

Mindshare Media UK Limited
(Registered number: 03425312)

Annual Report

for the year ended 31 December 2018

Registered office address:

Central St Giles,
1 St Giles High Street,
London,
WC2H 8AR



Mindshare Media UK Limited
(Registered number: 03425312)

Annual Report

for the year ended 31 December 2018

Contents	Pages
Strategic report	1-2
Directors' report	3-4
Independent auditor's report	5-7
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11-21

Mindshare Media UK Limited
(Registered number: 03425312)

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report on Mindshare Media UK Limited (the 'Company') for the year ended 31 December 2018.

Principal activities

The Company is a member of the WPP Plc Group (the 'Group'). The Company's principal activity is the provision of media buying and planning services in the United Kingdom.

Future developments

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

Review of business

During the year the Company purchased the trade and assets of a business division of Ogilvy & Mather Group (Holdings) Limited for a consideration of £17.6 million. The book value of the net assets transferred was £8.1 million, resulting in goodwill of £9.5 million.

The Company's revenue for the year ended 31 December 2018 increased to £104,458,000 from £93,264,000. The Company made a profit for the same year of £11,683,000 (2017: a profit of £11,414,000).

The Directors believe that the current level of performance and financial position of the Company is satisfactory.

The profit for the year ended 31 December 2018 of £11,683,000 was transferred to reserves (profit for the year ended 31 December 2017 of £11,414,000 transferred to reserves).

Dividends

In the current year no dividend was proposed to the holders of any share of the Company. In the prior year the Company made a dividend payment of £15,000,000 to the ordinary shareholders of the Company.

Key performance indicators (KPIs)

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.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate. The Company has net current assets of £34,154,000 and net assets of £46,085,000 and can therefore meet its short and long term liability demands as they fall due. Furthermore, the Directors believe that the principal risks and uncertainties affecting going concern for the Company, as identified below, are mitigated.

Mindshare Media UK Limited
(Registered number: 03425312)

Strategic report for the year ended 31 December 2018
Principal risks and uncertainties

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2018 and up to date of this report. The principal risk for the Company is potential client losses due to operating in a highly competitive industry.

The Company manages the risk of client loss by providing value adding services to its clients and by seeking to secure long-term client relationships. Additionally, the Company works with a diversified client portfolio. The Company recruits and aims to retain the most talented people by supporting them to expand their skills and capabilities.

Liquidity risk

The Company has net current assets of £34,154,000 and net assets of £46,085,000 and can therefore meet its short and long term liability demands as they fall due.

Credit risk

The Directors consider credit risk to be low due to appropriate client acceptance processes in place including credit checks. Additionally, the Company monitors the client receivables regularly.

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.

The Directors believe that preparing the financial statements on the going concern basis is appropriate. This is due to the mitigation of the risks identified above.

Cyber security and I. T. breaches

The Company mitigates the risk of cyber security and I.T breaches by adhering to strict information security protocol.

Other risks

Other principal risks include uncertainty in the global economy caused by the withdrawal of the United Kingdom from the European Union. 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.

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.

Approved by the Board and signed on its behalf by,



T Gaymer
Director

9 December 2019

Mindshare Media UK Limited
(Registered number: 03425312)

Directors' report for the year ended 31 December 2018

The Directors present their annual report and audited financial statements for the Company for the for the year ended 31 December 2018.

Results

The Company's results for the financial year are shown in the income statement on page 8.

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 were as follows, except as noted:

T Gaymer
C Barlow
D Dickie
H McRae
N Morris

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.

Environment

The WPP Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the WPP's Corporate Responsibility Report which does not form part of this report. Initiatives designed to mitigate the Company's impact on the environment include improving our energy use efficiency, paper use and recycling.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, briefings and thorough group communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception. It is open to all employees who have at least two years' service for a Company wholly-owned by WPP. The WPP stock options are granted annually with the number granted at WPP's discretion. After three years, employees can choose whether to keep their options or buy WPP stock at the fixed option price. Options may be exercised for up to 10 years from the grant date.

Our non-discrimination and anti-harassment policies are included in the Group Code of Conduct.

