These accounts are being filed as part of the subsidiary package for FCB Inferno Limited, company number: 2586852

IPG Holdings (UK) Limited

Directors' Report, Strategic Report and Consolidated Financial Statements
Year ended 31 December 2015

Registered Number: 2353279

Strategic Report for the year ended 31 December 2015

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 2015

Principal activities and review of business

The Company's principal activity 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 main subsidiaries using the criteria of turnover for trading companies and net investment value for holding companies were as follows

CMGRP Holdings 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-Erickson Advertising limited
McCann-Erickson Central limited
McCann-Erickson EMEA Limited
McCann-Erickson Network limited
McCann-Erickson UK Group Limited
McCann Manchester Limited
Mediabrands Belgium S A
Mediabrands International limited
Mediabrands Limited
MullenLowe London Limited (fka DLKW Lowe Limited)
MullenLowe Group Limited (fka Lowe & Partners Worldwide Limited)
Rapport Outdoor Limited

The Group's consolidated loss for the financial year was £0 7m (2014 profit of £2 3m) The consolidated loss 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 £67 5m as at 31 December 2015 (2014 net assets of £127 0m)

On 31 July 2015, the Group acquired the entire issued share capital of Hugo & Cat Limited and on 22 April 2015, acquired the entire issued share of Double Helix Bio-Technology Development Limited The two companies acquired during the year contributed £0 5m of profit for the period they were part of the Group

On 2 November 2015, the Company acquired new shares in Creation Communications Limited to the value of £110,569,000 Subsequently, the entire share capital of Creation Communications Limited was transferred to CMGRP Holdings Limited at their book value (£154,532,554) in exchange for new shares in CMGRP Holdings Limited

During the year, the Company received dividends to the value of £77,000,000 and paid a dividend of £59,000,000

Branches outside the UK

The Group's consolidated financial statements include branches outside the UK located in Ireland, Italy, France and Switzerland

Future developments, strategy and key performance indicators

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

The Company and its subsidiaries operate within six major trading groups Their results for the financial year ended 31 December 2015 and 31 December 2014 are shown below

2015	**McCann-Erickson**	**MullenLowe**	**Mediabrands**	**FCB**	**CMG**	**Other**	**Total**
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover	384,459	165,647	570,162	48,596	132,158	122,315	1,423,337
Revenue	151,893	66,493	75,904	26,706	65,713	39,240	425,949
Operating profit/(loss)	8,904	(2,668)	5,674	1,382	6,881	(7,092)	13,081
Operating margin	2 3%	(1 6%)	1 0%	2 8%	5 2%	(5 8%)	0 9%
Employee costs	105,775	35,531	44,069	16,489	43,896	22,830	268,590
Employee costs as % of revenue	69 6%	53 4%	58 1%	61 7%	66 8%	58 2%	63 1%

2014	**McCann-Erickson**	**MullenLowe**	**Mediabrands**	**FCB**	**CMG**	**Other**	**Total**
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover	341,164	156,324	827,846	49,387	141,062	109,136	1,624,919
Revenue	139,169	62,629	72,668	22,349	59,133	28,617	384,565
Operating profit/(loss)	10,211	(2,187)	10,211	(4,631)	4,886	(8,841)	9,649
Operating margin	7 3%	(3 3%)	12 9%	(20 7%)	8 3%	(30 9%)	2 5%
Employee costs	96,723	34,289	39,546	17,092	39,056	19,181	245,887
Employee costs as % of revenue	69 5%	54 7%	51 4%	76 5%	66 0%	67 0%	63 2%

The companies which comprise the "Other" trading group are agencies independent of the five other major trading groups and are mainly involved in the advertising business in the USA

Exceptional item

During the financial year, a number of companies in the Group were either liquidated or became dormant A resulting exceptional loss of £4,992,000 arose on the impairment of consolidation goodwill relating to those companies

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 2015, 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

26 September 2016

IPG Holdings (UK) Limited

Directors' Report for the year ended 31 December 2015

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 2015

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 28

Future developments

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

Dividends

During the year, the Company paid a dividend of £59,000,000 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 2015 was mainly as follows trade debtors £271,911, amounts owed by group undertakings £57,628,000, other debtors £15,251,000 and prepayments and accrued income £41,265,000 (2014 £285,598,000, £68,685,000, £22,086,000 and £30,777,000 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 when required

Political donations

The Group made no political donations in 2015 (2014 nil)

Disabled employee note

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 for 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

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

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have prepared the Group's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

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 the Company, and of the profit or loss of the Group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

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

The directors acknowledge their responsibilities for

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006,
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2015 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company, and
- legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' Report for the year ended 31 December 2015 (continued)

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

On 6 January 2016 the Group acquired the entire issued share capital of Mubaloo Limited and on 5 February 2016 it acquired the entire issued share capital of The Brooklyn Brothers Limited On 29 July 2016, the Group acquired the entire issued share capital of Stickyeyes Limited and on 31 August 2016 the Group acquired the entire issued share capital of Wellset Repro Limited A meaningful estimate of the financial effect of the acquisitions cannot be made until their full results for 2016 are available There were no other material events post year end

Disclosure of information to auditors

Each director of the Company confirms that

(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) that each director has taken all 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 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

26 September 2016

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

Report on the financial statements

Our 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 2015 and of the Group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

The financial statements, included within the Directors' Report, Strategic Report and Consolidated Financial Statements (the "Annual Report"), comprise

- the Consolidated statement of financial position and the Company statement of financial position as at 31 December 2015,
- the Consolidated profit and loss account and the Consolidated statement of comprehensive income for the year then ended,
- the Consolidated statement of cash flows for the year then ended,
- the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Simon Friend (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 September 2016

Consolidated profit and loss account
for the year ended 31 December 2015

	Note	2015 £000's	2014 £000's
Group turnover	5	**1,423,337**	1,624,919
Cost of sales		**(997,388)**	(1,240,354)
Revenue		**425,949**	384,565
Administrative expenses	6	**(391,063)**	(354,396)
Goodwill amortisation	6,13	**(21,994)**	(21,736)
Distribution costs		**(428)**	(436)
Other operating income		**617**	1,652
Operating profit	6	**13,081**	9,649
Interest receivable and similar income	8	**3,889**	3,337
Interest payable and similar charges	7	**(8,286)**	(8,156)
Exceptional loss on impairment of goodwill	13	**(4,992)**	-
Profit on ordinary activities before taxation		**3,692**	4,830
Tax on profit on ordinary activities	11	**(4,341)**	(2,638)
(Loss)/profit on ordinary activities after taxation		**(649)**	2,192
Non-controlling interests	20	**(63)**	141
(Loss)/profit for the financial year		**(712)**	2,333

