losses) / retained earnings £'000	Total £'000
<b>As at 1 January 2018</b>	<b>3,046</b>	<b>-</b>	<b>2,979</b>	<b>(549)</b>	<b>5,476</b>
Total comprehensive income for the year	-	-	-	694	694
Issue of shares	11,697	22,065	-	-	33,762
Non-cash settled share-based incentive plans	-	-	51	-	51
<b>As at 31 December 2018</b>	<b>14,743</b>	<b>22,065</b>	<b>3,030</b>	<b>145</b>	<b>39,983</b>
Total comprehensive (loss) for the year	-	-	-	(510)	(510)
Non-cash settled share-based incentive plans	-	-	65	-	65
<b>As at 31 December 2019</b>	<b>14,743</b>	<b>22,065</b>	<b>3,095</b>	<b>(365)</b>	<b>39,538</b>

**Superunion Limited**  
(Registered number: 01263713)

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

### 1 Presentation of the financial statements

#### General information

The Company is a private Company, limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. The address of the registered office is 6 Brewhouse Yard, London, EC1V 4DG, United Kingdom.

The Company's principal and business activities, future development and a review of its performance and position are set out in the Strategic report on Pages 1 to 5.

### 2 Summary of significant accounting policies

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

#### 2.01 Basis of preparation

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

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

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

#### Disclosure exemptions adopted

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial instruments: disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a) (iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
  - (iv) paragraph 62(a) and (b) of IAS 40 Investment property;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d); (statement of cash flows),
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirements for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third balance sheet),
  - 111 (cash flow statement information), and
  - 134 - 136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.
- Paragraph 134 and 135 of IAS 36 'Impairment of assets'
- Second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements because it is included in the Group accounts of WPP plc. These are available at [www.wppinvestor.com](http://www.wppinvestor.com).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Superunion Limited**  
(Registered number: 01263713)

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

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

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

##### Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

The standard eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. Lessees will be required to recognise a right-of-use asset and related lease liability for the majority of their operating leases and show depreciation of leased assets and interest on lease liabilities separately in the income statement. IFRS 16 will require the Company to recognise substantially all of its operating leases on the balance sheet.

The Company has adopted IFRS 16 effective 1 January 2019 on a modified retrospective basis and applied the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application in the current year. Accordingly, prior year financial information will not be restated and will continue to be reported under IAS 17 Leases. The right-of-use asset and lease liability will initially be measured at the present value of the remaining lease payments, with the right-of-use asset being subject to certain adjustments. Amortisation of the right-of-use asset and recognition of interest on the lease liability in the income statement will replace amounts recognised as rent expense under IAS 17.

##### (a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered before 1 January 2019. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

##### (b) Impact on Lessee Accounting

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises amortisation of right-of-use assets and interest on lease liabilities in profit or loss.

(c) Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (small items of office furniture and equipments), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

The Company had no leases at the start of financial year, therefore there is no initial application assessment of IFRS 16.

The Company receives tax deduction in respect of the right-of-use assets and the tax liabilities in a manner consistent with the accounting treatment.

### 2.02 Consolidation

The Company is a wholly owned subsidiary of the ultimate parent Company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. It has also met all of the exemption conditions under section 400 of the Companies Act 2006. WPP plc, a Company incorporated in Jersey, is the Company's ultimate parent undertaking and controlling party. The largest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP plc. The registered address of WPP plc is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from [www.wppinvestor.com](http://www.wppinvestor.com). The smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP Jubilee Limited, registered in the England and Wales. The registered address of WPP Jubilee Limited is Sea Containers House, 18 Upper Ground, London, SE1 9GL, United Kingdom. The immediate parent undertakings are The Partners (Design Consultants) Limited, Addison Corporate Marketing Limited and Lambie-Naim & Company Limited. These financial statements are separate financial statements.

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

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

**2.03 Functional and presentation currency**

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

**2.04 Foreign currency transactions**

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

**2.05 Turnover**

Revenue comprises commissions and fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media and data collection costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

In most instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative standalone selling prices.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically performance obligations are satisfied over time as services are rendered.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition. The amount of revenue recognised depends on whether we act as an agent or as a principal. Certain arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases we are acting as an agent as we do not control the relevant good or service before it is transferred to the client. When we act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers (such as production costs and media suppliers) are excluded from revenue and recorded as work in progress until billed. The Company acts as principal when we control the specified good or service prior to transfer.