Disabled employees

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

Mindshare Media UK Limited
(Registered number: 03425312)

Directors' report for the year ended 31 December 2018

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' ("FRS 101"). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Items disclosed in the Directors' report

The following items that are Directors' report disclosures have been included in the Strategic report on page 1 and form part of this report by cross reference:

- principal activities and future developments;
- dividends paid or declared;
- going concern statement; and
- principal risks and uncertainties.

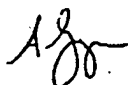
Disclosure of information to auditor's

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor's are 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's are aware of that information. This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Independent auditor's

Deloitte LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Approved by the Board and signed on its behalf by,



T Gaymer
Director

9 December 2019

Mindshare Media UK Limited
(Registered number: 03425312)

Independent auditors' report to the members of Mindshare Media UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Mindshare Media UK 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 income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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.

Mindshare Media UK Limited
(Registered number: 03425312)

Independent auditors' report to the members of Mindshare Media UK Limited

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mindshare Media UK Limited
(Registered number: 03425312)

Independent auditors' report to the members of Mindshare Media UK Limited

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.

Matters on which we are required to report by exception

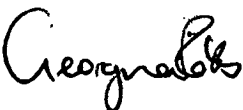
Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Georgina Robb FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London

9 December 2019

Mindshare Media UK Limited
(Registered number: 03425312)

Income statement
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Billings^{*1}		776,146	816,357
Revenue	4	104,458	93,264
Other operating income		24,562	25,018
Administrative expenses		(117,532)	(108,278)
Profit before interest and taxation		11,488	10,004
Finance income	8	285	275
Finance expense	9	(84)	(43)
Finance expense - net		201	232
Profit before taxation		11,689	10,236
Taxation	10	(6)	1,178
Profit for the year	5	11,683	11,414

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

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

¹ Billings is a management alternative performance measure and comprises the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned and recharge of third party costs.

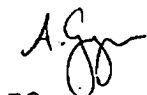
* Refer to note 2.01 within the Notes to the financial statements.

Mindshare Media UK Limited
(Registered number: 03425312)

Balance sheet
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	12	2,209	3,010
Goodwill	13	9,692	-
Deferred tax asset	10	1,178	1,178
Total non-current assets		12,979	4,188
Current assets			
Inventories		47	-
Trade and other receivables	14	165,720	171,903
Cash and cash equivalents		129,692	112,081
Total current assets		295,459	283,984
Total assets		308,438	288,172
Current liabilities			
Trade and other payables	15	(261,305)	(255,071)
Net current assets		34,154	28,913
Total assets less current liabilities		47,133	33,101
Non-current liabilities			
Other provisions	16	(1,048)	(708)
Total liabilities		(262,353)	(255,779)
Net assets		46,085	32,393
Equity			
Share capital	19	2,269	2,269
Share premium		1,800	1,800
Retained earnings		42,016	28,324
Shareholder's funds		46,085	32,393

The financial statements on pages 8 to 21 were approved by the Board of Directors on 9 December and signed on its behalf by:



T Gaymer
Director

Mindshare Media UK Limited
(Registered number: 03425312)

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

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2017		2,269	1,800	29,041	33,110
Profit and total comprehensive profit for the year		-	-	11,414	11,414
Dividends to shareholders	11	-	-	(15,000)	(15,000)
Non-cash settled share-based incentive plans	18	-	-	2,869	2,869
As at 31 December 2017		2,269	1,800	28,324	32,393
Profit and total comprehensive profit for the year		-	-	11,683	11,683
Non-cash settled share-based incentive plans	18	-	-	2,009	2,009
As at 31 December 2018		2,269	1,800	42,016	46,085

Mindshare Media UK Limited
(Registered number: 03426312)

Notes to the financial statements for the year ended 31 December 2018

1 Presentation of the financial statements

General Information

The Company's business activities, future development and a review of its performance and positive are set out in the Strategic report on Page 1.

The Company is a private company, limited by shares and is incorporated and domiciled in the UK. The Company is registered in England and Wales. The address of the registered office is Central St Giles, 1 St Giles High Street, London, WC2H 8AR.

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.

Going concern

In determining if the business is a going concern, the Directors have considered the Company's financial forecasts, budgets, cash flows, liquidity, contingent liabilities and pension funding. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements. Accordingly, they continue to adopt the going concern as a basis in preparing the financial statements.