All operations are continuing

The accompanying notes from pages 17 to 55 form an integral part of these consolidated financial statements

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £000's	2014 £000's
(Loss) / profit for the financial year		(649)	2,192
Other comprehensive income/(loss)		209	(366)
Total comprehensive (loss/income for the year		(440)	1,826
Total comprehensive (loss)/income attributable to			
- owners of the parent		(491)	1,967
- non-controlling interests	20	51	(141)
		(440)	1,826

Consolidated statement of financial position
As at 31 December 2015

	Note	2015 £000's	2014 £000's
Fixed assets			
Intangible assets	13	**256,593**	265,692
Tangible assets	12	**32,105**	29,764
Investments	14	**5,628**	5,628
Interest in associated undertaking	14	**25**	60
		294,351	301,144
Current assets			
Work in progress		**32,005**	28,204
Debtors amounts falling due after more than one year	15	**513**	1,079
Debtors amounts falling due within one year	15	**397,806**	416,526
Cash at bank and in hand		**211,508**	262,352
		641,832	708,161
Creditors amounts falling due within one year	16	**(799,447)**	(819,467)
Net current liabilities		**(157,615)**	(111,306)
Total assets less current liabilities		**136,736**	189,838
Creditors amounts falling due after more than one year	17	**(54,337)**	(49,822)
Provisions for liabilities	18	**(14,884)**	(12,997)
Net assets		**67,515**	127,019
Capital and reserves			
Called up share capital	19	**757**	757
Share premium account		**1,591**	1,591
Capital redemption reserve		**100**	100
Retained earnings		**62,090**	121,645
Equity attributable to owners of the parent		**64,538**	124,093
Non-controlling interests	20	**2,977**	2,926
Total equity		**67,515**	127,019

The consolidated and Company financial statements on pages 10 to 55 were approved by the board of directors on 26 September 2016 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 2015

	Note	2015 £000's	2014 £000's
Fixed assets			
Investments	14	**286,567**	175,998
Current assets			
Debtors amounts falling due within one year	15	**12,414**	800
Cash at bank and in hand		**-**	117
		12,414	917
Creditors amounts falling due within one year	16	**(231,161)**	(123,556)
Net current liabilities		**(218,747)**	(122,639)
Total assets less current liabilities		**67,820**	53,359
Creditors amounts falling due after more than one year	17	**(33,264)**	(33,264)
Net assets		**34,556**	20,095
Capital and reserves			
Called-up share capital	19	**757**	757
Share premium account		**1,591**	1,591
Capital redemption reserve		**100**	100
Retained earnings		**32,108**	17,647
Total equity		**34,556**	20,095

The consolidated and Company financial statements on pages 10 to 55 were approved by the board of directors on 26 September 2016 and signed on its behalf by

Warren Spencer Kay
Director
IPG Holdings (UK) Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Amounts due to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000		£'000	£'000
At 1 January 2014	757	1,591	100	119,678	**122,126**	3,239	**125,365**
Profit / (loss) for the financial year	-	-	-	2,333	**2,333**	(141)	**2,192**
Other comprehensive loss	-	-	-	(366)	**(366)**	-	**(366)**
Total comprehensive income / (loss) for the year	-	-	-	1,967	**1,967**	(141)	**1,826**
Acquisition of non-controlling interests	-	-	-	-	-	(172)	**(172)**
Total changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	(172)	**(172)**
At 31 December 2014	757	1,591	100	121,645	**124,093**	2,926	**127,019**
(Loss)/profit for the financial year	-	-	-	(712)	**(712)**	63	**(649)**
Other comprehensive income / (loss)	-	-	-	221	**221**	(12)	**209**
Total comprehensive (loss) / income for the year	-	-	-	(491)	**(491)**	51	**(440)**
Acquisition of non-controlling interests	-	-	-	-	-	-	-
Dividends paid **(note 19)**	-	-	-	(59,064)	**(59,064)**	-	**(59,064)**
Total transactions with owners, recognised directly in equity	-	-	-	(59,064)	**(59,064)**	-	**(59,064)**
At 31 December 2015	757	1,591	100	62,090	**64,538**	2,977	**67,515**

Company statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	757	1,591	100	21,211	23,659
Loss for the financial year and total comprehensive loss	-	-	-	(3,564)	(3,564)
At 31 December 2014	757	1,591	100	17,647	20,095
Profit for the financial year and total comprehensive income	-	-	-	73,461	73,461
Dividend paid **(note 19)**	-	-	-	(59,000)	(59,000)
Total transactions with owners, recognised directly in equity	-	-	-	(59,000)	(59,000)
At 31 December 2015	757	1,591	100	32,108	34,556

Consolidated statement of cash flows for the year ended 31 December 2015

	Note	2015	2014
		£'000	£'000
Cash flow from operating activities			
(Loss)/profit for the financial year after tax		(712)	2,333
Adjustments for			
Tax on profit on ordinary activities		4,341	2,638
Net interest income expense	8 & 9	4,398	4,819
Non-controlling interests	20	63	(141)
Exceptional loss on impairment of consolidation goodwill	13	4,992	-
Operating profit		13,082	9,649
Amortisation of intangible assets	13	21,994	21,736
Depreciation of tangible assets	12	7,145	7,349
Loss on disposal of tangible assets	6	45	17
Increase / (decrease) in provisions		1,867	(3,982)
Bad debt provision		253	362
Interest received	8	3,889	3,337
Foreign exchange gain / (loss) on overseas investments		218	(366)
Working capital movements			
(Increase) in work in progress		(3,536)	(5,585)
Decrease in debtors		24,960	11,876
(Decrease) in payables		(20,180)	(54,323)
Net cash generated from / (used in) operations		49,737	(9,930)
UK taxation paid	11	(1,000)	-
Net cash generated from / (used in) operating activities		48,737	(9,930)
Cash flows from investing activities			
Cash acquired from acquisitions	27	3,805	-
Purchase of tangible assets	12	(9,495)	(6,490)
Proceeds from disposal of tangible assets		103	257
Interest in associated undertakings		36	(9)
Payment of earn-out liabilities to third parties		(14,724)	(3,079)
Payment to acquire non-controlling interest	20	-	(172)
Net cash (used in) investing activities		(20,275)	(9,493)
Cash flows from financing activities			
Dividends paid	19	(59,064)	-
Interest paid	7	(8,286)	(8,156)
Net cash (used in) financing activities		(67,350)	(8,156)
Exchange gains on cash and cash equivalents		1,506	1,050
Net (decrease) in cash and cash equivalents		(37,382)	(26,529)
Cash at bank and in hand at beginning of year		262,352	290,273
Bank loans and overdrafts at beginning of year		(452,571)	(453,963)
Cash and equivalents at end of year		(227,601)	(190,218)
Cash and equivalents at end of year consist of			
Cash at bank and in hand		211,508	262,352
Bank loans and overdrafts		(439,109)	(452,571)
Cash and equivalents at end of year		(227,601)	(190,219)