When the Company acts as a principal (such as in-house production services, events, data investment management and branding), the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

**2.06 Expenditure**

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

**2.07 Finance income and expense**

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

**2.08 Share based payments**

Incentives in the form of shares are provided to employees under share option and restricted share award schemes are fair-valued at their grant dates and the cost is charged to the income statement over the relevant vesting period. A credit is recognised directly in reserves.

**2.09 Taxation**

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

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

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

2 Summary of significant accounting policies (continued)

2.10 Leases

*The Company as lessee*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and equipment). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is presented as a separate line on the balance sheet.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use asset are presented as a separate line on the balance sheet.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- (i) The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- (ii) The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- (iii) A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the year.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

2.11 Property, plant and equipment

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

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

Leasehold land, buildings and improvements	The shorter of lease term or 50 years
Fixtures, fittings and equipment	3 to 10 years
Computer equipment	3 to 5 years
Office equipment	3 to 5 years
Motor vehicles	3 to 5 years

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

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

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

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

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

**2.12 Goodwill**

Goodwill is stated at cost less impairments. Goodwill is deemed to have an indefinite useful life and is tested for impairment at least annually. Where the fair value of the interest acquired in an entity's assets, liabilities and contingent liabilities exceeds the consideration paid, this excess is recognised immediately as a gain in the income statement.

**2.13 Intangible assets**

Intangible assets are stated at cost less a provision for amortisation and impairment.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. ERP systems software is amortised over seven to ten years and other computer software over three to five years.

**2.14 Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**2.15 Impairment of non-financial assets**

The carrying values of all non-financial assets are reviewed for impairment, either on a standalone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the income statement in the year concerned.

Impairment losses on non-financial assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

**2.16 Trade and other receivables**

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

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts.

Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the income statement.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

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

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

**2.17 Cash and cash equivalents and bank overdrafts**

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

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

**2.18 Trade and other payables**

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

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

**2.19 Provision for liabilities**

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that outflow of resources will be required to settle the 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 these cash flows.

**2.20 Pensions**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

**2.21 Share capital**

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

**2.22 Contract assets and liabilities**

Contract assets are recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement. Contract assets are recognised in trade and other receivables.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as contract liabilities. They are typically related to prepayments for third party expenses that are incurred shortly after billing. Contract liabilities are recognised in trade and other payables.

**3 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**3.01 Goodwill and intangible asset impairments and useful lives**

Impairment tests on other intangible assets are undertaken if events occur which call into question the carrying values of the assets. Where other intangible assets which are not yet available for use are not amortised, they are subject to annual impairment tests. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

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

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.02 Impairment of investments

Investments in subsidiaries and associates are held at cost less accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of investments are impaired. These tests comprise a comparison between the carrying value of investment in subsidiary and associates and the net asset value of the subsidiary and associates. In some instances, valuations of subsidiary companies and associates are prepared. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

4 Turnover

Analysis of Turnover by geography:

	2019 £'000	2018 £'000
UK	20,952	10,128
Europe	5,145	4,565
North America	3,278	2,254
Rest of the World	436	340
	<b>29,811</b>	<b>17,287</b>

The Company's sector revenue is derived entirely from brand and design consultancy in the current and prior year.

5 Operating (loss) / profit

	2019 £'000	2018 £'000
<b>The following items have been (charged)/credited to the Operating (loss) / profit:</b>		
Depreciation of property, plant and equipment	(609)	(137)
Amortisation of intangible assets	(40)	(19)
Amortisation of right-of-use assets	(390)	-
Exchange (losses) / gains on foreign currency transactions	(20)	(74)
Operating lease expense	-	(185)
Audit fees payable to the Company's auditor for the audit of the financial statements	(95)	(75)

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

6 Employees

Employee costs	2019 £'000	2018 £'000
Wages and salaries	8,268	8,128
Social security costs	1,097	952
Pension costs- defined contribution plans	374	264
Share-based incentive plans	65	51
Severance and redundancy costs	184	-
Benefits and other employee costs	159	-
	<b>10,147</b>	<b>9,395</b>

The average monthly number of persons employed by the Company (including Directors)	2019	2018
Production	106	87
Sales and marketing	4	4
Administrative	28	18
	<b>138</b>	<b>109</b>

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

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

**7 Directors' remuneration**

	2019 £'000	2018 £'000
Emoluments	331	378
Company contribution to money purchase pension scheme	32	20
<b>Total</b>	<b>363</b>	<b>398</b>

Retirement benefits accrued under money purchase schemes for 2 Directors during the year ended 31 December 2019 (2018: 2 Directors).

