

**These accounts are being filed as part of the
subsidiary package for Honcho Agency Ltd,
company number: 1993918**

IPG Holdings (UK) Limited

**Directors' Report, Strategic Report
and Consolidated Financial Statements
Year ended 31 December 2018**

Registered Number: 2353279



IPG Holdings (UK) Limited

Strategic Report for the year ended 31 December 2018

The directors present their strategic report and the audited consolidated financial statements of IPG Holdings (UK) Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2018.

Principal activities and review of business

The principal activity of the Group and Company during the year was operating a number of advertising, digital communications, public relations and other media related businesses within The Interpublic Group of Companies, Inc. ("IPG Group") in the United Kingdom and overseas.

The main subsidiaries, using the criteria of turnover for trading companies and net investment value for holding companies, were as follows:

Acxiom Limited
CMGRP Holdings Limited
CMGRP UK Limited
Complete Medical Group Worldwide Limited
Creation Communications Limited
Engels (No.1) Limited
Jack Morton Worldwide Limited
Lowe International Limited
Lowe Investments Limited (Mauritius)
McCann Complete Medical Limited
McCann-Erickson Advertising Limited
McCann-Erickson Central Limited
McCann-Erickson EMEA Limited
McCann-Erickson Network Limited
McCann-Erickson UK Group Limited
McCann Manchester Limited
Mediabrand Belgium S.A.
Mediabrand International Limited
Mediabrand Limited
MullenLowe London Limited
MullenLowe Group Limited
Rapport Outdoor Limited
R/GA Media Group Limited

The Group's consolidated profit for the financial year was £29.0m (2017: profit of £4.3m). The consolidated profit for the financial year has been transferred to reserves. The directors consider that the result for the year is in line with expectations. The Group had net assets of £87.7m as at 31 December 2018 (2017: net assets of £57.9m).

On 30 April 2018 the Group acquired the entire issued share capital of Independent Talent Brands Limited.

On 3 July 2018 the Group acquired the entire issued share capital of That Lot Creatives Limited.

On 21 December 2018 the Group acquired the entire issued share capital of Jack Morton Europe Limited.

On 27 December 2018 the Group acquired the entire issued share capital of Acxiom European Holdings Limited.

During the year, the Company received dividends to the value of £nil (2017: £64.8m) and paid a dividend of £9,000 (2017: £nil).

Branches outside the UK

The subsidiary, Mediabrand Limited, has a trading branch in the Republic of Ireland.

IPG Holdings (UK) Limited

Strategic Report for the year ended 31 December 2018 (continued)

Future developments, strategy and key performance indicators

The Group will continue to focus its activities on supporting the IPG Europe, Middle East and Africa (EMEA) network for the foreseeable future

The Group has two reportable segments, which are the Integrated Agency Networks ("IAN") and Constituency Management Group ("CMG"). IAN is comprised of McCann, MullenLowe, IPG Mediabrands, Foote, Cone & Belding ("FCB"), and other digital specialist and integrated agencies (collectively "Other"). CMG is comprised of a number of our specialist marketing services offerings. Their results for the financial year ended 31 December 2018 and 31 December 2017 are shown below:

2018	CMG	MullenLowe	Mediabrand	FCB	McCann	Other	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover	178,426	131,485	873,744	32,582	489,212	55,678	1,761,127
Gross profit	101,200	69,804	128,282	18,129	226,840	48,750	593,005
Operating profit/(loss)	14,346	(4,284)	16,170	(713)	32,161	(16,538)	41,142
Operating margin	8.0%	(3.3%)	1.9%	(2.2%)	6.6%	(29.7%)	2.3%
Employee costs	62,537	39,063	80,633	11,748	143,166	21,189	358,336
Employee costs as % of gross profit	61.8%	56.0%	62.9%	64.8%	63.1%	43.5%	60.4%

2017	CMG	MullenLowe	Mediabrand	FCB	McCann	Other	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover	176,663	115,753	804,114	43,262	406,375	50,692	1,596,859
Gross profit	91,264	50,838	114,626	23,523	215,543	44,473	540,267
Operating profit/(loss)	4,210	(9,369)	13,611	(2,014)	20,761	(8,500)	18,699
Operating margin	2.4 %	(8.1%)	1.7%	(4.7%)	5.1%	(16.8%)	1.2%
Employee costs	54,896	35,598	63,226	14,659	130,324	29,903	328,606
Employee costs as % of gross profit	60.2%	70.0%	55.2%	62.3%	60.5%	67.2%	60.8%

IPG Holdings (UK) Limited

Strategic Report for the year ended 31 December 2018 (continued)

Exceptional items

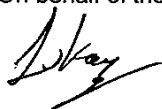
During the year the Group disposed of two subsidiaries, which resulted in a gain on disposal of £2,878,000.

Principal risks and uncertainties

From the perspective of the Group, the principal risks and uncertainties are integrated with the principal risks of the IPG Group and are not managed separately. These risks are discussed in the IPG Group annual report for the year ended 31 December 2018, which does not form part of this report. Copies of IPG Group's consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.
909 Third Avenue
New York, NY 10022, U.S.A.

On behalf of the Board:



Warren Spencer Kay
Director

9 September 2019

IPG Holdings (UK) Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and the audited consolidated financial statements of IPG Holdings (UK) Limited (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 December 2018.

The Group's UK subsidiary companies are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. A list of these UK companies can be found in note 27.

Future developments

Future developments, strategy and key performance indicators are discussed in the strategic report in addition to disclosures regarding branches outside the UK.

Dividends

The Company paid a dividend of £9,000 during the financial year (2017: £nil). The directors do not recommend the payment of a final dividend.

Financial risk management objectives and policies

The Group's operations expose it to a variety of financial risks. These include the credit risk, the liquidity risk associated with recovering customer debt on a timely basis, and the interest rate cash flow risk. The Group has in place a risk management programme that seeks to minimise the potential adverse effects on the financial performance of the Group by monitoring customer debt levels and the related financial risks to the business.

Agencies within the Group follow the standard policy and procedures (SP&P) manual provided by the IPG Group which sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by the IPG Group.

Credit risk

The Group has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the Group with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to principal credit risk at 31 December 2018 was mainly as follows: trade debtors £338,836,000, amounts owed by Group undertakings £207,167,000, other debtors £7,082,000 and prepayments and accrued income £66,408,000 (2017: £330,247,000, £73,628,000, £11,550,000 and £66,421,000 respectively).

Credit given to other Group companies is also monitored and is granted where merited. Group debts are collected on the same basis as non-group debts.

The Group also attempts to minimize credit exposure to cash investments. Cash investments are placed with high-quality financial institutions with limited exposure to any one institution.

Liquidity risk

The Group's customer profile is such that late payments and defaults may reduce the funds available for operations and planned expansions. *The Group manages this risk by engaging external collection agencies if required.*

Political donations

The Group made no political donations in 2018 (2017: nil).

Disabled employees

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

IPG Holdings (UK) Limited

Directors' Report for the year ended 31 December 2018 (continued)

Employee involvement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its future success.

Directors

The directors who held office during the financial year and up to the date of signing the financial statements are given below:

	Date of Appointment
Warren Spencer Kay	5 May 2011
Derek John Coleman	29 May 2012
William Francis Cleary	22 May 2014

Events post statement of financial position

There are no material events post statement of financial position.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

IPG Holdings (UK) Limited

Directors' Report for the year ended 31 December 2018 (continued)

Disclosure of information to auditors in the Directors' Report

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- *they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.*

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

On behalf of the Board



Warren Spencer Kay
Director

9 September 2019

IPG Holdings (UK) Limited

Independent auditors' report to the members of IPG Holdings (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, IPG Holdings (UK) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report, Strategic Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated statement of financial position as at 31 December 2018 and the Company statement of financial position as at 31 December 2018; the Consolidated profit and loss account for the year ended 31 December 2018 and the Consolidated statement of comprehensive income for the year ended 31 December 2018; the Consolidated statement of cash flows for the year ended 31 December 2018; the Consolidated statement of changes in equity for the year ended 31 December 2018 and the Company statement of changes in equity for the year ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 group's and 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of IPG Holdings (UK) Limited (continued)

Strategic Report and Directors' Report

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 September 2019

IPG Holdings (UK) Limited

Consolidated profit and loss account for the year ended 31 December 2018

		2018 £000's	2017 £000's
Turnover	Note 5	1,761,127	1,596,859
Cost of sales		(1,168,122)	(1,056,592)
Gross profit		593,005	540,267
Administrative expenses	6	(551,957)	(521,741)
Distribution costs		(759)	(699)
Other operating income		853	872
Operating profit	6	41,142	18,699
Interest receivable and similar income	7	3,187	2,551
Interest payable and similar expenses	8	(9,564)	(8,190)
Exceptional gain on disposal of subsidiaries	14	2,878	-
Profit before taxation		37,643	13,060
Tax on profit	11	(8,619)	(8,766)
Profit for the financial year		29,024	4,294
Profit for the financial year attributable to:			
Owners of the parent		28,615	4,263
Non-controlling interests	20	409	31
Profit for the financial year		29,024	4,294

All operations are continuing.

The accompanying notes from pages 17 to 54 form an integral part of these consolidated financial statements.