IPG Holdings (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1 General information

The Company's principal activity 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 and domiciled in England and Wales 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 the years presented, unless otherwise stated The Group has adopted FRS 102 in these financial statements Details of the transition to FRS 102 are disclosed in note 22

The Company has presented both the consolidated and Company statements of financial position and changes in equity and has not presented the Company's profit and loss account as permitted by section 408 of the Companies Act 2006

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 Company statement of financial position set out on page 13 shows that the Company has net assets of £34,556,000 (2014 £20,095,000) The Interpublic Group of Companies, Inc , the ultimate holding company of the Company, has confirmed its present intention to continue to provide financial support to the Company so as to enable it to meet its liabilities as and when they fall due and to carry on its 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 Company for the year ended 31 December 2015

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

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 2015

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 27) Thereafter where the Group increases its controlling interest in the 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 provide 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 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

3 Summary of significant accounting policies (continued)

d) Revenue Recognition (continued)

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

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

3 Summary of significant accounting policies (continued)

(f) Dividend income

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

g) Employee benefits

The 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 6 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 the 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

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

3 Summary of significant accounting policies (continued)

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

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

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

IPG Holdings (UK) Limited

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

3 Summary of significant accounting policies (continued)

(m) Taxation (continued)

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 business 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 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 January 2014 is amortised over its expected useful economic life but not longer than ten years

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	Lesser of 10 years or the remaining life of the lease
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

3 Summary of significant accounting policies (continued)

o) Tangible fixed assets (continued)

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 accounts 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

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 an 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

3 Summary of significant accounting policies (continued)

s) Financial instruments (continued)

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

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

3 Summary of significant accounting policies (continued)

v) Provisions (continued)

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) 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

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 12 for the carrying amount of the tangible assets, and note 3(o) for the useful economic lives for each class of assets

4 Critical accounting estimates and assumptions (continued)

(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 13 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

(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 owned by Group undertakings

5 Segmental reporting

	2015 £000's	2014 £000's
Turnover by origin		
United Kingdom	1,124,087	1,300,181
Rest of Europe	299,250	324,738
	1,423,337	1,624,919

The Group has two reportable segments, which are the Integrated Agency Networks ("IAN") and Constituency Management Group ("CMG") IAN is comprised of McCann, FCB, MullenLowe, Mediabrands, our digital specialist agencies and our domestic integrated agencies CMG comprise 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

	2015 £000's	2014 £000's
Turnover by origin		
IAN	1,291,179	1,483,857
CMG	132,158	141,062
	1,423,337	1,624,919

	2015 £000's	2014 £000's
Profit / (losses) on ordinary activities before taxation by origin		
United Kingdom	307	4,086
Rest of Europe	2,674	1,599
Middle East & Far East	1,469	(21)
Rest of World	(758)	(834)
	3,692	4,830

	2015 £000's	2014 £000's
Net assets / (liabilities) by origin		
United Kingdom	15,917	75,410
Rest of Europe	22,896	22,136
Middle East & Far East	28,422	28,434
Rest of world	(750)	9
	66,485	125,989

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	2015 £000's	2014 £000's
Employee costs	9 & 10	268,590	245,887
Pension cost	26		
- defined contribution		9,900	8,361
- defined benefit		8,876	7,192
Severance expenses		4,603	3,288
Depreciation	12		
- tangible fixed assets		7,145	7,348
Amortisation	13		
- goodwill, trademarks and customer lists		21,994	21,736
Remuneration of auditors			
- audit of the Company and the Group's consolidated financial statements		802	684
- other audit fees for group reporting		514	699
- there were no non-audit fees paid in the year (2014 £nil)			
Bad debt - provision increase		253	362
Loss on disposal of tangible assets		45	17
Exchange loss		1,350	1,044
Operating lease rentals			
- plant and machinery		432	869
- office space		20,137	17,863
- other		561	211
Rental income receivable		(8,534)	(8,245)

7 Interest payable and similar charges

	2015 £000's	2014 £000's
Interest payable to Group undertakings	2,579	1,676
Interest payable on bank overdrafts	5,100	6,020
Unwinding of discount	607	460
	8,286	8,156

8 Interest receivable and similar income

	2015 £000's	2014 £000's
Interest receivable and similar income	3,889	3,337

9 Employee costs

	2015 £000's	2014 £000's
Wages and salaries (including directors)	212,505	198,267
Social security costs	28,076	25,650
Other pension costs (note 26)	18,776	15,554
Severance expense	4,603	3,288
Share based payments costs (note 25)	1,963	1,655
Miscellaneous, non-share based incentives and other costs	2,667	1,473
Employee costs	268,590	245,887

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

	2015 Number	2014 Number
United Kingdom	3,510	3,233
Rest of Europe	604	499
North America	10	12
Rest of world	1	0
Average monthly number employed	4,125	3,744

Key management compensation

The Company paid no key management compensation (including to directors) for services during the year (2014 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 ended 31 December 2015 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 year is £nil (2014 £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 2015 (continued)

11 Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Current taxation		
UK corporation taxation		
- Subsidiary undertakings	**2,624**	-
Foreign taxation		
- Subsidiary undertakings	**1,506**	2,151
	4,130	2,151
Adjustments in respect of prior years		
- UK corporation taxation	**(67)**	115
- Foreign taxation	**(81)**	(12)
	(148)	103
Total current taxation	**3,982**	2,254
Deferred taxation		
Adjustments in respect of prior years	**(112)**	(300)
Origination & reversal of timing differences	**(179)**	346
Effect of change in the tax rate	**650**	338
Total deferred taxation	**359**	384
Tax on profit on ordinary activities	**4,341**	2,638

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

11 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2014 = higher) than the standard rate of corporation tax in the UK of 20 25% (2014 21 5%) The difference is explained below