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

The emolument for the highest paid Director are shown below:

	2019 £'000	2018 £'000
Emoluments	160	179
Company contribution to money purchase pension scheme	16	18
<b>Total</b>	<b>176</b>	<b>197</b>

During the year, 2 Directors of the Company were remunerated as executives of the Group. They received no remuneration in respect of their services to the Company (2018: 2 Directors).

**8 Finance income**

	2019 £'000	2018 £'000
Bank interest income	15	4
<b>Total finance income</b>	<b>15</b>	<b>4</b>

**9 Finance expense**

	2019 £'000	2018 £'000
Bank interest expense	39	-
Bank charges	5	3
Interest expense for finance lease liabilities	214	-
<b>Total finance expense</b>	<b>258</b>	<b>3</b>

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

10 Taxation

	2019 £'000	2018 £'000
<b>Income tax charge / (credit)</b>		
<b>Current tax</b>		
UK Corporation tax rate of 19.00% (2018: 19.00%)	-	16
Overseas tax	11	-
<b>Total current tax</b>	<b>11</b>	<b>16</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	81	(247)
Adjustments in respect of previous years	16	-
<b>Total deferred tax</b>	<b>97</b>	<b>(247)</b>
<b>Total tax charge/(credit) for the year</b>	<b>108</b>	<b>(231)</b>

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

	2019 £'000	2018 £'000
<b>Reconciliation of total tax charge/(credit) for the year</b>		
(Loss) / profit before taxation	(402)	463
Loss on ordinary activities at the UK statutory rate of 19.00% (2018: 19.00%)	(76)	88
<i>Effects of:</i>		
Expenses not deductible for tax purposes	80	6
Capital allowance in excess of depreciation	-	(389)
Non-deductible loss on acquisition	494	-
Withholding tax payable	11	16
Rate change on temporary differences	(32)	-
Movements in short term timing differences	-	(13)
Adjustments in respect of previous years	16	-
Group relief received for nil consideration	(384)	61
<b>Total tax charge/(credit) for the year</b>	<b>108</b>	<b>(231)</b>

Factors that may affect future tax charges:

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

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

**Movement in deferred tax assets and liabilities**

	Capital allowances in excess of depreciation and other timing differences £'000
At 1 January 2018	453
(Charge) / Credit to the income statement	247
At 31 December 2018	700
(Charge) / Credit to the income statement	(97)
<b>At 31 December 2019</b>	<b>603</b>

A deferred tax asset of £603,000 (2018: £700,000) has been recognised in respect of capital allowances in excess of depreciation and other timing differences as it is likely that there will be sufficient taxable profits against which the asset will reverse in the future.

A deferred tax asset of £326,000 (2018: £326,000) has not been recognised in respect of pre-1 April 2017 tax losses as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future. The unrecognised tax losses have no expiration date.

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

**11 Property, plant and equipment**

	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer hardware £'000	Total £'000
<b>Cost</b>					
At 1 January 2019	10	122	20	1,767	1,919
Additions (refer to note 13)	4,331	20	-	517	4,868
Disposals	-	-	-	(635)	(635)
Reclassification to Intangible assets	-	-	-	(103)	(103)
<b>At 31 December 2019</b>	<b>4,341</b>	<b>142</b>	<b>20</b>	<b>1,546</b>	<b>6,049</b>
<b>Accumulated depreciation</b>					
At 1 January 2019	(8)	(106)	(20)	(1,432)	(1,566)
Charge for the year	(357)	(25)	-	(227)	(609)
Disposals	-	-	-	635	635
Reclassification to Intangible assets	-	-	-	47	47
<b>At 31 December 2019</b>	<b>(365)</b>	<b>(131)</b>	<b>(20)</b>	<b>(977)</b>	<b>(1,493)</b>
Net book value at 31 December 2018	2	16	-	335	353
<b>Net book value at 31 December 2019</b>	<b>3,976</b>	<b>11</b>	<b>-</b>	<b>569</b>	<b>4,556</b>