IPG Holdings (UK) Limited

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £000's	2017 £000's
Profit for the financial year		29,024	4,294
Other comprehensive income/(loss)			
- currency translation differences		2,004	1,046
Total comprehensive income for the year		31,028	5,340
Total comprehensive income attributable to:			
- owners of the parent		30,619	5,309
- non-controlling interests	20	409	31
		31,028	5,340

IPG Holdings (UK) Limited

Consolidated statement of financial position As at 31 December 2018

	Note	2018 £000's	2017 £000's
Fixed assets			
Intangible assets	12	282,997	264,859
Tangible assets	13	39,782	36,640
Investments	14	7,111	5,628
Interest in associate	14	3	33
		329,893	307,160
Current assets			
Work in progress		53,828	61,274
Debtors	15	629,752	492,976
Cash at bank and in hand		369,879	218,760
		1,053,459	773,010
Creditors: amounts falling due within one year	16	(1,222,235)	(942,578)
Net current liabilities		(168,776)	(169,568)
Total assets less current liabilities		161,117	137,592
Creditors: amounts falling due after more than one year	17	(64,183)	(71,352)
Provisions for liabilities	18	(9,253)	(8,378)
Net assets		87,681	57,862
Capital and reserves			
Called up share capital	19	1,602	1,602
Share premium account		8,536	8,536
Capital redemption reserve		100	100
Currency translation reserve		(178)	(2,182)
Retained earnings		76,422	47,816
Total equity attributable to owners of the parent		86,482	55,872
Non-controlling interests	20	1,199	1,990
Total equity		87,681	57,862

The consolidated and Company financial statements on pages 10 to 54 were approved by the board of directors on 9 September 2019 and signed on its behalf by:



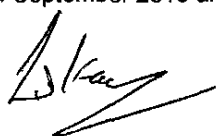
Warren Spencer Kay
Director
IPG Holdings (UK) Limited

IPG Holdings (UK) Limited

Company statement of financial position as at 31 December 2018

	Note	2018 £000's	2017 £000's
Fixed assets			
Investments	14	376,927	345,177
Current assets			
Debtors: amounts falling due within one year	15	17,633	8,221
Cash at bank and in hand		181,617	-
		199,250	8,221
Creditors: amounts falling due within one year	16	(466,911)	(237,726)
Net current liabilities		(267,661)	(229,505)
Total assets less current liabilities		109,266	115,672
Creditors: amounts falling due after more than one year	17	(21,457)	(33,264)
Net assets		87,809	82,408
Capital and reserves			
Called-up share capital	19	1,602	1,602
Share premium account		8,536	8,536
Capital redemption reserve		100	100
Retained earnings		77,571	72,170
Total equity		87,809	82,408

The consolidated and Company financial statements on pages 10 to 54 were approved by the board of directors on 9 September 2019 and signed on its behalf by:



Warren Spencer Kay
Director
IPG Holdings (UK) Limited

IPG Holdings (UK) Limited

Consolidated statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	757	1,591	100	(3,228)	42,543	41,763	1,959	43,722
Profit for the financial year	-	-	-	-	4,263	4,263	31	4,294
Other comprehensive (loss)/income	-	-	-	1,046	-	1,046	-	1,046
Total comprehensive income for the year	-	-	-	1,046	4,263	5,309	31	5,340
New shares issued (note 19)	264	8,536	-	-	-	8,800	-	8,800
Bonus share issue (see below)	581	33,569	-	-	(34,150)	-	-	-
Capital reduction (see below)	-	(35,160)	-	-	35,160	-	-	-
Total transactions with owners, recognised directly in equity	845	6,945	-	-	1,010	8,800	-	8,800
At 31 December 2017 and 1 January 2018	1,602	8,536	100	(2,182)	47,816	55,872	1,990	57,862
Profit for the financial year	-	-	-	-	28,615	28,615	409	29,024
Other comprehensive income	-	-	-	2,004	-	2,004	-	2,004
Total comprehensive income for the year	-	-	-	2,004	28,615	30,619	409	31,028
Acquisition of non-controlling interests	-	-	-	-	-	-	(1,200)	(1,200)
Dividends paid	-	-	-	-	(9)	(9)	-	(9)
Total transactions with owners, recognised directly in equity	-	-	-	-	(9)	(9)	(1,200)	(1,209)
At 31 December 2018	1,602	8,536	100	(178)	76,422	86,482	1,199	87,681

IPG Holdings (UK) Limited

Company statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	757	1,591	100	32,042	34,490
Profit for the financial year and total comprehensive income	-	-	-	39,118	39,118
New shares issued (see below)	264	8,536	-	-	8,800
Bonus share issue (see below)	581	33,569	-	(34,150)	-
Capital reduction (see below)	-	(35,160)	-	35,160	-
Total transactions with owners, recognised directly in equity	845	6,945	-	1,010	8,800
At 31 December 2017 and 1 January 2018	1,602	8,536	100	72,170	82,408
Profit for the financial year and total comprehensive income	-	-	-	5,401	5,401
Total transactions with owners, recognised directly in equity	-	-	-	-	-
At 31 December 2018	1,602	8,536	100	77,571	87,809

New shares issued

In 2017, the Company issued 264,345 new ordinary £1 shares at a total share premium of £8,536,000 to fund new acquisitions.

Bonus share issue

In 2017, the Company capitalised retained earnings to the value of £34,150,000 by way of an issue of bonus shares. A total of 580,637 new ordinary £1 shares, credited as fully paid, were issued to the sole shareholder at a total premium of £33,569,000.

Capital reduction

In 2017, the Company carried out a capital reduction of share premium to the value of £35,160,000.

IPG Holdings (UK) Limited

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Profit for the financial year after tax		28,615	4,263
<i>Adjustments for:</i>			
Tax on profit		8,619	8,766
Net interest expense	7 & 8	6,377	5,639
Non-controlling interests	20	409	31
Gain on disposal of subsidiaries		(2,878)	-
Operating profit		41,142	18,699
Amortisation of intangible assets	12	29,231	27,421
Depreciation of tangible assets	13	8,726	7,735
(Gain)/Loss on disposal of tangible assets	6	159	(3)
Gain on disposal of subsidiaries		2,878	-
Decrease in provisions		875	(4,191)
Bad debt provision		877	43
Working capital movements:			
Decrease/(increase) in work in progress		7,446	(25,690)
Increase in debtors		(140,922)	(53,551)
(Decrease)/increase in payables		(3,673)	91,227
Net cash (used in)/generated from operations		(53,261)	61,690
Taxation paid	11	(5,000)	(7,173)
Net cash (used in)/generated from operating activities		(58,261)	54,517
Cash flows from investing activities			
Cash acquired from acquisitions	26	12,529	8,822
Purchase of tangible assets		(12,303)	(7,459)
Proceeds from disposal of tangible assets		276	339
Cash paid on existing acquisition obligations		(13,733)	(6,903)
Cash paid for new acquisitions in the year		(27,049)	(5,977)
Payment to acquire non-controlling interest	20	(1,200)	-
Net cash used in investing activities		(41,480)	(11,178)
Cash flows from financing activities			
Dividends paid	19	(9)	-
Interest paid	8	(9,564)	(8,190)
Interest received	7	3,187	2,551
Net cash used in financing activities		(6,386)	(5,639)
Exchange gain/(loss) on cash and cash equivalents		2,004	(2,415)
Net (decrease)/increase in cash and cash equivalents		(104,123)	35,285
Cash and cash equivalents at beginning of year consist of:			
Cash at bank and in hand		218,760	216,267
Bank loans and overdrafts		(426,728)	(459,520)
Cash and cash equivalents		(207,968)	(243,253)
Cash and cash equivalents at end of year consist of:			
Cash at bank and in hand		369,879	218,760
Bank loans and overdrafts		(681,970)	(426,728)
Cash and cash equivalents		(312,091)	(207,968)

IPG Holdings (UK) Limited

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

1 General information

The principal activity of the Group and Company during the year was operating as the holding company of a number of advertising, digital communications, public relations and other media related businesses within The Interpublic Group of Companies, Inc. ("IPG Group") in the United Kingdom and overseas.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 3 Grosvenor Gardens, London, SW1W 0BD.

2 Statement of compliance

The Group and the Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including *Financial Reporting Standard 102*, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Group has adopted FRS 102 in these financial statements.

a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. 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 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

b) Going concern

The Group statement of financial position set out on page 12 shows that the Group has net assets of £87,681,000 (2017: £57,862,000). The Company statement of financial position set out on page 13 shows that the Company has net assets of £87,809,000 (2017: £82,408,000). The Interpublic Group of Companies, Inc., the ultimate holding company of the Group and Company, has confirmed its present intention to continue to provide financial support to the Group and Company so as to enable them to meet their liabilities as and when they fall due and to carry on their business without any significant curtailment of operations for the foreseeable future and for not less than 12 months from the date of approval of the statutory financial statements of the Group and Company for the year ended 31 December 2018.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

c) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiaries undertakings made up to 31 December 2018.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial results of any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated profit and loss account. *The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.*

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination (note 26). Thereafter, when the Group increases its controlling interest in a subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting. The associate within the Group is Magna Global Polska S.p. z.o.o., which is incorporated in Poland.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with the associate to the extent of the Group's interest in the entity.