Amendments to the financial statements

The Company has identified that the gross billings disclosure for 2017 was incorrect and as such have amended the disclosure within the 2018 financial statements. The amendment is solely a disclosure point and has no impact on profit before tax or net assets.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. The Company meets the requirements of utilising the 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';
- IFRS 7, 'Financial instruments: disclosures';
- The requirements of the 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;
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n), B64(o)(ii), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement';
- 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 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets;
- 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.

The financial statements of WPP plc are available at 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.

Notes to the financial statements for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

2.01 Basis of preparation (continued)

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

In the current year, the company has applied a number of amendments to IFRSs or IFRIC interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. IFRS 9 and 15 have been adopted in the current year with no material impact. There have been no material impacts on the disclosures or on the amounts reported in the financial statements due to other amendments to accounting standards or IFRIC interpretations.

2.02 Consolidation

The Company is a wholly owned subsidiary of the ultimate parent company, WPP plc, a company incorporated in Jersey, is the Company's ultimate parent undertaking and controlling party. The largest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of statements of WPP plc. The registered address of WPP Plc is Queensway House, Hillgrove Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from 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 statements of WPP Jubilee Limited, registered in the England and Wales. The registered address of WPP Jubilee Limited is Sea Containers, 18 Upper Ground, London, SE19ET, England. The immediate parent undertaking is WPP Toronto Limited. These financial statements are separate financial statements.

2.03 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.04 Turnover

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. 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 any significant impact on the timing of the Company's revenue recognition nor on equity.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered related to media buying and planning services, stated net of discounts and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the service is performed. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of historical information and past experience.

2.05 Expenditure

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

2.06 Finance income and expense

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

2.07 Dividends paid and received

Interim dividends and final dividends received are included in the income statement in the year in which the right to receive the payment is established. Interim dividends paid are deducted from reserves in the year in which they are paid. Final dividends paid are recorded in the reserves upon shareholder approval. Dividends in specie are recognised at their fair value at the date of receipt.

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.

Notes to the financial statements for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

2.09 Leases

Leases in which substantially all of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. The assets are capitalised at the lease commencement date in property, plant and equipment or computer software, at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The leasing commitment is shown as obligations under finance leases. Assets held under finance leases are depreciated on a basis consistent with similar owned assets or the lease term if shorter. The interest element of the lease rental is included in the income statement.

2.10 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

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:

	Over life of lease
Leasehold improvements	5 years
Fixtures, fittings and equipment	3 to 5 years
office equipment	

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 ().

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised in "Operating expenses" in the income statement.

2.11 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.

2.12 Intangible assets

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

2.13 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 Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

2.14 Cash and cash equivalents

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

Notes to the financial statements for the year ended 31 December 2018

2 Summary of significant accounting policies (continued)

2.15 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.

2.16 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.

Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

2.17 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.

2.18 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.

2.19 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.

2.20 Inventory

Inventory relates to pre-purchased media space. Inventory is included in the financial statements at the lower of cost and net realisable value. Cost is generally determined on a first in, first out basis.

2.21 Other operating income

Other operating income primarily relates to the recharge of head office costs to fellow group undertakings and is recorded as income within the income

3 Key accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Directors, there are no critical judgements.

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 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 Revenue recognition

Revenue arising from the provision of media investment services is subject to estimates made taking into account information available. These estimates are reviewed by management on a regular basis.

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

4 Revenue

Analysis of revenue by geography:

	2018 £'000	2017 £'000
UK	72,617	69,114
Rest of Europe	25,239	16,241
Rest of the world	6,602	7,909
	104,458	93,264

The Company's revenue is derived entirely from media buying and planning services in the current and prior year.

5 Profit for the year

	2018 £'000	2017 £'000
Profit for the year is stated after (charging)/crediting:		
Depreciation of property, plant and equipment	(1,176)	(1,083)
Operating lease expenses	(6,594)	(5,386)
Employee costs	(80,361)	(76,074)
Audit fees payable to the Company's auditor for the audit of the financial statements	(105)	(105)
Fees payable to the Company's auditor for non-audit services	-	(21)

Other operating income primarily relates to the recharge of head office costs to fellow group undertakings.