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	**3,692**	4,830
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20 25% (2014 21 5%)	**748**	1,038
Effects of		
Expenses not deductible for taxation purposes	5,875	5,380
Effect of change in the tax rate	650	338
Group relief for nil consideration	(1,071)	(2,992)
Unrecognised deferred tax	(2,611)	(2,152)
Foreign taxation	1,010	1,229
Double tax relief	-	(6)
Adjustments in respect of prior years	(260)	(197)
Total tax charge for the year	**4,341**	2,638

A reduction in the rate of UK corporation tax from 21% to 20% took effect on 1 April 2015 Further reductions in the main rate of UK corporation tax to 19% from 1 April 2017, and then to 18% from 1 April 2020 were substantively enacted on 26 October 2015

At 31 December 2015 there were unused trading and non-trading losses of £51 6 million (2014 £53 4 million) that are available indefinitely for offset against the Group's future taxable profits, and capital losses of £126 1m (2014 £126 2m) 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, (2014 £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

12 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 2015	15,564	24,550	21,133	24,402	4,128	89,777
Additions	64	4,109	2,127	2,440	943	9,683
Disposals	-	(2,096)	(2,779)	(1,191)	(6)	(6,072)
Other adjustments	-	-	70	(70)	-	-
Exchange adjustment	-	(29)	(65)	(118)	(8)	(220)
At 31 December 2015	**15,628**	**26,534**	**20,486**	**25,463**	**5,057**	**93,168**
Accumulated depreciation						
At 1 January 2015	4,327	16,391	17,767	19,135	2,393	60,013
Charge for the year	368	2,250	1,970	2,223	334	7,145
Disposals	-	(2,032)	(2,728)	(1,161)	(4)	(5,925)
Other adjustments	-	-	25	(25)	-	-
Exchange adjustment	-	(18)	(55)	(79)	(18)	(170)
At 31 December 2015	**4,695**	**16,591**	**16,979**	**20,093**	**2,705**	**61,063**
Net book amount						
At 31 December 2015	**10,933**	**9,943**	**3,507**	**5,370**	**2,352**	**32,105**
At 31 December 2014	11,237	8,159	3,366	5,267	1,735	29,764

The Company had no tangible assets as at 31 December 2015 (2014 nil)

13 Intangible assets

	Goodwill	Customer lists	Trademarks	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 January 2015	434,574	-	694	435,268
Additions (note 27)	10,807	2,500	440	13,747
Disposals	(8,268)	-	(561)	(8,829)
Revaluations	4,057	-	-	4,057
Exchange movements	(253)	-	(36)	(289)
At 31 December 2015	**440,917**	**2,500**	**537**	**443,954**
Accumulated amortisation				
At 1 January 2015	169,920	-	687	170,607
Charge for the year	21,902	70	22	21,994
Disposals	(4,491)	-	(561)	(5,052)
Exchange movements	(153)	-	(35)	(188)
At 31 December 2015	**187,178**	**70**	**113**	**187,361**
Net book amount				
At 31 December 2015	**253,739**	**2,430**	**424**	**256,593**
At 31 December 2014	265,684	-	7	265,692

Additions relate to the acquisition of two companies, Hugo & Cat Limited and Double Helix Bio-Technology Development Limited (note 27)

Disposals relate to a number of companies which were either liquidated during the financial year or which have become dormant and will be placed into liquidation in due course The disposals resulted in an exceptional loss on the impairment of goodwill amounting to £4,992,000

During the year there were several revaluations of purchased goodwill at subsidiary level caused by increases or decreases in the final earn out liabilities for businesses which have been acquired The most significant being an upward revaluation of £6,954,000 relating to the acquisition of Frukt Limited by Octagon Worldwide Limited and the downward revaluation of £2,338,000 relating to the acquisition of Lakestar Media Limited by McCann-Erickson Network Limited

The Company had no intangible assets at 31 December 2015 (2014 nil)

14 Investments and interest in associated undertaking

Group

Investments:

	£000's
Investments at cost	
At 31 December 2015	**5,628**
At 31 December 2014	5,628

Interest in associated undertaking	**£000's**
At 1 January 2015	60
Share of operating profit for the financial year	1
Disposals	(34)
Exchange adjustment	(2)
At 31 December 2015	**25**
At 31 December 2014	60

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

14 Investments and interest in associated undertaking (continued)

The Group has the following investments

Entity	Country of incorporation	Principal activity	Status	Percentage holding
IPG PFP Scottish Limited Partnership (note 28)	UK	Pension investments	Trading	16 67%
Lowe & Partners/SMS Inc	USA	Holding company	Holding company	15 40%

Company

Investment in subsidiaries.	£'000
Cost	
At 1 January 2015	216,901
Additions	265,102
Disposals	(154,533)
At 31 December 2015	**327,470**
Provision for impairment	
At 1 January 2015 and 31 December 2015	**40,903**
Net book amount	
At 31 December 2015	**286,567**
At 31 December 2014	175,998

On 2 November 2015, the Company acquired new shares in Creation Communications Limited to the value of £110,569,000 Subsequently, the entire share capital of Creation Communications Limited was transferred to CMGRP Holdings Limited at their book value (£154,532,554) in exchange for new shares in CMGRP Holdings Limited to the value of £265,101,554

Impairment in carrying value

In accordance with Financial Reporting Standard 11 "Impairment of fixed assets and goodwill", an impairment review has been performed where a triggering event has occurred demonstrating an indicator of impairment No impairment indicator was identified by management and the directors believe that the carrying value of the investments is supported by their underlying net assets, except that the Company has, during the year, disposed of a number of subsidiaries which had been in liquidation and were fully impaired or the Company recovered an amount equivalent to their carrying value from the liquidator

15 Debtors: amounts falling due within one year

	Group 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Trade debtors	271,911	285,598	-	-
Amounts owed by Group undertakings	57,628	68,685	10,195	352
Amounts owed by associated undertakings	42	252	-	-
Other debtors	15,251	22,086	-	206
Other taxation	2,783	1,939	-	213
Corporation tax	3,023	316	2,213	-
Deferred taxation (see below)	5,903	6,873	-	-
Prepayments and accrued income	41,265	30,777	6	29
	397,806	416,526	12,414	800

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 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Other debtors	513	1,079	-	-

Deferred taxation

Group	2015 £000's	2014 £000's
Accelerated capital allowances	3,633	4,752
Trading losses and non-trading deficits	1,560	392
Other short term timing differences	710	1,729
Total deferred tax asset	5,903	6,873

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

Group	£000's
At 1 January 2015	6,873
(Charged) to profit and loss account	(359)
Additions	(575)
Exchange adjustment	(36)
At 31 December 2015	5,903