Where there is a non-controlling interest in the equity of the relevant subsidiary that is reporting profits, the non-controlling interest will be attributed a share in the relevant subsidiary's profits. Where the subsidiary in question reports a loss, the loss will not be applicable to the minority interest but will be charged to the Group unless the non-controlling interest has a binding obligation to, and is able to, make good the losses.

d) Revenue recognition

The Group's revenues are primarily derived from the planning and execution of multi-channel advertising, marketing and communications programs in the United Kingdom and the rest of Europe. Revenues are directly dependent upon the advertising, marketing and corporate communications requirements of existing clients and the Group's ability to win new clients. Revenue is typically lowest in the first quarter and highest in the fourth quarter. Most client contracts are individually negotiated and, accordingly, the terms of client engagements and the bases on which the Group earn commissions and fees vary significantly. As is customary in the industry, contracts generally provide for termination by either party on relatively short notice, usually 90 days.

Client contracts are complex arrangements that may include provisions for incentive compensation and vendor rebates and credits. The Group's largest clients are multinational entities and, as such, the Group provides services to these clients out of multiple offices and across many of our agencies within the Group or with related companies. In arranging for such services, it is possible that the Group enters into global, regional and local agreements.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

d) Revenue recognition (continued)

Agreements of this nature are reviewed by IPG corporate legal counsel to determine the governing terms to be followed by the offices and agencies involved.

Revenue for our services is recognized when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) services have been performed. Depending on the terms of a client contract, fees for services performed can be recognised in three principal ways: proportional performance (input or output), straight-line (or monthly basis) or completed contract.

Fees are generally recognised as earned based on the proportional performance input method of revenue recognition in situations where our fee is linked to the actual hours incurred to service the client as detailed in a contractual staffing plan, where the fee is earned on a per hour basis or where actual hours incurred are provided to the client on a periodic basis (whether or not the fee is reconcilable), with the amount of revenue recognised in these situations limited to the amount realisable under the client contract. We believe an input-based measure (the 'hour') is appropriate in situations where the client arrangement essentially functions as a time and out-of-pocket expense contract and the client receives the benefit of the services provided throughout the contract term. Fees are recognised on a straight-line or monthly basis when service is provided essentially on a pro-rata basis and the terms of the contract support monthly basis accounting.

Certain fees (such as for major marketing events) are deferred until contract completion if the final act is so significant in relation to the service transaction taken as a whole or if any of the terms of the contract do not otherwise qualify for proportional performance or monthly basis recognition. Fees may also be deferred and recognised upon delivery of a project if the terms of the client contract identify individual discrete projects.

Depending on the terms of the client contract, revenue is derived from diverse arrangements involving fees for services performed, commissions, performance incentive provisions and combinations of the three. Commissions are generally earned on the date of the broadcast or publication. Contractual arrangements with clients may also include performance incentive provisions designed to link a portion of our revenue to our performance relative to either qualitative or quantitative goals, or both. Performance incentives are recognised as revenue for quantitative targets when the targets have been achieved and for qualitative targets when confirmation of the incentive is received from the client.

The majority of our revenue is recorded as the net amount of our gross billings less pass-through expenses charged to a client which are included as costs of sales. In most cases, the amount that is billed to clients significantly exceeds the amount of revenue that is earned and reflected in our consolidated financial statements because of various pass-through expenses, such as production and media costs. We assess whether our agency or the third-party supplier is the primary obligor, and we evaluate the terms of our client agreements as part of this assessment. In addition, we give appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the supplier. Because we operate broadly as an advertising agency, based on our primary lines of business and given the industry practice to generally record revenue on a net versus gross basis, we believe that there must be strong evidence in place to overcome the presumption of net revenue accounting. Accordingly, we generally record revenue net of pass-through charges as we believe the key indicators of the business suggest we generally act as an agent on behalf of our clients in our primary lines of business. In those businesses where the key indicators suggest we act as a principal (primarily sales promotion and event, sports and entertainment marketing), we record the gross amount billed to the client as revenue and the related incremental direct costs incurred as office and general expenses. In general, we also report revenue net of taxes assessed by governmental authorities that are directly imposed on our revenue-producing transactions.

As we provide services as part of our core operations, we generally incur incidental expenses, which, in practice, are commonly referred to as "out-of-pocket" expenses. These expenses often include expenses related to airfare, mileage, hotel stays, out-of-town meals and telecommunication charges. We record the reimbursements received for such incidental expenses as revenue with a corresponding offset to office and general expense.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

d) Revenue recognition (continued)

We receive credits from our vendors and media outlets for transactions entered into on behalf of our clients that, based on the terms of our contracts and local law, are either remitted to our clients or retained by us. If amounts are to be passed through to clients, they are recorded as liabilities as a provision until settlement or, if retained by us, are recorded as revenue when earned.

(e) Interest income

Interest income is recognised using the effective interest rate method.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

g) Employee benefits

Companies within the Group provide a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Pension costs

Contributions payable in respect of employees' personal pension plans are expensed in the profit and loss account as they are incurred.

Certain companies within the Group operate a defined contribution pension scheme. The assets of the scheme are held *separately from those companies in an independently administered fund. The pension cost charge disclosed in note 9* represents contributions payable by those companies to the fund.

Certain entities within the Group are members of the Interpublic Pension Plan, a defined benefit scheme. These companies are unable to identify their relevant shares of the pension scheme assets and liabilities, and also the relevant share of the defined benefit costs of the defined benefit scheme. Therefore, these companies have accounted for the defined benefit scheme contributions as if they were to a defined contribution scheme in accordance with FRS 102. The contributions are charged to the profit and loss account in the year to which they relate. The sponsoring employer is Interpublic Limited.

iii) Annual bonus plan

Certain companies within the Group operate an annual bonus plan for some employees. An expense is recognised in the profit and loss account when the company within the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

iv) Incentive compensation plans

Compensation costs related to share-based transactions, including employee stock options, are recognised in the consolidated financial statements based on fair value. Stock-based compensation expense is generally recognised over the requisite service period based on the estimated grant-date fair value. Cash settled share based payments are measured at fair value at the statement of financial position date and are included in creditors. The movement in cumulative expense since the previous statement of financial position date is recognised in the profit and loss account, with a corresponding entry in creditors.

Cash awards are generally granted on an annual basis and have a service period vesting condition and generally vest in three years. Cash awards do not fall within the scope of the share based payments as they are not paid in equity and the value of the award is not correlated with The Interpublic Group of Companies, Inc.'s share price. The present value of the amount expected to vest for cash awards and performance cash awards over the vesting period is amortised using the straight-line method in the profit and loss account.

h) Foreign currencies

The Group's functional and presentation currency is pound sterling. Assets and liabilities in foreign currencies, including those of its non-United Kingdom subsidiaries whose functional and presentation currency is not pound sterling, are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the profit and loss account during the year. The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

i) Borrowing costs

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

j) Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of membership remain with the lessor, are charged to the profit and loss account on a straight line basis over the term of the lease.

k) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

l) Exceptional items

Exceptional items comprise those that are by their nature large, unusual, non-recurring, and are shown separately in the profit and loss account when they occur.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

(m) Taxation

Taxation expense for the financial year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Corporation tax payable is provided on taxable profits and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis in line with FRS 102.

(n) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment provisions. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Goodwill	Up to 20 years
Customer lists	Up to 15 years
Trade names/marks	Up to 10 years

Goodwill arising on consolidation is the difference between the amounts paid on the acquisition of a company and the aggregate fair value of its net assets and is capitalised on the statement of financial position.

An impairment review is undertaken at the end of the first financial year of an acquisition and thereafter where events or changes in circumstances indicate that a review is necessary.

Goodwill on acquisitions made before 1 January 2014 is amortised over its expected useful economic life but not longer than twenty years, which, in the opinion of the directors, is the maximum period over which the benefits resulting from purchased goodwill can be expected to arise. Goodwill on acquisitions made after 1 January 2014 is amortised over its expected useful economic life but not longer than ten years.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

o) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Freehold land and buildings	35 years
Long leasehold and leasehold improvements	Lesser of 10 years or the remaining life of the lease
Computer equipment	3 - 4 years
Equipment, fixtures & fittings	3 – 10 years
Asset retirement obligation	Lesser of 10 years or the remaining life of the lease

The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

The fair value of estimated asset retirement obligations is recognised in the balance sheet when identified and a reasonable estimate of fair value can be made. The fair value is determined based on the net present value of the estimated costs which include those legal obligations where the Group will be required to return the properties to their original condition. The asset retirement costs, equal to the estimated fair value of the asset retirement obligation is capitalised as part of the cost of the related long lived asset. Asset retirement costs are amortised over the life of the lease.

Amortisation of asset retirement costs is included in depreciation of fixed assets. Increases in the provision of asset retirement obligation resulting from the passage of time are recorded as interest expense in the profit and loss account. Actual expenditures incurred are charged against the accumulated provision.

p) Investments

Investments in subsidiaries and associates are stated at cost less provision for impairment in value. A review of the investments held is performed to determine whether an impairment trigger has occurred during the year. Any impairment in the value of the investment is charged to the profit and loss account in the year it is identified.

q) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit). If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

q) Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

r) Work in progress

Work in progress comprises external charges for services incurred on behalf of clients which have still to be recharged to clients. Work in progress is stated net of amounts billed to clients and is stated at the estimated selling price less cost to completion and sale. Companies within the Group assess annually at the reporting date if impairment is required and recognise any impairment loss to the profit and loss account.

s) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash at bank and in hand balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including creditors and other payables, loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

s) Financial instruments (continued)

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors: amounts falling due over one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

t) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank loans and overdrafts, when applicable, are shown within borrowings in current liabilities

u) Deferred income

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

w) Called up 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 the proceeds.

x) Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

y) Related party disclosures

The Group discloses transactions with related parties which are not wholly owned within the same IPG Group. It does not disclose transactions with members of the same group that are wholly owned.