**12 Intangible assets**

	Goodwill £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	20,271	-	20,271
Additions	-	109	109
Reclassification from property, plant and equipment	-	103	103
<b>At 31 December 2019</b>	<b>20,271</b>	<b>212</b>	<b>20,483</b>
<b>Accumulated amortisation</b>			
At 1 January 2019	-	-	-
Charge for the year	-	(40)	(40)
Disposals and write-offs	-	-	-
Reclassification from property, plant and equipment	-	(47)	(47)
<b>At 31 December 2019</b>	<b>-</b>	<b>(87)</b>	<b>(87)</b>
Net book value at 31 December 2018	20,271	-	20,271
<b>Net book value at 31 December 2019</b>	<b>20,271</b>	<b>125</b>	<b>20,396</b>

Intangible asset amortisation and impairments are recorded within operating expenses in the income statement.

The brought forward goodwill of £20,271,000 arose on the acquisition of the trade and assets from The Partners (Design Consultants) Limited, Addison Corporate Marketing Limited and part of Lambie-Naim & Company Limited during 2018.

All goodwill is allocated to a single cash generating unit, being the total trade of the Company. This represents the lowest level within the Company at which goodwill is monitored for internal management purposes. For this reason, the impairment review has been undertaken based on the operating cash flows of the Company.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on approved budgets. These forecasts cover a three year period, after which the cash flows are extrapolated for a further 7 years using a growth rate of 2%, being the long term growth rate for the Company. The resulting cash flows are discounted to present value using a discount rate of 5.5%.

The calculation of value in use is most sensitive to the following assumptions:

- Profit levels
- Discount rate
- Terminal growth rate

The profit levels are internal forecasts based on both internal and external market information, past experience and adjusted for expected changes. The discount rate used is based on the WPP Group calculated weighted average cost of capital for the market that most closely reflects the activities of the Company. The terminal growth rates are based on WPP Group terminal growth rates for the market that most closely reflects the activities of the Company.

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**13 Acquisition of SJS Management Services Limited:**

On 1 April 2019, the Company purchased the trade and assets of its 100% subsidiary, SJS Management Services Limited, for cash consideration of £1. The Company acquired net liabilities resulting in a loss on acquisition of £2,600,000.

The amounts recognised at the acquisition date in respect of the acquired assets and liabilities are as follows:

	£'000
<b>Assets</b>	
Leasehold improvements	4,250
Fixture & fittings at cost	20
Computer equipment at cost	221
Computer software at cost	90
Right-of-use asset	4,950
Trade and other receivables	627
	<b>10,158</b>
<b>Liabilities</b>	
Trade creditors and deferred income	(150)
Other creditors	(4,051)
Lease liabilities	(7,675)
Long term provisions	(882)
	<b>(12,758)</b>
<b>Net liabilities acquired</b>	<b>(2,600)</b>

**14 Investments**

	Subsidiaries £'000
<b>Cost and carrying value</b>	
At 1 January 2019	2,508
Impairment charge for the year	(2,508)
<b>Carrying value at 31 December 2019</b>	<b>-</b>

Details of the subsidiary undertakings, associates and available-for-sale investments of the Company as at 31 December 2019 are given in Note 27.

On 2 July 2018, the Company purchased the trade and assets of Addison Corporate Marketing Limited, a fellow group company, for non-cash consideration of £16,689,839. The Company acquired net assets of a book value of £7,963,350. Included in the net assets acquired by the Company was 100% of the ordinary shares in Emaxol Limited and I R Group Limited. These investments were held at £2,341,600 and were valued on the acquisition date at £2,508,166.

The investment in I R Group Limited was impaired in 2019.

**15 Right-of-use assets**

	Leased Buildings £'000
<b>Cost</b>	
At 1 January 2019	-
Additions (refer to note 13)	4,950
At 31 December 2019	4,950
<b>Accumulated depreciation</b>	
At 1 January 2019	-
Charge for the year	(390)
At 31 December 2019	(390)
<b>Carrying amount</b>	
At 1 January 2019	-
At 31 December 2019	4,560