16 Creditors: amounts falling due within one year

	Group 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Bank loans and overdrafts	**439,109**	452,571	**217,587**	111,006
Trade creditors	**156,146**	150,430	**-**	-
Amounts owed to Group undertakings	**33,211**	39,422	**13,397**	12,391
Amounts owed to associate undertakings	**313**	-	**-**	-
Corporation tax	**3,099**	2,051	**-**	-
Other creditors including taxation and social security	**52,606**	53,657	**-**	-
Incentive compensation plans	**1,063**	291	**-**	-
Accruals and deferred income	**104,664**	116,706	**177**	159
Acquisition / earn-out deferred consideration	**9,236**	4,339	**-**	-
	799,447	819,467	**231,161**	123,556

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

The Group participates in The Interpublic Group of Companies, Inc pooling arrangement 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 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Amounts owed to Group undertakings	**33,264**	33,264	**33,264**	33,264
Other creditors	**1,991**	2,881	**-**	-
Incentive compensation plans	**1,002**	817	**-**	-
Deferred lease credits	**5,562**	4,914	**-**	-
Accruals and deferred income	**114**	838	**-**	-
Acquisition / earn-out deferred consideration	**12,404**	7,108	**-**	-
	54,337	49,822	**33,264**	33,264

Loans of £33 3m (2014 £33 3m) owed to Group undertakings are interest bearing at a rate of 5 06% (2014 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

18 Provisions for liabilities

	Credits, discounts and rebates	Onerous lease	Asset retirement obligations	Other provisions	Total
	£000's	£000's	£000's	£000's	£000's
At 1 January 2015	5,213	199	7,012	573	12,997
Charge / (credit) to profit and loss	2,050	-	1,249	(1)	3,298
Unwinding of discount	-	1	243	-	244
Released to profit and loss	(1,202)	(1)	(20)	(300)	(1,523)
Transfers	-	-	(4)	-	(4)
Exchange adjustment	(13)	-	-	(10)	(23)
Utilisation	-	(105)	-	-	(105)
At 31 December 2015	**6,048**	**94**	**8,480**	**262**	**14,884**

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 third party 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

Onerous lease

The Group has provided for one onerous lease obligation held by FBC (FutureBrand) Limited, where the confirmed sub-let income does not cover the lease commitment and related outgoings This lease comes to an end in December 2016

Asset retirement obligations

The Group has a provision for liabilities relating to dilapidations costs on a number of leased properties The provision is expected to be utilised when the respective leases end between 2016 and 2027

19 Called up share capital and dividends

	2015 Number (000's)	2014 Number (000's)	2015 £'000	2014 £'000
Allotted and fully paid				
Ordinary shares of £1 00 each	757	757	757	757

Dividends

During the financial year, the Company paid dividends of £59,064,000 (2014 nil), including £64,000 to non-controlling interests The Company had no liability to pay dividends at 31 December 2015 and no dividends have been proposed prior to the date of approval of the financial statements (26 September 2016) The dividend paid in the year to the Company's shareholder was equal to £77,911 per ordinary share in issue (757,277 shares)

20 Non-controlling interest

	2015	2014
	£'000	£'000
At 1 January 2015	**2,926**	3,239
Minority's share of the profit for the year	**191**	33
Minority's share of net (liabilities)	**(140)**	(174)
Minority interest purchased	**-**	(172)
At 31 December 2015	**2,977**	2,926

21 Capital and other commitments

The Group and the Company had no material capital commitments at 31 December 2015 (2014 nil)

	2015	2014
	£'000	£'000

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

	2015	2014
Payments due		
- Not later than one year	**14,065**	12,363
- Later than one year and not later than five years	**44,863**	41,160
- Later than five years	**33,007**	29,180
Total future minimum lease commitments	**91,935**	82,703

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

	2015	2014
	£'000	£'000
Income due		
Buildings		
- Not later than one year	**1,596**	2,558
- Later than one year and not later than five years	**1,303**	1,288
- Later than five years	**647**	-
Total future minimum lease income	**3,546**	3,846

22 Transition to FRS 102

This is the first year that the Group has presented its results under FRS 102 The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014 The date of transition to FRS 102 was 1 January 2014 Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102

(continued on next page)

22 Transition to FRS 102 (continued)

Consolidated statement of financial position as at 1 January 2014 and 31 December 2014

	At 1 Jan 2014			At 31 Dec 2014		
	As previously stated	Effect of Transition to FRS102	FRS 102 restated	As previously stated	Effect of transition	FRS 102 restated
	£000's	£000's	£000's	£000's	£000's	£000's
Fixed assets						
Intangible assets	286,001	-	286,001	265,692	-	265,692
Tangible assets	30,896	-	30,896	29,764	-	29,764
Investments	5,628	-	5,628	5,628	-	5,628
Interest in associated undertaking	51	-	51	60	-	60
	322,576	-	322,576	301,144	-	301,144
Current assets						
Work in progress	22,619	-	22,619	28,204	-	28,204
Debtors amounts falling due within one year	428,020	382	428,402	415,991	535	416,526
Debtors amounts falling after more than one year	-	-	-	1,079	-	1,079
Cash at bank and in hand	290,273	-	290,273	262,352	-	262,352
	740,912	382	741,294	707,626	535	708,161
Creditors amounts falling due within one year	(869,196)	(2,283)	(871,479)	(819,424)	(43)	(819,467)
Net current liabilities	(128,284)	(1,901)	(130,185)	(111,798)	492	(111,306)
Total assets less current liabilities	194,292	(1,901)	192,391	189,346	492	189,838
Creditors amounts falling due after more than one year	(50,047)	-	(50,047)	(46,672)	(3,150)	(49,822)
Provisions for liabilities	(16,979)	-	(16,979)	(12,997)	-	(12,997)
Net assets	127,266	(1,901)	125,365	129,677	(2,658)	127,019
Capital and reserves						
Called up share capital	757	-	757	757	-	757
Share premium	1,591	-	1,591	1,591	-	1,591
Capital contribution	100	-	100	100	-	100
Retained earnings	121,579	(1,901)	119,678	123,273	(2,658)	121,645
Equity attributable to owners of the parent	124,027	(1,901)	122,126	125,721	(2,658)	124,093
Non-controlling interests	3,239	-	3,239	2,926	-	2,926
Total equity	127,266	(1,901)	125,365	128,647	(2,658)	127,019