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

z) Netting off policy

Balances with other companies of the IPG Group are stated gross, unless all of the following conditions are met:

- (i) The Group and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies;
- (ii) The Group has the ability to insist on a net settlement; and
- (iii) The Group's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the Group's ability to insist on a net settlement would survive the insolvency of the counterparty.

4 Critical accounting estimates and assumptions

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. The Group and 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets (note 3(o))

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible assets, and note 3(o) for the useful economic lives for each class of assets.

(ii) Useful economic lives of goodwill (note 3(n))

The annual amortisation charge for goodwill is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. The useful economic life of the assets are amended when necessary to reflect current estimates, based on historic and expected future performance of the asset. See note 12 for the carrying amount of the goodwill.

(iii) Impairment of trade and other debtors (note 3(s))

The companies within the Group make an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors, including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

(iv) Carrying value of investments (note 14)

The Company makes an estimate of the recoverable value of its investments in subsidiaries. When assessing the potential impairment of investments, management considers factors including whether there has been a triggering event that requires an impairment test to be carried out. If the reasons for the impairment provision cease to apply, the directors will consider reversing the impairment to restore the investment to its recoverable amount. Discounted cash flow model based on forecasted financial performance will be used to calculate the recoverable amount. See note 14 for the carrying value of investments.

IPG Holdings (UK) Limited

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

4 Critical accounting estimates and assumptions (continued)

(v) Impairment of amounts owed by Group undertakings

The Company makes an estimate of the recoverable value of amounts owed by Group undertakings. When assessing impairment of amounts owed by Group undertakings, management considers factors including the current credit rating, the ageing profile and historical experience. See note 15 for the net carrying amount of amounts owed by Group undertakings.

5 Segmental reporting

	2018 £000's	2017 £000's
Turnover by segment		
IAN	1,594,944	1,420,196
CMG	166,183	176,663
	1,761,127	1,596,859

The Group has two reportable segments, which are the Integrated Agency Networks ("IAN") and Constituency Management Group ("CMG"). IAN is comprised of McCann, MullenLowe, IPG Mediabrands, FCB, and other digital specialist and integrated agencies. CMG is comprised of a number of our specialist marketing services offerings. The segmental analysis is consistent with that of the consolidated financial statements of The Interpublic Group of Companies, Inc., which is the largest entity into which this Group is consolidated.

	2018 £000's	2017 £000's
Turnover by origin		
United Kingdom	1,370,755	1,219,395
Rest of Europe	388,766	376,198
Rest of World	1,606	1,266
	1,761,127	1,596,859

	2018 £000's	2017 £000's
Profit on ordinary activities before taxation by origin		
United Kingdom	25,069	7,224
Rest of Europe	12,393	5,737
Rest of World	181	99
	37,643	13,060

	2018 £000's	2017 £000's
Net assets by origin		
United Kingdom	22,290	7,044
Rest of Europe	37,233	22,865
Rest of World	28,158	27,953
	87,681	57,862

IPG Holdings (UK) Limited

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

5 Segmental reporting (continued)

The analysis above is by geographical origin. Analysis by geographical destination would not be materially different. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

6 Operating profit

The following amounts have been charged/ (credited) in arriving at the operating profit:

	Notes	2018 £000's	2017 £000's
Employee costs	9 & 10	358,336	328,606
Depreciation			
- tangible assets	13	8,726	7,735
Amortisation			
- goodwill, trademarks and customer lists	12	29,949	27,421
Remuneration of auditors			
- audit of the Company and the Group's consolidated financial statements		858	798
- other audit fees for Group reporting		92	116
Bad debt - provision increase		877	43
Loss/(gain) on disposal of tangible assets		159	(3)
Exchange loss/(gain)		1,073	(500)
Operating lease rentals			
- office space		22,377	22,414
- other		688	1,141
Rental income receivable		(3,966)	(2,282)

7 Interest receivable and similar income

	2018 £000's	2017 £000's
Bank interest received	3,187	2,551

IPG Holdings (UK) Limited

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

8 Interest payable and similar expenses

	2018 £000's	2017 £000's
Interest payable to Group undertakings	2,539	1,687
Interest payable on bank overdrafts	6,330	5,412
Unwinding of discount	695	1,091
	9,564	8,190

9 Employee costs

	2018 £000's	2017 £000's
Wages and salaries (including directors)	279,938	258,189
Social security costs	37,598	33,603
Defined contribution pension costs (note 25)	14,879	12,463
Defined benefit pension costs (note 25)	6,282	6,652
Severance expense	5,136	4,352
Share based payments costs (note 24)	3,360	3,753
Miscellaneous, non-share based incentives and other costs	11,143	9,594
Employee costs	358,336	328,606

The Company had no employees during the year (2017: none).

The average monthly number of staff employed (including directors) by the Group during the year is set out below:

	2018 Number	2017 Number
United Kingdom	4,609	4,140
Rest of Europe	562	586
Rest of World	20	16
Average monthly number employed	5,191	4,742

Key management compensation

The Company paid no key management compensation during the year (2017: nil).

Key management compensation paid by companies in the Group is disclosed in those companies individual statutory financial statements.

10 Directors' emoluments

The remuneration of the directors for the year was borne by Interpublic Limited and The Interpublic Group of Companies, Inc., the Company's ultimate parent company. The charge to IPG Holdings (UK) Limited for the financial year was nil (2017: nil) as the directors received no remuneration with respect to their services to the Company in the financial year.

IPG Holdings (UK) Limited

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

11 Tax on profit

	2018 £'000	2017 £'000
Current taxation		
UK corporation taxation		
- Subsidiary undertakings	9,085	5,558
Foreign taxation		
- Subsidiary undertakings	2,116	2,528
	11,201	8,086
Adjustments in respect of prior years		
- UK corporation taxation	(558)	482
- Foreign taxation	43	31
	(515)	513
Total current taxation	10,686	8,599
Deferred taxation		
Adjustments in respect of prior years	82	(364)
Origination & reversal of timing differences	(2,186)	590
Effect of change in the tax rate	37	(59)
Total deferred taxation	(2,067)	167
Tax on profit	8,619	8,766

IPG Holdings (UK) Limited

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

11 Tax on profit (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The difference is explained below:

	2018 £'000	2017 £'000
Profit before taxation	37,643	13,060
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	7,152	2,514
Effects of:		
Expenses not deductible for taxation purposes	6,655	5,847
Effect of change in the tax rate	37	(59)
Group relief for nil consideration	(567)	(20)
Unrecognised deferred tax	(4,108)	(1,378)
Foreign taxation	980	1,713
Income exempt from taxation	(1,097)	-
Adjustments in respect of prior years	(433)	149
Total tax charge for the year	8,619	8,766

A reduction in the rate of UK corporation tax from 20% to 19% took effect from 1 April 2017. Further reductions in the main rate of UK corporation tax to 17% from 1 April 2020, and then to 17% from 1 April 2020 have been substantively enacted.

At 31 December 2018 there were unused trading and non-trading losses on which no deferred tax asset has been recognised of £56,400,000 (2017: £46,300,000) that are available indefinitely for offset against the Group's future taxable profits, and capital losses on which no deferred tax asset has been recognised of £126,200,000 (2017: £126,200,000) available indefinitely for offset against the Group's future taxable capital gains.

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is nil (2017: nil).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures, as the Group has no liability to additional taxation should such amounts be remitted.

IPG Holdings (UK) Limited

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

12 Intangible assets

	Goodwill	Customer lists	Trademarks	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2018	492,712	13,100	2,293	508,105
Additions (note 26)	36,008	10,300	2,563	48,871
Revaluations	(727)	-	-	(727)
Disposals	(778)	-	-	(778)
Exchange movements	3	-	-	3
At 31 December 2018	527,218	23,400	4,856	555,474
Accumulated amortisation				
At 1 January 2018	241,106	1,664	476	243,246
Charge for the year	28,600	1,064	285	29,949
Disposals	(719)	-	-	(719)
Exchange movements	1	-	-	1
At 31 December 2018	268,988	2,728	761	272,477
Net book amount				
At 31 December 2018	258,230	20,672	4,095	282,997
At 31 December 2017	251,606	11,436	1,817	264,859

Additions relate to the acquisition of four companies. The acquisitions are all companies registered in the United Kingdom and are Independent Talent Brands Limited, That Lot Creatives Limited, Jack Morton Europe Limited and Acxiom European Holdings Limited (Note 26).

Revaluations relate to reductions in expected future payments to be made by the Group to the sellers of companies which have been acquired.

The Company had no intangible assets at 31 December 2018 (2017: nil).