6 Employees

	2018 £'000	2017 £'000
Employee costs		
Wages and salaries	59,549	63,593
Social security costs	8,114	7,731
Pension costs- defined contribution plans	2,333	1,881
Share-based incentive plans	2,009	2,869
Severance and redundancy costs	768	-
Other employee costs	7,580	-
	80,361	76,074

	2018 number	2017 number
The average monthly number of persons employed by the Company (including Directors)		
Executive and administration	868	807
	868	807

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

7 Directors' remuneration

	2018 £'000	2017 £'000
Emoluments		
Remuneration and benefits	1,451	1,351
Company pension contribution to money purchase scheme	74	69
Total	1,625	1,420

Retirement benefits accrued under money purchase schemes for 4 Directors during the year ended 31 December 2018 (2017: 4 Directors).

The emoluments for the highest paid director in 2018 and 2017 are shown below:

	2018 £'000	2017 £'000
Remuneration and benefits	623	493
Pension	30	28
Long term incentives	88	143
Total	641	664

During the year and preceeding year, 1 Director of the Company was remunerated by other Group companies. They received no remuneration in respect of their service to the Company.

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

8	Finance income		
		2018	2017
		£'000	£'000
	Bank interest income	285	275
	Total finance income	285	275
9	Finance expense		
		2018	2017
		£'000	£'000
	Bank interest expense	69	43
	Bank charges	26	-
	Total finance expense	84	43
10	Taxation		
		2018	2017
		£'000	£'000
	Income tax		
	Current tax:		
	UK Corporation tax of 19.00% (2017: 19.25%)	6	-
	Total tax for the year	6	-

The tax assessed for the year is lower (2017: lower) than the corporation tax rate in the UK for the year ended 31 December 2018 of 19.00% (2017: blended rate of 19.25%).

		2018	2017
		£'000	£'000
Reconciliation of total tax			
Profit before taxation		11,689	10,236
Profit on ordinary activities at the blended UK statutory rate of 19.00% (2017: 19.25%)		2,221	1,971
Effects of:			
Expenses not deductible for tax purposes		110	70
Depreciation in excess of capital allowances		(233)	(117)
Movements in short term timing differences		(189)	-
Deferred tax assets not recognised		(13)	-
Withholding tax incurred		6	-
Group relief transferred for nil consideration		(1,896)	(3,207)
Total tax for the year		6	-

Factors that may affect future tax charges:

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015, including reductions to the main rate from 20% to 19%. Further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2017 (on 6 September 2017) and Finance Bill 2019 (which received Royal Assent in February 2019). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements.

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 asset

	Capital allowances in excess of depreciation and other timing differences
	£'000
At 1 January 2017	-
Credit to the income statement	1,178
At 31 December 2017 and 31 December 2018	1,178

A deferred tax asset has been recognised in respect of capital allowances in excess of depreciation and other timing differences. Deferred tax assets are recognised where it is probable that future taxable profits will be available to utilise the losses.

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

11 Dividends paid and payable

Dividends paid in 2017	No. of shares	£ per share	£
	2,269,002	6.61	15,000,000

12 Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2018	5,676	1,947	1,683	9,306
Additions	-	263	112	376
At 31 December 2018	6,676	2,210	1,795	9,681
Accumulated depreciation				
At 1 January 2018	(3,880)	(1,303)	(1,113)	(6,296)
Charge for the year	(576)	(261)	(339)	(1,176)
At 31 December 2018	(4,456)	(1,564)	(1,452)	(7,472)
Net book value at 1 January 2018	1,796	644	570	3,010
Net book value at 31 December 2018	1,220	646	343	2,209

13 Goodwill

	Goodwill £'000
Cost	
At 1 January 2018	-
Additions	9,592
Net book value at 31 December 2017	-
Net book value at 31 December 2018	9,592

The non-amortisation of goodwill or indefinite useful life (intangible assets under IFRS conflicts with Schedule 1 to the Regulations, which requires goodwill and intangible assets to be depreciated over their useful economic lives.

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

On 1 January 2018, the Company purchased the trade and assets of a business division of Ogilvy & Mather Group (Holdings) Limited for a consideration of £17.6 million. The book value of the net assets transferred was £8.0 million, resulting in goodwill of £9.6 million.