22 Transition to FRS 102 (continued)

Consolidated profit and loss account for the year ended 31 December 2014

	Year end 31 Dec 2014		
	As previously stated	Effect of transition	FRS 102 restated
	£000's	£000's	£000's
Group turnover	1,624,919	-	1,624,919
Cost of sales	(1,236,146)	-	(1,240,354)
Revenue	388,773	-	384,565
Administrative expenses	(357,694)	(910)	(354,396)
Goodwill amortisation	(21,736)	-	(21,736)
Distribution expenses	(436)	-	(436)
Other operating income	1,652	-	1,652
Operating profit	10,559	(910)	9,649
Interest payable and similar charges	(8,156)	-	(8,156)
Interest receivable and similar income	3,337	-	3,337
Profit on ordinary activities before taxation	5,740	(910)	4,830
Tax on profit on ordinary activities	(2,791)	153	(2,638)
Profit on ordinary activities after taxation	2,949	(757)	2,192
Non-controlling interests	141	-	141
Profit for the financial year	3,090	(757)	2,333

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

22 Transition to FRS 102 (continued)

Consolidated statement of other comprehensive Income for the year ended 31 December 2014

	Year end 31 Dec 2014 As Previously stated £000's	Effect of transition £000's	FRS 102 restated £000's
Profit for the financial year	3,090	(757)	2,333
Other comprehensive loss			
Currency translation differences	(366)	-	(366)
Total comprehensive income for the year	2,724	(757)	1,967

Consolidated statement of changes in equity for the year end 31 December 2014

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Amounts due to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 January 2014	757	1,591	100	121,579	**124,027**	3,239	**127,266**
Effect of FRS 102 transition	-	-	-	(1,901)	**(1,901)**	-	**(1,901)**
At 1 January 2014 post FRS 102 transition	757	1,591	100	119,678	**122,126**	3,239	**125,365**
Profit / (loss) for the financial year	-	-	-	3,090	**3,090**	(141)	**2,949**
Effect of FRS 102 transition in financial year 2014	-	-	-	(757)	**(757)**	-	**(757)**
Other comprehensive loss	-	-	-	(366)	**(366)**	-	**(366)**
Total comprehensive income / (loss) for the year	-	-	-	1,967	**1,967**	(141)	**1,826**
Acquisition of non-controlling interests	-	-	-	-	**(172)**	(172)	**(172)**
Total changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	**(172)**	(172)	**(172)**
At 31 December 2014	757	1,591	100	121,645	**124,093**	2,926	**127,019**

(a) Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received Previously, holiday pay accruals were not recognised and were charged to the profit and loss account as holidays were taken and paid The impact of making the holiday pay accrual at 1 January 2014 was £810,000 and at 31 December 2014, this accrual increased by £59,000

22 Transition to FRS 102 (continued)

(b) Lease incentives for operating leases

Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent FRS 102 requires that such incentives be spread over the full lease period The impact of changing the treatment of operating lease incentives was to increase the cost of office rentals for the periods up to December 2013 and year ended December 2014 by £1,473,000 and £851,000 respectively

(c) Deferred taxation

The Group has accounted for deferred taxation on transition as follows

Holiday pay accrual and lease incentives – Deferred tax has been recognised at 21 5% on the liability recognised on transition at 1 January 2014 (20 25% at 31 December 2014) In the year ended 31 December 2014, the Group has recognised a credit of £153,000 in the profit and loss account in respect of the movement in holiday pay and lease incentive accruals

A summary of the holiday pay accrual and lease incentive adjustment together with the deferred tax provisions are

	Cumulative to 31 Dec 2013	Year end 31 Dec 2014	Total
	£000's	£000's	£000's
Lease incentive adjustment	1,473	851	2,324
Holiday pay accrual	810	59	869
Total	2,283	910	3,193
Deferred tax recognised	(382)	(153)	(535)
FRS 102 adjustments after taxation	1,901	757	2,658

23 Guarantees

The Company has issued a financial guarantee to its subsidiaries in relation to the financial year ended on 31 December 2015 under s479C of the Companies Act 2006

24 Contingent liabilities

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

25 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 , along with other companies in the Interpublic group, participates in The Interpublic Group of Companies, Inc long term incentive plans Refer to The Interpublic Group of Companies, Inc 2015 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

	2015 £000's	2014 £000's
Total expense recognised for equity-settled share based transactions	1,893	1,607
Total expense recognised for stock options	-	-
Total expense recognised for cash-settled share based transactions	70	48
Total expense recognised for share based transactions	1,963	1,655
Closing liability for cash-settled share based transactions	83	10
Closing liability /other reserves for equity-settled share based transactions	1,382	2,041

25 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 2015, the market value of The Interpublic Group of Companies Inc shares was $23 28 (2014 $20 77)

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

	2015 No of stock options	2015 Weighted average fair value (£)	2014 No of Stock options	2014 Weighted average fair value (£)
Outstanding as at 1 January	**15,479**	**£13 34**	16,218	£10 73
Granted during the year	-	-	10,249	£12 81
Transferred (to)/from a group company	-	-	-	-
Cancelled during the year	-	-	(10,988)	£10 70
Vested during the year	-	-	-	-
Outstanding at 31 December	**15,479**	**£15 73**	15,479	£13 34

Cash payments of £nil were made in 2015 (2014 £nil) in respect of restricted stock units distributed to participants Compensation expense in connection with the stock awards was £70,356 in 2015 (2014 £48,434)

Total accrued liability in relation to unvested awards as at 31 December 2015 is £82,720 (2014 £10,090)

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

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

IPG Holdings (UK) Limited

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

25 Share based payments (continued)

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 ranges from 0% to 300% 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

	2015 No of Stock options	2015 Weighted average fair value (£)	2014 No of Stock options	2014 Weighted average fair value (£)
Outstanding as at 1 January	**488,424**	**£13 34**	401,992	£10 73
Granted during the year	**215,191**	**£14 24**	289,673	£10 57
Transferred (to) a Group company	**(11,772)**	**£10 65**	(7,379)	£9 77
Cancelled during the year	**(12,003)**	**£12 92**	(92,143)	£11 10
Vested during the year	**(108,785)**	**£14 59**	(103,719)	£10 55
Outstanding at 31 December	**571,055**	**£15 73**	488,424	£13 34

Compensation expense in connection with the restricted stock awards was £1,892,792 in 2015 (2014 £1,606,876) 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

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

	2015 No of Stock options	2015 Weighted average fair value (£)	2014 No of stock options	2014 Weighted average fair value (£)
Outstanding as at 1 January	**30,759**	**£13 34**	48,759	£10 73
Granted during the year	-	-	-	-
Transferred to a group company	-	-	-	-
Cancelled during the year	-	-	-	-
Vested during the year	**(26,759)**	**£13 34**	(18,000)	£11 44
Outstanding at 31 December	**4,000**	**£15 73**	30,759	£13 34