IPG Holdings (UK) Limited

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

13 Tangible assets

	Freehold land and buildings	Long leasehold & leasehold improvements	Computer equipment	Equipment, fixtures & fittings	Asset retirement obligation	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost						
At 1 January 2018	16,114	28,862	16,751	25,833	4,698	92,258
Additions	384	1,963	3,274	3,134	7	8,762
Disposals	(249)	(4,512)	(7,195)	(2,129)	-	(14,085)
Acquisitions	-	1,531	1,330	120	-	2,981
Revaluation	-	-	260	102	-	362
Exchange adjustment	-	412	48	78	2	540
At 31 December 2018	16,249	28,256	14,468	27,138	4,707	90,818
Accumulated depreciation						
At 1 January 2018	5,443	16,918	12,389	18,433	2,435	55,618
Charge for the year	403	2,218	2,847	2,949	309	8,726
Disposals	(99)	(4,393)	(7,149)	(2,009)	-	(13,650)
Exchange adjustment	-	113	79	133	17	342
At 31 December 2018	5,747	14,856	8,166	19,506	2,761	51,036
Net book amount						
At 31 December 2018	10,502	13,400	6,302	7,632	1,946	39,782
At 31 December 2017	10,671	11,944	4,362	7,400	2,263	36,640

The Company had no tangible assets as at 31 December 2018 (2017: nil).

IPG Holdings (UK) Limited

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

14 Investments

Group

Investments:

£000's

Investments at cost

At 1 January 2018	5,628
Additions	1,483
At 31 December 2018	7,111
At 31 December 2017	5,628

Interest in associate:

£000's

At 1 January 2018	33
Share of operating profit for the financial year	(2)
Dividend paid	(28)
At 31 December 2018	3
At 31 December 2017	33

The associated undertaking within the Group is Magna Global Polska S.p. z.o.o. (incorporated in Poland).

During the year, the Group disposed of 364,950 ordinary shares in Universal Media Advertising (Hellas) S.A. and the Group's shareholding was reduced to 17.48% as at 31 December 2018. The value of the investment at 31 December 2018 is £1,483,000. The Group reports a gain of £5,874,000 as a result of the deconsolidation of the company from the Group.

During the year, the Group also sold its subsidiary FCB Zurich GmbH for CHF1, which resulted in a loss on disposal of £2,996,000.

IPG Holdings (UK) Limited

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

14 Investments (continued)

The Group has the following investments:

Entity	Country of incorporation	Principal activity	Status	Percentage holding
IPG PFP Scottish Limited Partnership Limited	UK	Pension investments	Trading	16.67%
Lowe & Partners/SMS Inc	USA	Holding company	Holding company	15.40%
Universal Media Advertising (Hellas) S.A	Greece	Media agency	Trading	17.48%

Company

Investment in subsidiaries:	£'000
Cost	
At 1 January 2018	378,730
Additions	20,617
Disposals	(204)
At 31 December 2018	399,143
Accumulated provision for impairment:	
At 1 January 2018	33,553
Reversal of impairment provision	(11,337)
At 31 December 2018	22,216
Net book amount:	
At 31 December 2018	376,927
At 31 December 2017	345,177

During the year, the Company also acquired the entire issued share capital of Acxiom European Holdings Limited (100 shares) for £813,000 in cash. The Company also acquired a 1% limited partnership interest in ACDUHO C.V. for £204,000 and sold it to IPG Europe Limited for £204,000.

The Company also acquired the entire share capital of Jack Morton Europe Limited (6,000,000 shares) for £19,600,000 in cash.

Impairment in carrying value

In accordance with FRS 102, an impairment review has been performed where a triggering event has occurred demonstrating an indicator of impairment. No impairment indicators were identified by management and the directors believe that the carrying value of investments is supported by their underlying net assets. An impairment provision relating to the Company's investment in CMGRP Holdings Limited was reversed to the value of £11,337,000 due to improvement in the performance of the company.

IPG Holdings (UK) Limited

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

15 Debtors

Debtors: amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Trade debtors	338,836	330,247	-	-
Amounts owed by Group undertakings	207,167	73,628	5,708	-
Amounts owed by interest in associates	1,481	295	-	-
Other debtors	7,082	11,550	386	-
Other taxation	2,016	2,513	-	-
Corporation tax	1,238	3,074	11,487	8,214
Prepayments and accrued income	66,408	66,421	52	7
	624,228	487,728	17,633	8,221

Amounts owed by Group undertakings are unsecured, repayable on demand and do not accrue interest.

Debtors: amounts falling due after more than one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Deferred taxation (see below)	5,103	5,220	-	-
Other debtors	421	28	-	-
	5,524	5,248	-	-

Deferred taxation

Group	2018	2017
	£000's	£000's
Accelerated capital allowances	4,320	3,184
Trading losses and non-trading deficits	734	767
Other short term timing differences	49	1,269
Total deferred tax asset	5,103	5,220

The movement in the deferred taxation balance can be summarised as follows:

Group	£000's
At 1 January 2018	5,220
Additions	(2,185)
Charge to profit and loss account	2,067
Exchange adjustment	1
At 31 December 2018	5,103

IPG Holdings (UK) Limited

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

16 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Bank loans and overdrafts	681,970	426,728	455,283	225,441
Trade creditors	219,477	232,018	-	-
Amounts owed to Group undertakings	97,493	67,557	11,030	11,959
Amounts owed to interest in associates	46	151	-	-
Corporation tax	4,352	3,116	-	-
Other creditors including taxation and social security	71,058	57,881	-	-
Incentive compensation plans	3,606	1,469	-	-
Acquisition / earn-out deferred consideration	1,454	13,006	-	-
Accruals and deferred income	142,779	140,652	598	326
	1,222,235	942,578	466,911	237,726

Amounts owed to Group undertakings are unsecured, repayable on demand and do not accrue interest.

The Group participates in pooling arrangements with Lloyds Banking Group plc. The overdraft interest rate is linked to bank base rate and bank borrowing is secured by an ultimate parent undertaking guarantee. The remaining creditors are unsecured.

17 Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000's	£000's	£000's	£000's
Amounts owed to Group undertakings	21,572	33,264	21,457	33,264
Other creditors	2,073	2,130	-	-
Incentive compensation plans	2,096	1,843	-	-
Deferred lease credits	8,770	9,942	-	-
Acquisition and earn-out deferred consideration	29,245	23,772	-	-
Accruals and deferred income	427	401	-	-
	64,183	71,352	21,457	33,264

Loans of £21,457,000 (2017: £33,264,000) owed to Group undertakings are interest bearing at a rate of 5.06% (2017: 5.06%) and are repayable in December 2021. All intercompany loans are unsecured.

Deferred lease credits are in respect of property lease incentives received at the inception of the lease.

IPG Holdings (UK) Limited

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

18 Provisions for liabilities

	Credits, discounts and rebates	Asset retirement obligations	Other provisions	Total
	£000's	£000's	£000's	£000's
At 1 January 2018	2,171	6,023	184	8,378
Additions	1,352	507	120	1,979
Charge to profit and loss	643	32	-	675
Unwinding of discount	-	170	-	170
Released to profit and loss	(1,381)	(10)	(222)	(1,613)
Utilisation	(336)	-	-	(336)
At 31 December 2018	2,449	6,722	82	9,253

Credits, discounts and other rebates

In the normal course of business, the Group receives rebates, discounts, and other credits from vendors for the procurement of goods and services that the Group commission on behalf of clients. Following an extensive review in 2004, the Group established that in some instances, the accounting for these amounts was inconsistent with the underlying contractual requirements and a provision was established. In the current financial year, the Group has reviewed the arrangement to establish whether criteria for recognition in the profit and loss account have been met. In instances where those criteria have been met, which includes consideration of the statute of limitations, corresponding amounts have been recognised in the profit and loss account.

Asset retirement obligations

The Group has a provision for liabilities relating to dilapidation costs on a number of leased properties. The provision is expected to be utilised when the respective leases terminate between 2019 and 2027.

19 Called up share capital

Group and Company

	2018 Number (000's)	2017 Number (000's)	2018 £'000	2017 £'000
Allotted and fully paid:				
Ordinary shares of £1 each	1,602	1,602	1,602	1,602

Share capital and dividends

During the financial year, the Company paid dividends of £9,000 (2017: £nil). The Company had no liability to pay any dividends at 31 December 2018 (2017: nil) and no dividends were proposed prior to the date of approval of the financial statements.

IPG Holdings (UK) Limited

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

20 Non-controlling interest

	2018	2017
	£'000	£'000
At 1 January	1,990	1,959
Minority's share of the (loss)/profit for the year	193	(13)
Minority's share of net assets	216	44
Minority interest purchased	(1,200)	-
At 31 December	1,199	1,990

21 Capital and other commitments

The Group and the Company had no material capital commitments at 31 December 2018 (2017: nil).

Operating lease commitment

At 31 December, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
	£'000	£'000
Payments due:		
- Not later than one year	22,885	22,473
- Later than one year and not later than five years	54,457	62,741
- Later than five years	19,390	28,270
Total future minimum lease commitments	96,732	113,484

The increase in operating lease commitments was due to certain subsidiaries entering into new leases in the year.

Operating lease income

At 31 December, the Group had the following future minimum lease income under non-cancellable operating leases for each of the following periods:

	2018	2017
	£'000	£'000
Income due:		
Buildings		
- Not later than one year	2,485	1,003
- Later than one year and not later than five years	3,786	2,640
- Later than five years	-	101
Total future minimum lease income	6,271	3,744

IPG Holdings (UK) Limited

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

22 Guarantees

The Company has issued a financial guarantee to its subsidiaries in relation to the financial year ended on 31 December 2018 under s479C of the Companies Act 2006.