The goodwill of £9.6 million arises on the acquisition of a new business unit in 2018. All goodwill is allocated to a single cash generating unit, being the total trade of the business unit. 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 business unit.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on management's best estimate of future cash flow. These forecasts cover a three year period, after which the cash flows are discounted to present value.

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.

The value in use calculation indicates that sufficient headroom exists such that any reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill.

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

14	Trade and other receivables	2018	2017
		£'000	£'000
	Amounts due within one year		
	Trade receivables	93,362	106,984
	Less: provision for impairment of trade receivables	(716)	(843)
	Trade receivables - net	92,646	106,141
	Amounts owed by Group undertakings	24,346	23,056
	Prepayments and accrued income	48,678	42,506
	Other receivables	49	-
		165,720	171,903

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

15	Trade and other payables	2018	2017
		£'000	£'000
	Amounts falling due within one year		
	Trade payables	168,020	169,820
	Amounts owed to Group undertakings	69,666	34,920
	Taxation and social security	8,066	14,765
	Accruals, deferred income and other payables	35,633	35,566
		261,305	255,071

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

16 Provisions for liabilities

The Company had the following provisions during the year:

	Property
	£'000
At 1 January 2017	608
Charge for the year	100
At 31 December 2017	708
Charge for the year	340
At 31 December 2018	1,048

17 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 £2,333,000 (2017: £1,881,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There are no outstanding or prepaid contributions at the balance sheet date.

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

18 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.

The number of options granted in 2018 and 2017 was not material.

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:

Executive Share Awards (ESA) / Performance Stock Awards (PSA)

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

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.

Leadership Equity Acquisitions Plan III (LEAP III)

Under LEAP III, the most senior executives of the Group, including certain executive directors, commit WPP shares ('investment shares') in order to have the opportunity to earn additional WPP shares ('matching shares'). The number of matching shares which a participant can receive at the end of the fixed performance of five years is dependent on the performance (based on the Total Share Owner Return (TSR)) of the Company over that period against a comparative group of other listed communications services companies. The maximum possible number of matching shares for each of the 2012 and 2011 grants is five shares for each investment share. The 2011 LEAP III vested in March 2016 at a match of 5.0 shares for each investment share. The last LEAP III award was granted in 2012 and no further award will be made following the introduction of the EPSP.

Special Share Awards

From time to time, one-off awards are made to individuals in the form of restricted stock. Performance conditions include continued employment over the vesting period. As these are one-off awards the vesting period will differ for each award granted.

Executive Performance Share Plan (EPSP)

The first grant of restricted stock under the EPSP was made in 2013. This scheme is intended to reward and incentivize the most senior executives of the Group and has effectively replaced LEAP III. The performance period is five complete financial years, commencing with the financial year which the award is granted. Grant date will usually be in the first half of the first performance year, with vest date in the March following the end of the five year performance period. Vesting is conditional on continued employment throughout the vesting period.

There are three performance criteria, each constituting one third of the vesting value, and each measured over this five year period:

- (i) TSR against a comparator group of companies. Threshold performance (equating to ranking in the 50th percentile of the comparator group) will result in 20% vesting of the part of the award depending on TSR. The maximum vest of 100% will arise if performance ranks in the 90th percentile, with a sliding scale of vesting for performance between threshold and maximum.
- (ii) Headline diluted earnings per share. Threshold performance (7% compound annual growth) will again result in a 20% vest. Maximum performance of 14% compound annual growth will give rise to a 100% vest, with a sliding vesting scale for performance between threshold and maximum.
- (iii) Return on equity (ROE). Average annual ROE defined as headline diluted EPS divided by the balance sheet value per share of share owners' equity. Threshold performance of 10% average annual ROE, maximum performance of 14%, with a sliding scale for performance in between. Threshold again gives rise to a 20% vest with 100% for maximum.

The share based compensation charge has been recorded in the income statement as operating expenses of £2,009,000 (2017: £2,869,000).