25 Share based payments (continued)

There were no stock options granted during the years ended 31 December 2015 and 31 December 2014 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 2%, dividend yield of 2 4%, and an expected option life of 6 9 years and an annual risk-free interest rate of 1 3%

Compensation expense in connection with the restricted stock awards was £nil in 2015 (2014 £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 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

26 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 £9,899,541 (2014 £8,361,398) At 31 December 2015, £1,121,707 remained unpaid and accrued (2014 517,754)

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 2015

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

	2015	2014
Expected rate of salary increases	**3 35%**	3 00%
Expected rate of increase of pensions in payment		
- for service before 1 July 2007	**2 90%**	2 85%
- for service after 1 July 2007	**1 90%**	1 85%
Discount rate	**3 95%**	3 75%
Rate of inflation (RPI)	**3 10%**	3 10%
Rate of inflation (RPI)	**2 10%**	2 00%

The mortality assumptions used were as follows

	2015	2014
Longevity at age 65 for current pensioners		
– Men	**23 9**	23 9
– Women	**26 1**	26 1
Longevity at age 65 for future pensioners		
– Men	**25 2**	25 2
– Women	**27 5**	27 5

26 Pensions (continued)

As at 31 March 2015, the actuary calculated the funding deficit to be £50 1 million 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 £441,667 per month for each month between 1 July 2013 and 31 March 2016 The twelve subsidiary companies within this consolidation are contributing £436,402 a month towards this total From 1 April 2016 to 31 December 2021 the employers will contribute £483,333 per month The twelve subsidiary companies within this consolidation are contributing £476,016 a month towards this total In respect of the period between 1 April 2016 and 30 September 2016, the difference between the previous contributions of £441,667 per month and the revised contributions of £483,333 per month is payable by no later than 30 September 2016 In addition, a further contribution of £1,500,000 is payable by no later than 30 September 2016 The twelve subsidiary companies within this consolidation are contributing £1,477,291 towards this total

Active members contribute to the Plan at the rate 10 2% of pensionable earnings from 1 July 2013 to 31 December 2016 From 1 January 2017 active members contributions will be 19 1% of pensionable earnings (or such lower amount that the employer decides)

The cost of contributions to the Plan by the subsidiary companies within these consolidated financial statements amounted to £8,876,000 during the year (2014 £7,192,273)

27 Business combinations

On 22 April 2015, the Group acquired the entire issued share capital of Double Helix Bio-Technology Development Limited which operates as a consulting and market research business to the global healthcare industry Consideration of £6,000,000 was paid in cash

The acquisition method of accounting has been used for the this business combination and goodwill of £2,733,000 arising from the acquisition was attributable to the acquired customer base, trade name and economies of scale expected from combining the operations into the Group 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, liabilities assumed at the acquisition date

Consideration at 31 December 2015	2015 £000's
Cash	6,000
Total consideration	**6,000**

For cash flow disclosure purposes the amounts are disclosed as follows

	2015 £000's
Cash consideration	6,000
Net cash outflow	**6,000**

27 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair Value and book value £000's
Tangible assets	81
Cash and cash equivalents	1,716
Work in progress	273
Trade and other receivables	2,751
Trade and other payables	(1,554)
Total identifiable net assets	3,267
Goodwill	2,733
Total consideration	6,000

The turnover from Double Helix Bio-technology Development Limited included in the consolidated profit and loss account for 2015 was £5,982,000 Double Helix Bio-technology Development Limited also contributed profit of £381,000 over the same period

On 31 July 2015, the Group acquired the entire issued share capital of Hugo & Cat Limited which operates as a digital branding and marketing agency Consideration of £5,120,000 was paid in cash and deferred consideration is estimated at £9,556,000

The acquisition method of accounting has been used for this business combination and goodwill of £11,014,000 arising from the acquisition was attributable to the acquired customer list, trade name and economies of scale expected from combining the operations into the Group Management have estimated the useful life of the goodwill to be 10 years and the useful life of the customer list to be 15 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, liabilities assumed at the acquisition date

Consideration at 31 December 2015	2015 £000's
Cash	5,120
Contingent consideration	9,556
Total consideration	**14,676**

For cash flow disclosure purposes the amounts are disclosed as follows

	2015 £000's
Cash consideration	5,120
Net cash outflow	**5,120**

27 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair Value and book value £000's
Tangible assets	107
Cash and cash equivalents	2,086
Trade and other receivables	2,924
Trade and other payables	(847)
Provisions	(20)
Total identifiable net assets	4,250
Trade name	440
Customer lists / relationships	2,500
Goodwill	8,074
Deferred tax liability on trade names and customer lists	(588)
Total consideration	14,676

The turnover from Hugo & Cat Limited included in the consolidated profit and loss account for 2015 was £2,755,000 Hugo & Cat Limited also contributed profit of £119,000 over the same period

The contingent consideration is based on an income multiple formula and is payable periodically until 2020

28 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 %
Blue Barracuda Marketing Limited	4342237	3 Grosvenor Gardens, London, SW1W 0BD	Ord A £0 01 Ord B £0 01	100 100
Caudex Medical Limited	3759372	1st Floor , East Wing, Seacourt Tower, West Way, Oxford, OX2 0JJ	Ord £1	100
ChaseDesign Worldwide Limited	1973547	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
CMGRP Holdings Limited	3389561	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
CMGRP UK Limited	2442501	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Complete Medical Group Worldwide Limited	2709932	CMC House, 19 King Edward Street, Macclesfield, Cheshire, SK10 1AQ	Ord £1	100
Creation Communications Limited	5619191	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
CSIB (No 1) Limited	7242304	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Delaney Lund Knox Warren and Partners Limited	1286253	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100
Double Helix Bio-Technology Developments Limited	3069262	88 Baker Street, London, W1U 6TQ	Ord £1	100
Engels (No 1) Limited	515994	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
FBC (FutureBrand) Limited	2658364	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100