23 Contingent liabilities

The Group is not party to any commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for The Interpublic Group of Companies, Inc. pooling arrangement with Lloyds Banking Group plc. The bank interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

24 Share based payments

The Interpublic Group of Companies, Inc. issues stock and cash based incentive awards to employees under a plan established by The Interpublic Group of Companies, Inc., and, along with other companies in the IPG Group, participates in The Interpublic Group of Companies, Inc. long term incentive plans. Refer to The Interpublic Group of Companies, Inc. 2018 Form 10-K for further disclosures relating to their long term incentive plans.

Effect of share-based payment transactions on company's results and the financial position

	2018 £000's	2017 £000's
Total expense recognised for equity-settled share based transactions	3,195	3,556
Total expense recognised for stock options	-	-
Total expense recognised for cash-settled share based transactions	165	197
Total expense recognised for share based transactions	<u>3,360</u>	<u>3,753</u>
Closing liability for cash-settled share based transactions	63	341
Closing liability /other reserves for equity-settled share based transactions	1,615	2,276

IPG Holdings (UK) Limited

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

24 Share based payments (continued)

Cash Settled Time Based Restricted Stock Units

Under the Long Term Incentive Plan, time based restricted stock units are granted to key employees and generally vest over three years.

Upon completion of the vesting period and remaining in employment, the grantee is entitled, at the discretion of The Interpublic Group of Companies, Inc.'s compensation committee, to receive a payment in cash based on the then fair market value of the corresponding number of shares in common stock. The fair value of cash-settled awards is adjusted at the end of each quarter based on The Interpublic Group of Companies, Inc.'s share price. At 31 December 2018, the market value of The Interpublic Group of Companies Inc. shares was \$20.63 (2017 \$20.16)

Stock-based compensation expense related to these units over the vesting period based upon the fair value.

The holder of the cash-settled awards, as described above, has no ownership interest in the underlying shares of common stock and no monetary consideration is paid by a recipient for a cash-settled award.

Cash Settled Time Based Restricted Stock Units

Movements in the number of cash settled time-based restricted stock units outstanding and their related weighted average fair value prices are as follows:

	2018 No. of stock options	2018 Weighted average fair value (£)	2017 No. of Stock options	2017 Weighted average fair value (£)
Outstanding as at 1 January	31,842	£14.92	34,584	£19.03
Granted during the year	-	-	4,997	£15.53
Transferred (to)/from a Group company	-	-	-	-
Cancelled during the year	-	-	-	-
Vested during the year	(19,516)	£17.70	(7,739)	£14.54
Outstanding at 31 December	12,326	£16.32	31,842	£14.92

Cash payments of £345,000 were made in 2018 (2017: £113,000) in respect of restricted stock units distributed to participants. Compensation expense in connection with the stock awards was £165,000 in 2018 (2017: £197,000). The weighted average fair value was impacted by the timing of transactions in the year alongside currency fluctuations between pound sterling and the US dollar.

Total accrued liability in relation to unvested awards as at 31 December 2018 is £63,000 (2017: £341,000).

Equity Settled Restricted Stock Units

Awards to be settled in shares are granted to certain key employees and are subject to certain restrictions and vesting requirements, as determined by The Interpublic Group of Companies, Inc.'s compensation committee. The vesting period is generally three years. The fair value of the restricted stock awards is based on The Interpublic Group of Companies, Inc.'s share price on the date the award is granted. No monetary consideration is paid by a recipient for a stock-settled award and the fair value of the shares determined on the grant date is amortized over the vesting period. There were no equity settled restricted stock units awarded to employees prior to 2007.

IPG Holdings (UK) Limited

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

24 Share based payments (continued)

Equity Settled Restricted Stock Units (continued)

The Interpublic Group of Companies, Inc. grants both time based and performance based restricted stock units to be settled in shares.

Performance-based awards have been granted subject to certain restrictions and vesting requirements as determined by The Interpublic Group of Companies, Inc.'s compensation committee. Performance-based awards are a form of stock-based compensation in which the number shares ultimately received by the participant depends on the company and/or individual performance against specific performance targets.

The awards generally vest over a three-year period subject to the participant's continuing employment as well as the achievement of certain performance objectives. The final number of units and therefore shares that could ultimately be received by a participant range from 0.00% to 300.00% of the target amount of units originally granted. Stock-based compensation expense is amortized for the estimated number of performance-based awards that are expected to vest over the vesting period using the fair value of the shares at the end of the period.

Share Settled Performance Related Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2018 No. of Stock options	2018 Weighted average fair value (£)	2017 No. of Stock options	2017 Weighted average fair value (£)
Outstanding as at 1 January	626,891	£14.92	685,990	£19.03
Granted during the year	115,503	£17.16	210,703	£19.51
Transferred to a Group company	(2,972)	£17.10	(21,388)	£19.38
Cancelled during the year	(62,159)	£16.47	(30,982)	£16.45
Vested during the year	(173,970)	£17.32	(217,432)	£19.51
Outstanding at 31 December	503,293	£16.32	626,891	£14.92

Compensation expense in connection with the restricted stock awards was £3,195,000 in 2018 (2017: £3,556,000). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards. The weighted average fair value was impacted by the timing of transactions in the year alongside currency fluctuations between pound sterling and the US dollar.

IPG Holdings (UK) Limited

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

25 Share based payments (continued)

Share Settled Time Based Restricted Stock Units

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2018 No. of Stock options	2018 Weighted average fair value (£)	2017 No. of Stock options	2017 Weighted average fair value (£)
Outstanding as at 1 January	-	-	-	-
Granted during the year	139,064	£17.20	-	-
Transferred (to)/from a Group company	-	-	-	-
Cancelled during the year	(9,536)	£17.35	-	-
Vested during the year	-	-	-	-
Outstanding at 31 December	129,528	£16.32	-	-

Compensation expense in connection with the restricted stock awards was £636,000 in 2018 (2017: £nil). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards. The weighted average fair value was impacted by the timing of transactions in the year alongside currency fluctuations between pound sterling and the US dollar.

Stock options

Stock options are granted at an exercise price equal to the market value of The Interpublic Group of Companies, Inc. common stock on the grant date and are thereafter generally exercisable between two and four years from the grant date and expiring ten years from the grant date (or earlier in the case of certain terminations of employment).

Movements in the number of awards outstanding and their related weighted average exercise prices are as follows:

	2018 No. of Stock options	2018 Weighted average fair value (£)	2017 No. of stock options	2017 Weighted average fair value (£)
Outstanding as at 1 January	-	-	-	-
Vested during the year	-	-	-	-
Outstanding at 31 December	-	-	-	-

There were no stock options granted during the year ended 31 December 2018 (2017: nil). The grant-date fair value per option using the Black-Scholes option-pricing model was \$4.14 in 2013. The significant inputs into the model were weighted average share price and the exercise price of \$4.14 in 2013 at the grant date, volatility of 40.20%, dividend yield of 2.40%, and an expected option life of 6.9 years and an annual risk-free interest rate of 1.30%.

Compensation expense in connection with the restricted stock awards was nil in 2018 (2017: nil). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

IPG Holdings (UK) Limited

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

24 Share based payments (continued)

Stock options (continued)

The Interpublic Group of Companies, Inc., use the Black-Scholes option-pricing model to estimate the fair value of options granted, which requires the input of subjective assumptions including the option's expected term and the price volatility of the underlying stock. Changes in the assumptions can materially affect the estimate of fair value and our results of operations could be materially impacted. The weighted-average grant-date fair value per option during the years ended December 31, 2013 and 2012 was \$4.14 and \$4.24 respectively.

The fair value of each option grant has been estimated with the following weighted-average assumptions.

	2013
Expected volatility ¹	40.20%
Expected term (years) ²	6.9
Risk free interest rate ³	1.30%
Expected dividend yield ⁴	2.40%

1 The expected volatility used to estimate the fair value of stock options awarded is based on a blend of:

(i) historical volatility of our common stock for periods equal to the expected term of our stock options and (ii) implied volatility of tradable forward put and call options to purchase and sell shares of our common stock.

2 The estimate of our expected term is based on the average of:

(i) an assumption that all outstanding options are exercised upon achieving their full vesting date and
(ii) an assumption that all outstanding options will be exercised at the midpoint between the current date (i.e., the date awards have rateably vested through) and their full contractual term. In determining the estimate, we considered several factors, including the historical option exercise behaviour of our employees and the terms and vesting periods of the options.

3 The risk free rate is determined using the implied yield currently available for zero-coupon U.S. government issuers with a remaining term equal to the expected term of the options.

4 The expected dividend yield is calculated based on an annualized dividend of \$0.30 per share in 2013.

IPG Holdings (UK) Limited

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

25 Pensions

Defined contributions scheme

The Group participates in a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £14,879,000 (2017: £12,463,000). At 31 December 2018, £1,031,000 remained unpaid and accrued (2017: £1,149,000)

Defined benefit scheme

Twelve subsidiary companies in the consolidation, along with other companies in the IPG Group within the UK also participate in The Interpublic Pension Plan ("the Plan"), which is a defined benefit plan providing benefits based on members' length of service and pensionable earnings. These twelve subsidiary companies, along with other companies in the IPG Group within the UK, are unable to identify their share of the underlying assets and liabilities in the Plan and therefore account for their participation in the Plan as a defined contribution plan, with contributions payable being charged to the profit and loss account in the period to which they relate, in accordance with FRS 102. The liability of the defined benefit scheme is accounted for under FRS 102 in the financial statements of the Company's ultimate UK parent company, Interpublic Limited, in its financial statements for the year ended 31 December 2018.