Mindshare Media UK Limited
(Registered number: 03425312)

Notes to the financial statements for the year ended 31 December 2018

18 Share based payments (continued)

Valuation of share options

For the purpose of valuing options and savings-related options to arrive at the share based payment charge, the Black-Scholes option pricing model has been used. The assumptions used in the model are as follows:

	2018	2017
Risk-free rate	0.78%	0.57%
Dividend yield	3.46%	2.90%
Volatility	24%	17%
Expected life (months)	48	48
Fair value of options	107.0p	112.0p

The average share price of WPP plc for the year ended 31 December 2018 was £11.56 (2017: £15.66).

Options outstanding

PSA	Number	Weighted	Weighted fair
		exercise price	value
		£	£
As at 1 January 2017	61,740	15.99	987,223
Options granted	70,825	17.21	1,218,898
Options cancelled	(1,934)	15.99	(30,925)
As at 31 December 2017	132,565	16.64	2,206,121
Options granted	81,129	12.47	1,011,273
Options exercised	(59,866)	15.99	(956,298)
Options cancelled	(4,769)	17.21	(81,042)
As at 31 December 2018	149,179	14.61	2,180,064

Leaders, Partners and High Potential Group

	Number	Weighted	Weighted fair
		exercise price	value
		£	£
As at 1 January 2017	85,921	16.40	1,408,676
Options granted	32,637	13.09	427,218
Options exercised	(30,258)	13.15	(397,893)
Options cancelled	(1,601)	15.83	(25,338)
As at 31 December 2017	86,699	16.29	1,412,663
Options granted	44,494	8.14	362,359
Options exercised	(27,570)	15.48	(426,784)
Options cancelled	(12,333)	14.95	(184,437)
As at 31 December 2018	91,290	12.75	1,163,801

Special Share Awards

	Number	Weighted	Weighted fair
		exercise price	value
		£	£
As at 1 January 2017	129,969	13.02	1,692,018
Options exercised	(30,261)	11.02	(333,476)
Options cancelled	(2,318)	14.72	(34,121)
As at 31 December 2017	99,708	13.63	1,358,542
Options granted	34,998	8.28	289,932
Options exercised	(2,832)	17.06	(48,314)
As at 31 December 2018	131,874	12.13	1,600,160

LEAP

	Number	Weighted	Weighted fair
		exercise price	value
		£	£
As at 1 January 2017	251,460	8.60	2,161,928
Options exercised	(251,460)	8.60	(2,161,928)
As at 31 December 2017 and 2018	-	-	-

EPSP

	Number	Weighted	Weighted fair
		exercise price	value
		£	£
As at 1 January 2017	287,105	12.81	3,676,833
As at 31 December 2017	287,105	12.81	3,676,833
Options exercised	(95,155)	11.22	(1,067,642)
As at 31 December 2018	191,950	13.69	2,609,191

Mindshare Media UK Limited
(Registered number: 03426312)

Notes to the financial statements for the year ended 31 December 2018

18 Share based payments (continued)

<u>STIP Bonus Award</u>	Number	Weighted exercise price £	Weighted fair value £
As at 1 January 2017	2,148	15.99	34,347
As at 31 December 2017	2,148	15.99	34,347
Options granted	(2,148)	15.99	(34,347)
As at 31 December 2018	-	-	-

19 Share capital

	2018 Number of shares	2017 Number of shares	2018 £	2017 £
Issued and fully paid				
Ordinary shares of 100p each (2017: 100p each)	2,269,002	2,269,002	2,269,002	2,269,002
	2,269,002	2,269,002	2,269,002	2,269,002

20 Commitments

Commitments under non-cancellable operating leases are disclosed below. Enil (2017: Enil) is provided against these commitments on the Company's balance sheet.

	2018 £'000	2017 £'000
Commitments under non-cancellable operating leases for land and buildings:		
Rental payments due within one year	6,543	6,054
Rental payments due between one and not later than five years	12,102	11,532
Rental payments due after five years	-	-
Total commitments under non-cancellable operating leases	18,645	17,586

21 Guarantees

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

22 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. During the year, the Company recharged costs to MSix Communications Limited, a counterparty to a profit share agreement with Mindshare Media UK Limited. The amounts owed to Mindshare Media UK Limited by MSix for the share of profits as at 31 December 2018 amounted to £1,528,153 (2017: £1,444,000).