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

28 Subsidiary financial statements audit exemptions (continued)

Name	Co No	Registered Office	Share Class(es)	Share Class %
FCB Europe Limited	3007253	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
FCB Inferno Limited	2586852	31 Great Queen Street, London, WC2B 5AE	Ord £1	100
Huge UK Limited	4235088	3 Grosvenor Gardens, London, SW1W 0BD		
Hugo & Cat Limited	4117164	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Hustle Digital Limited	9301204	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
ICC Health Limited	6367844	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Inferno Limited	2604658	31 Great Queen Street, London, WC2B 5AE	Ord £0 01	100
Interpublic GIS (UK) Limited	2724363	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
IPG PFP General Partner Limited	SC412766	1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL,	Ord £1	100
IPG PFP Limited Partner Limited	SC412768	1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL,	Ord £1	100
Jack Morton Worldwide Limited	3189671	16-18 Acton Park Industrial Estate, The Vale, London, W3 7QE	Ord £1	100
Lakestar Media Limited	6413960	3 Grosvenor Gardens, London, SW1W 0BD	Exec £0 01 Ord £0 01	100 100
Lowe International Limited	1709017	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £0 10	100
McCann Complete Medical Limited	2503062	CMC House, 19 King Edward Street, Macclesfield, Cheshire, SK10 1AQ	Ord £1	100
McCann Manchester Limited	1993425	Bonis Hall, Prestbury, Macclesfield, Cheshire, SK10 4EF	Ord £1	100
McCann-Erickson Advertising Limited	1372305	7-11 Herbrand Street, London, WC1N 1EX	Ord £1	100
McCann-Erickson Central Limited	1983874	McCann House, Highlands Road, Shirley, Solihull, West Midlands, B90 4WE	Ord £1	100
McCann-Erickson EMEA Limited	830956	7-11 Herbrand Street, London, WC1N 1EX	Ord £1	100
McCann-Erickson Healthcare UK Limited	687406	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
McCann-Erickson Network Limited	1977043	Bonis Hall, Prestbury, Macclesfield, Cheshire, SK10 4EF	Ord £1	100
McCann-Erickson UK Group Limited	3640484	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Mediabrands EMEA Limited	1206089	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Mediabrands International Limited	3970701	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Mediabrands Limited	773961	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Miller Starr Limited	2107814	Bankside Studios , 76-80 Southwark Street, London, SE1 0PN	Ord £1	100
Momentum Activating Demand Limited	7949786	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
MRM Worldwide (UK) Limited	2507164	3 Grosvenor Gardens, London, SW1W 0BD	Ord £100	100
MullenLowe Group Limited (fka Lowe & Partners Worldwide Limited)	506057	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100
MullenLowe London Limited (fka DLKW Lowe Limited)	680779	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1 Ord A £1	100 100
MullenLowe Open Limited	3556415	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100
Octagon Athlete Representation Limited	1064273	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Octagon Worldwide Limited	2704128	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Orion Trading EMEA Limited	3404334	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
R/GA Media Group Limited	2366324	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Rapport Outdoor Limited	2230412	4th Floor, The Place, 175 High Holborn, London, WC1V 7AA	Ord £1	100
The Martin Agency Limited	8684283	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100

28 Subsidiary financial statements audit exemptions (continued)

Name	Co No	Registered Office	Share Class(es)	Share Class %
Traction 360 Limited	1983879	Discovery Hs, Redcliff Quay, 125 Redcliff St, BS1 6HU	Ord £1	100
Weber Shandwick International Ltd	2258441	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100

Dormant subsidiaries: (not utilising S479A)

Name	Co No	Registered Office	Share Class(es)	Share Class %
Virgo Health PR Limited	1993918	3 Grosvenor Gardens, London, SW1W 0BD	Ord £1	100
Lowe & Partners Limited	7258427	C-Space, 37-45 City Road, London EC1Y 1AT	Ord £1	100

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
Orion Capital Belgium BVBA	Belgium	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord NPV	96 02
McCann-Erickson N V	Belgium	Avenue de Cortenbergh 100, 1000 Brussels, Belgium	Ord NPV	100
Mediabrands Belgium S A	Belgium	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord NPV	96
McCann Complete Medical Canada Ltd	Canada	207 Queen's Quay West, Suite 400, Toronto M5J 1A7	Ord NPV	100
hackeragency s r o	Czech Rep	Jankovcova 1522/53, Prague 7- Holesovice, 17000	Ord CZK1	100
FCB Estonia OU	Estonia	Liivalaia 22, Tallinn , 10118 , Estonia	Ord €1	100
Outdoor Services S A	Greece	I Vandammestraat 5-7D, 1560 Hoeilaart, Belgium	Ord €56	96
Initiative Media Advertising S A	Greece	89-91 Ethnikis Antistaseos Street, 15231 Halandri, Athens, Greece	Ord €3	99 982
MullenLowe Communications S A	Greece	89-91 Ethnikis Antistaseos Street, 15231 Halandri, Athens, Greece	Ord €3	99 999
Mediabrands Advertising S A	Greece	89-91 Ethnikis Antistaseos Street, 15231 Halandri, Athens, Greece	Ord €3	99 999
Universal Media Advertising (Hellas) S A	Greece	89-91 Ethnikis Antistaseos Street, 15231 Halandri, Athens, Greece	Ord €3	99 516
Magna Ireland Media Limited	Ireland	5th Floor, Beaux Lane Hs, Mercer Street Lower, Dublin 2, Ireland	Ord A, B, C, €1	50
McCann Worldgroup Sp z o o	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100
Craft Worldwide Sp z o o	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100
U2 Media Sp z o o	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100
Universal McCann Sp z o o	Poland	Cybernetyki 19, 02-677, Warsaw, Poland	Ord PLN500	100
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
R/GA Digital Media Group SRL	Romania	50-52 Buzesti Street, Floor 2, Sector 1, Bucharest, 011015, Romania	Ord RON10	100
FCB Zurich GmbH	Switzerland	Heinrichstrasse 267, 8005, Zurich, Switzerland	Ord CHF1,000	100

Other qualifying undertakings:

Name	Co No.	Head Office	Share Class	Share Class %
IPG PFP Scottish Limited Partnership Ltd	9991	1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL, Scotland	Partnership	16 67

29 Events post statement of financial position

On 6 January 2016 the Group acquired the entire issued share capital of Mubaloo Limited and on 5 February 2016 it acquired the entire issued share capital of The Brooklyn Brothers Limited On 29 July 2016, the Group acquired the entire issued share capital of Stickyeyes Limited and on 31 August 2016 the Group acquired the entire issued share capital of Wellset Repro Limited A meaningful estimate of the financial effect of the acquisitions cannot be made until their full results for 2016 are available There were no other material events post year end

30 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 2015 The consolidated financial statements for The Interpublic Group of Companies, Inc can be obtained from 909 Third Avenue, NY10022, New York, USA

31 Company Information

The Company is registered in England and Wales and its registered office is 3 Grosvenor Gardens, London, SW1W 0BD