On 1 November 2002, the defined benefit pension scheme was closed to new entrants. At the same time, the Group and the schemes member agencies established a defined contribution scheme to provide pension benefits to new employees.

A comprehensive actuarial valuation of the pension scheme, using the projected unit credit method, was carried out at 31 March 2015 by Mercer Limited, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2018	2017
Expected rate of salary increases	N/A	N/A
Expected rate of increase of pensions in payment.		
- for service before 1 July 2007	3.05%	3.05%
- for service after 1 July 2007	1.95%	1.95%
Discount rate	2.50%	2.50%
Rate of inflation (RPI)	3.30%	3.30%
Rate of inflation (CPI)	2.30%	2.30%

The mortality assumptions used were as follows:

	2018 Years	2017 Years
Longevity at age 65 for current pensioners		
- Men	23.4	24.0
- Women	25.5	26.3
Longevity at age 65 for future pensioners		
- Men	24.4	25.4
- Women	26.6	27.7

IPG Holdings (UK) Limited

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

25 Pensions (continued)

Defined benefit scheme (continued)

As at 31 March 2015, the actuary calculated the funding deficit to be £50,100,000. In respect of this shortfall in funding in accordance with the previous recovery plan and with the revised schedule of contributions and latest recovery plan, both dated 23 June 2016, the employers will additionally contribute amounts to the Plan such that the cumulative amount totals at least £442,000 per month for each month between 1 July 2013 and 31 March 2016. The twelve subsidiary companies within this consolidation are contributing £436,000 per month towards this total. From 1 April 2016 to 31 December 2021 the employers will contribute £483,000 per month. The twelve subsidiary companies within this consolidation are contributing £476,000 per month towards this total. In respect of the period between 1 April 2016 and 30 September 2016, the difference between the previous contributions of £442,000 per month and the revised contributions of £483,000 per month was paid by 30 September 2016. In addition, a further contribution of £1,500,000 was paid by 30 September 2016. The twelve subsidiary companies within this consolidation are contributing £1,477,000 towards this total.

Towards the cost of ongoing benefit accrual, the participating employers paid contributions of 19.00% of active members' pensionable earnings for the period from 12 June 2013 to 31 March 2016 increasing to 27.90% of active members' pensionable earnings from 1 April 2016 to 30 September 2016. The balance of this cost was met by the active members who each paid contributions at the rate of 10.20% of pensionable earnings. Effective 1 October 2016, the Plan was closed to future accrual and the salary link for both active and linked members was broken. As a consequence, contributions from both employers and active members, relating to the cost of ongoing accrual, ceased from this date.

The cost of contributions to the Plan by the subsidiary companies within these consolidated financial statements amounted to £6,282,000 during the year (2017: £6,652,000). Interpublic Limited, an intermediary parent company and a wholly owned subsidiary of The Interpublic Group of Companies Inc., is the sponsoring member of the Interpublic Pension Plan.

26 Business combinations

The Group acquired four new companies in 2018.

Independent Talent Brands Limited

On 30 April 2018, the Group acquired the entire issued share capital of Independent Talent Brands Limited, which operates as a consultancy company serving brands, advertising agencies and public relations firms. Consideration of £3,776,000 was paid in cash and contingent consideration is estimated at £31,000.

The acquisition method of accounting has been used for this business combination and goodwill of £3,366,000 arising from the acquisition was attributable to the economies of scale expected from combining the operations into the Group. The portion relating to the acquired customer base and trade name was not significant for separate valuation. Management have estimated the useful life of the goodwill to be 10 years based on an assessment of historic and future expected financial results.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration at 31 December 2018	£000's
Cash consideration	3,776
Contingent consideration	31
Total consideration	3,807

IPG Holdings (UK) Limited

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

26 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair Value and book value £000's
Tangible and intangible assets	272
Cash and cash equivalents	545
Work in progress	517
Trade and other receivables	485
Trade and other payables	(1,378)
Total identifiable net assets	441
Goodwill	3,366
Total consideration	3,807

The turnover from Independent Talent Brands included in the consolidated profit and loss account for 2018 was £3,398,000. Independent Talent Brands Limited also contributed loss of £80,000 over the same period.

That Lot Creatives Limited

On 3 July 2018, the Group acquired the entire issued share capital of That Lot Creatives Limited which operates as a social media content and advisory company. Consideration of £2,860,000 was paid in cash and contingent consideration is estimated at £5,517,000.

The acquisition method of accounting has been used for this business combination and intangible assets of £7,819,000 arising from the acquisition were attributable to the acquired goodwill, customer list, trade name and economies of scale expected from combining the operations into the Group. Management have estimated the useful life of the trade name to be 10 years based on the period in which the company expects to utilise the trade name, and the useful life of goodwill and customer lists to be 10 years based on an assessment of historic and future expected financial results.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration at 31 December 2018	£000's
Cash	2,860
Contingent consideration	5,517
Total consideration	8,377

IPG Holdings (UK) Limited

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

26 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	<i>Fair Value and book value</i>
	£000's
Tangible assets	35
Cash and cash equivalents	185
Trade and other receivables	826
Trade and other payables	(309)
Deferred tax liabilities	(179)
Total identifiable net assets	558
Trade name	150
Customer lists / relationships	900
<i>Goodwill</i>	<i>6,769</i>
Total consideration	8,377

The turnover from That Lot Creatives Limited included in the consolidated profit and loss account for 2018 was £1,899,000. That Lot Creatives Limited also contributed profit of £46,000 over the same period.

Jack Morton Europe Limited

On 21 December 2018, the Group acquired the entire issued share capital of Jack Morton Europe Limited which is a non-trading entity that earns interest on bank deposits and intercompany loans. Consideration of £19,600,000 was paid in cash.

The acquisition method of accounting has been used for this business combination and goodwill of £nil was generated from the acquisition.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration at 31 December 2018	
	£000's
Cash	19,600
Total consideration	19,600

IPG Holdings (UK) Limited

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

26 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair Value and book value
	£000's
Cash and cash equivalents	11,510
Trade and other receivables	11,866
Trade and other payables	(3,776)
Total identifiable net liabilities	(19,600)
Goodwill	0
Total consideration	19,600

The turnover from Jack Morton Europe Limited included in the consolidated profit and loss account for 2018 was £nil. Jack Morton Europe Limited contributed a profit of £16,000 over the same period.

Acxiom European Holdings Limited

On 27 December 2018, the Group acquired the entire issued share capital of Acxiom European Holdings Limited which operates as a technology and data services company. Consideration of £813,000 was paid in cash.

The acquisition method of accounting has been used for this business combination and intangible assets of £36,321,000 arising from the acquisition was attributable to the acquired goodwill, customer list, trade name and economies of scale expected from combining the operations into the Group. Management have estimated the useful life of the trade name to be 10 years based on the period in which the company expects to utilise the trade name, and the useful life of goodwill and customer lists to be 10 years based on an assessment of historic and future expected financial results.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, and liabilities assumed at the acquisition date.

Consideration at 31 December 2018	£000's
Cash	813
Total consideration	813

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair Value and book value
	£000's
Tangible assets	2,966
Cash and cash equivalents	289
Trade and other receivables	9,785
Trade and other payables	(46,542)
Deferred tax liabilities	(2,006)
Total identifiable net assets	(35,508)
Trade name	2,400
Customer lists / relationships	9,400
Goodwill	24,521
Total consideration	813

IPG Holdings (UK) Limited

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

26 Business combinations (continued)

The turnover from Acxiom European Holdings Limited included in the consolidated profit and loss account for 2018 was £226,000. Acxiom European Holdings Limited also contributed a loss of £50,000 over the same period.

27 Subsidiary undertakings

Subsidiary financial statements audit exemptions:

* The Group's UK subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A

Name	Co. No.	Registered office	Share class(es)	Share class %
Acxiom European Holdings Limited	04930108	17 Hatfields, London, SE1 8DJ	Ord £1	100.00
Acxiom Limited	01182318	17 Hatfields, London, SE1 8DJ	Ord £1	100.00
Altwood Systems (In Liq)	02039925	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Blue Barracuda Marketing Limited (In Liq)	4342237	Acre House, 11-15 William Road, London, NW1 3ER	Ord A / B £0.01	100.00
Brooklyn Brothers Limited (The)	6483331	3 Grosvenor Gardens, London, SW1W 0BD	Ord A / B £0.0001 Ord C / D £0.000001	100.00 100.00
Caudex Medical Limited (In Liq)	3759372	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
ChaseDesign Worldwide Limited	1973547	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
CMGRP Holdings Limited	3389561	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
CMGRP UK Limited	2442501	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Complete Medical Group Worldwide Limited	2709932	CMC House, 19 King Edward Street, Macclesfield, Cheshire, SK10 1AQ	Ord £1	100.00
Consodata U.K. Limited (In Liq)	3556687	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Consumer Access Limited (In Liq)	2986280	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Creation Communications Limited	5619191	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
CSIB (No. 1) Limited	7242304	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Delaney Lund Knox Warren and Partners Limited (In Liq)	1286253	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Digital Impact eMarketing (UK) Limited (In Liq)	3956062	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Dormant Company (2771375) Limited (In Liq)	2771375	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Double Helix Bio-Technology Development Limited	3069262	88 Baker Street, London, W1U 6TQ	Ord £1	100.00
Engels (No. 1) Limited	515994	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00