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

16 Lease liabilities	2019 £'000	2018 £'000
<b>Maturity analysis:</b>		
Year 1	733	-
Year 2	761	-
Year 3	791	-
Year 4	821	-
Year 5	852	-
Onwards	3,191	-
	<b>7,149</b>	<b>-</b>
Lease liabilities are presented in the statement of financial position as follows:		
	2019 £'000	2018 £'000
Current	733	-
Non-current	6,416	-
	<b>7,149</b>	<b>-</b>
<b>17 Trade and other receivables</b>		
	2019 £'000	2018 £'000
<b>Amounts due within one year</b>		
Trade receivables	2,936	5,463
Less: provision for impairment of trade receivables	(100)	(369)
Trade receivables net of provision	2,836	5,094
Amounts owed by Group undertakings	5,035	6,843
Other receivables	83	39
	<b>7,954</b>	<b>11,976</b>
The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.		
<b>18 Prepayments and accrued income</b>		
	2019 £'000	2018 £'000
<b>Amounts due within one year</b>		
Prepayments	264	14
Accrued income	2,315	1,676
	<b>2,579</b>	<b>1,690</b>
<b>19 Trade and other payables</b>		
	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Trade payables	759	591
Amounts owed to Group undertakings	3,019	6,790
VAT	35	729
Other tax and social security	498	296
	<b>4,311</b>	<b>8,406</b>
Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.		
<b>20 Accruals and deferred income</b>		
	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Accruals	2,623	90
Deferred income	1,179	3,570
	<b>3,802</b>	<b>3,660</b>

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

**21 Provisions for liabilities**

The Company had the following provisions during the year:

	Property £'000
At 1 January 2018	-
Additions	51
At 31 December 2018	51
Additions	882
<b>At 31 December 2019</b>	<b>933</b>

The Company acquired a property lease from SJS Management Services Limited on 1 April 2019. This includes the requirement for a dilapidation payment at the end of the term in the year 2023.

The liability for dilapidations payments due to the landlord of 11-33 St Johns Street was also assigned to the Company as part of the acquisition of SJS Management Services Limited

The Company assesses the outstanding provisions balance on at least an annual basis.

**22 Pensions**

**Defined contribution schemes**

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

The total cost charged to the income statement of £374,000 (2018: £264,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There is £17,000 of outstanding contributions at the balance sheet date (2018: £nil).

**23 Share based payments**

**WPP Share Option Plan**

The WPP Share option plan grants options to employees who have worked at a Company owned by WPP plc for at least two years which are not subject to performance conditions or on a discretionary basis subject to the satisfaction of performance conditions.

Stock options have a life of ten years, including the vesting period. The terms of stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. Stock options are satisfied out of newly issued shares in WPP plc.

**Restricted stock scheme**

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:

Leaders, Partners and High Potential Group

This scheme provides annual grants of restricted stock for key executives. Performance conditions include continued employment over a three-year vesting period.

The share based compensation charge has been recorded in the income statement as operating expenses of £65,000 (2018: £51,000).

The average share price of WPP plc for the year ended 31 December 2019 was £9.39 (2018: £11.56).

**Options granted**

WPP Share Option Plan

		Number	Weighted exercise price £	Weighted fair value £
Options granted	2018	11,125	8.37	93,139
Options granted	2019	9,750	9.60	93,600

Leaders, Partners and High Potential  
Group

		Number	Weighted exercise price £	Weighted fair value £
Options granted	2018	8,616	8.14	70,169
Options granted	2019	11,931	9.60	114,538

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

**24 Share capital**

	2019 Number of shares	2018 Number of shares	2019 £	2018 £
<b>Issued and fully paid</b>				
Ordinary shares with voting rights of £1 each (2018: £1 each)	14,743,118	14,743,118	14,743,118	14,743,118
	<b>14,743,118</b>	<b>14,743,118</b>	<b>14,743,118</b>	<b>14,743,118</b>

**25 Syndicated banking arrangement**

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

**26 Related party transactions**

As a wholly owned subsidiary of the ultimate parent Company, WPP plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced Disclosure Framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.

**27 Subsidiaries**

The subsidiaries of the Company as at 31 December 2019 are as follows:

Company	Direct shares held (%)	Indirect shares held(%)	Security	Address of the registered office
Emaxol Limited ( <i>in dissolution</i> )	100%	0%	Ordinary	(a)
SJS Management Services Limited ( <i>in dissolution</i> )	100%	0%	Ordinary	(a)
IR Group Limited ( <i>in dissolution</i> )	0%	100%	Ordinary	(a)

(a) 6 Brewhouse Yard, London, EC1V 4DG

**28 Post balance sheet events**

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

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

We are continuing to work closely with our clients to ensure timely payment for the services we have provided in line with contractual commitments. Cost reduction and cash conservation measures have also been taken.

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

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