IPG Holdings (UK) Limited

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

27 Subsidiary undertakings (continued)

Name	Co. No.	Registered office	Share class(es)	Share class %
FBC (FutureBrand) Limited	2658364	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
FCB Europe Limited	3007253	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
FCB Inferno Limited	2586852	31 Great Queen Street, London, WC2B 5AE	Ord £1	100.00
Hall London Limited (In Liq)	7552383	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Honcho Agency Limited	1993918	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Huge UK Limited	4235088	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Hugo & Cat Limited	4117164	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Hustle Digital Limited	9301204	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
FCB Health London Limited	6367844	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Impact Image Limited (In Liq)	3123714	Acre House 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Independent Talent Brands Limited	6102678	3 Grosvenor Gardens, London, England, SW1W 0BD	Ord £0.001	100.00
Inferno Limited	2604658	31 Great Queen Street, London, WC2B 5AE	Ord £0.01	100.00
Interpublic GIS (UK) Limited	2724363	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
IPG PFP General Partner Limited	SC412766	1 Exchange Cres, Conference Sq., Edinburgh EH3 8UL	Ord £1	100.00
IPG PFP Limited Partner Limited	SC412768	1 Exchange Cres, Conference Sq., Edinburgh, EH3 8UL	Ord £1	100.00
ITB360 Limited	6568982	3 Grosvenor Gardens, London, SW1W 0BD	Ord £0.01	100.00
Jack Morton Europe Limited (In Liq)	3386922	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Jack Morton Worldwide Limited	3189671	16-18 Acton Park Industrial Estate, The Vale W3 7QE	Ord £1	100.00
Lakestar Media Limited (In Liq)	6413960	Acre House 11-15 William Road, London, NW1 3ER	Ord £0.01	100.00
Lowe International Limited	1709017	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £0.10	100.00
Martin Agency Limited (The)	8684283	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
McCann Health Medical Communications Limited	2503062	CMC House, 19 King Edward Street, Cheshire, SK10 1AQ	Ord £1	100.00
McCann Manchester Limited	1993425	Bonis Hall, Prestbury, Macclesfield, Cheshire, SK10 4EF	Ord £1	100.00
McCann-Erickson Advertising Limited	1372305	7-11 Herbrand Street, London, WC1N 1EX	Ord £1	100.00
McCann-Erickson Central Limited	1983874	McCann House, Highlands Road, Shirley, Solihull, West Midlands, B90 4WE	Ord £1	100.00
McCann-Erickson EMEA Limited	830956	7-11 Herbrand Street, London, WC1N 1EX	Ord £1	100.00
McCann-Erickson Healthcare UK Limited	687406	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
McCann-Erickson Network Limited	1977043	Bonis Hall, Prestbury, Macclesfield, Cheshire, SK10 4EF	Ord £1	100.00
McCann-Erickson UK Group Limited	3640484	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Mediabrand EMEA Limited	1206089	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Mediabrand International Limited	3970701	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Mediabrand Limited	773961	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Miller Starr Limited (In Liq)	2107814	Acre House 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Momentum Activating Demand Limited	7949786	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
MRM Worldwide (UK) Limited	2507164	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Mubaloo Limited	6770774	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
MullenLowe Group Limited	506057	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100.00
MullenLowe London Limited	680779	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1 Ord A £1	100.00
MullenLowe Open Limited	3556415	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100.00
MullenLowe Profero London Limited	7020571	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00

IPG Holdings (UK) Limited

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

27 Subsidiary undertakings (continued)

Name	Co. No.	Registered office	Share class(es)	Share class %
MullenLowe Profero Performance Limited	7018892	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Nova London Limited (In Liq)	8813519	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Octagon Athlete Representation Limited	1064273	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Octagon Worldwide Limited	2704128	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Optaros Limited (In Liq)	6509298	Acre House, 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Optimum4 Limited	3541524	West One, 100 Wellington St, Leeds, LS1 4LT	Ord £0.001	100.00
Orion Trading EMEA Limited	3404334	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
R/GA Media Group Limited	2366324	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Rapport Outdoor Limited	2230412	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100.00
Salt Limited	3885565	C-Space, 37-45 City Road, London EC1Y 1AT	Ord A Ord B Ord C Growth £0.01	100.00
Stickyeyes Limited	4633595	West One, 100 Wellington St, Leeds, LS1 4LT	Ord £0.001	100.00
Tale Limited (In Liq)	8315633	Acre House 11-15 William Road, London, NW1 3ER	Ord £1.00	100.00
That Lot Creatives Limited	8573144	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
IX Marketing Limited	1983879	The Reading Room, Wolverton Park Road, Wolverton, Milton Keynes MK12 5FJ	Ord £1	100.00
TRW Digital Limited (In Liq)	8489834	Acre House 11-15 William Road, London, NW1 3ER	Ord £0.01	100.00
Weber Shandwick International Limited	2258441	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100.00
Wellset Repro Limited	3205960	East Lodge Hs, 116 High St, Cranleigh, Surrey, GU6 8AJ	Ord A	100.00
Zazzle Media Limited	7592862	West One, 100 Wellington St, Leeds, LS1 4LT	Ord £1	100.00
101 Projects Limited	7483043	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100.00

Dormant subsidiaries: (not utilising S479A)

Name	Co. No.	Registered office	Share class(es)	Share class %
Lowe & Partners Limited (In Liq)	7258427	Acre House 11-15 William Road, London, NW1 3ER	Ord £1	100.00
Claritas U.K. Limited	01933461	17 Hatfields, London, SE1 8DJ	Redeem. Pref £1 Ord £0.10	100.00
Dormant Company 8585516 Limited	8585516	17 Hatfields, London, SE1 8DJ	Ord £1	100.00
ITB (Saturday) Limited	8811505	3 Grosvenor Gardens, London, England, SW1W 0BD	Ord A / B £1	100.00
McCann Health Limited	9363022	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100%

IPG Holdings (UK) Limited

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

27 Subsidiary undertakings (continued)

Foreign subsidiaries: (not utilising S479A)

Name	Country	Registered office	Share class(es)	Ult %
Cadreon Belgium BVBA	Belgium	Ildefonse Vandammestraat 5-7D, 1560 Hoeilaart	Ord NPV	100.00
Orion Capital Belgium BVBA	Belgium	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord NPV	96.02
McCann-Erickson N.V.	Belgium	Avenue de Cortenberg 100, 1000 Brussels, Belgium	Ord NPV	100.00
Mediabrand Belgium S.A.	Belgium	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord NPV	96.00
McCann Health Medical Communications Canada Limited	Canada	10 Bay Street, Toronto, ON M5J 2S3, Canada	Ord NPV	100.00
Hackeragency s.r.o.	Czech Rep	Ve svahu 482/5, Prague, 4 Czech Republic	Ord CZK1	100.00
FCB Estonia OU	Estonia	Liivalaia 22, Tallinn , 10118 , Estonia	Ord €1	100.00
Outdoor Services S.A.	Belgium	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord €56	96.00
Initiative Media Advertising S.A.	Greece	89-91 Ethnikis Antistaseos St, 15231 Halandri, Athens	Ord €3	99.98
MullenLowe Communications S.A.	Greece	89-91 Ethnikis Antistaseos St, 15231 Halandri, Athens	Ord €3	99.99
Mediabrand Advertising S.A.	Greece	89-91 Ethnikis Antistaseos St, 15231 Halandri, Athens	Ord €3	99.99
Magna Ireland Media Limited	Ireland	6th Floor, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Ord A/B/C/ €1	50.00
McCann Worldgroup Sp. z.o.o.	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100.00
Craft Worldwide Sp. z.o.o.	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100.00
U2 Media Sp. z.o.o.	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100.00
Universal McCann Sp. z.o.o.	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100.00
Magna Global Polska Sp. z.o.o.	Poland	ul. Domaniewska 39, 02-672, Warsaw, Poland	Ord PLN500	33.33
Reprise Media Sp. z.o.o.	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN50	50.00
R/GA Digital Media Group SRL	Romania	50-52 Buzesti St., Fl 2, Sector 1, Bucharest, 011015	Ord RON10	100.00
Lowe Investments Limited	Mauritius	c/o Ocorian Corporate Services, 6th Floor, Tower A, 1 Cyber City, Ebene, Mauritius	Ord £1	100.00
Weber Shandwick East Africa Limited	Kenya	c/o DeLyde Associates, Geomaps Centre, Elgon Rd Upper Hill, PO Box 7914, City Square, 00200, Kenya	Ord KES10	100.00

Other qualifying undertakings:

Name	Co. No.	Head office	Share class	Share class %
IPG PFP Scottish Limited Partnership Limited	9991	1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL	Partnership	16.67

28 Events post statement of financial position

There are no material events post year end.

IPG Holdings (UK) Limited

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

29 Ultimate parent undertaking and controlling party

The immediate parent undertaking is IPG Europe Limited, a company registered in England and Wales. Copies of its financial statements are available at 3 Grosvenor Gardens, London, SW1W 0BD.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies, Inc., a company incorporated in the United States of America.

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these consolidated financial statements at 31 December 2018. The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, NY, 10022, USA.

30 Company information

The Company is registered in the United Kingdom and its registered office is 3 Grosvenor Gardens, London, SW1W 0BD.