Company Registration No. 02670637

SJS Management Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

SJS Management Services Limited

Annual report and financial statements for the year ended 31 December 2016

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SJS Management Services Limited

Annual report and financial statements for the year ended 31 December 2016

Officers and professional advisers

Directors

A J Spark
O A Jordan

Company Secretary

WPP Group (Nominees) Limited

Registered Office

6 Brewhouse Yard
London
EC1V 4DG

Bankers

HSBC
69 Pall Mall
London
SW1Y 5EY

Solicitors

Squire Hammonds
7 Devonshire Square
Cutlers Garden
London
EC2M 4YH

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

SJS Management Services Limited

Strategic report

The purpose of the Strategic report is to inform members of the company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote success of the company). In preparing the Strategic report Directors have complied with section 414 of the Companies Act 2006.

Business review

The company's principal activity is the management of real estate on a fee or contract basis. The company provides facilities and information technology (IT) services. The main facilities services provided are: office space, communal facilities, meeting rooms, security, cleaning and facilities maintenance. The main IT services provided are: networking, telephony and a helpdesk. The company's tenants are fellow WPP Plc undertakings.

The main objective of the business is to provide the above services at a high quality and more efficiently than could individual tenant companies. The company aims, with some exceptions, to recover all its costs without any mark-up. The recharge to the tenants is based on their floorspace and headcount.

The Directors note that the turnover decreased 5% on last year to £2.4 million (2015: £2.5million).

Loss after tax was in line with last year at £225k (2015: loss £203k).

As at 31 December 2016 the Company had net liabilities of £2.5m (2015: £2.3m). The bank overdraft has decreased from 2015 (£5.3m) to 2016 (£4.9m).

Principal risks and uncertainties facing the company

The Directors have carried out a general risk assessment and consider the business to be low risk. The Directors manage the business to minimise its costs and provide a high quality service level to its tenants.

The following risk areas are specific to the company and could have a material impact on the company's long term performance should they eventuate:

Loss of tenants and credit risk

The Directors consider loss of tenants and failure of tenants to pay to be the key risks facing the business. Empty space leads to losses for the company or increased charges to the remaining tenants to recover the cost of the empty space. Failure of tenants to pay for their services and space is a possibility. These risks are mitigated by the company leaving its current premises to manage a new building that is tenanted entirely by WPP Plc undertakings that have an obligation to meet the costs of the building for the duration of the headlease.

The company currently meets its day-to-day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP Plc and has access to a group cash management facility.

The company's principal financial assets are trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Strategic report (continued)

Principal risks and uncertainties facing the company (continued)

Liquidity risk is also relevant and is covered below.

Liquidity risk

The company currently meets its day-to-day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP Plc and has access to a group cash management facility.

Financial key performance indicators

The key performance indicators for the business are:

	2016	2015
Turnover	2,400,689	2,517,794
Administrative expenses	(2,547,780)	(2,632,778)
Operating loss	(147,091)	(114,984)

Future developments

The Director's financial objective in 2017 is to recover all of its costs so the operating profit is expected to be break-even. As of 1st Jan 2017, the building is fully let.

The main objective of the business in 2017 remains the same as 2016: to provide the facilities management services at a high quality and at minimal cost to its tenants.

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

O A Jordan
Director

27th September 2017

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

The company's principal activity is the management of real estate on a fee or contract basis. The company's tenants are fellow WPP Plc undertakings.

Results

The profit and loss account is set out on page 9 and shows a loss after tax for the year of £224,640 (2015: loss of £203,152).

Turnover decreased from £2,517,794 to £2,400,689.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: £nil).

Going concern

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statements of accounting policies in the financial statements.

Events after the balance sheet date

There have been no adjusting or non-adjusting events between the balance sheet date and the date of approval of the financial statements.

Strategic report

The Strategic report is pages 2 to 3. The company has chosen to set out certain matters in this Strategic report that would otherwise be required to be disclosed in the Directors' report. These matters include disclosures concerning likely future developments in the business (page 3) and financial risk management (pages 2/3).

Directors

The Directors who served during the year, except as noted, are as shown below:

A J Spark
O A Jordan

Directors indemnities

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

Deloitte LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006. Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the companys auditor is aware of that information.

SJS Management Services Limited

Directors' report (continued)

Auditor (continued)

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

O A Jordan
Director
27th September 2017

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of SJS Management Services Limited

We have audited the financial statements of SJS Management Services Limited for the year ended 31 December 2016 which comprise the profit & loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

• the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Independent auditor's report to the members of SJS Management Services Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Jon Young (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27th September 2017

SJS Management Services Limited

Profit and loss account
For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	2,400,689	2,517,794
Administrative expenses		(2,547,780)	(2,632,778)
Operating loss		(147,091)	(114,984)
Interest payable and similar charges	8	(77,549)	(88,168)
Loss before taxation	7	(224,640)	(203,152)
Tax on loss	9	-	-
Loss for the financial year attributable to owners of the Company		(224,640)	(203,152)

The operations of the company all relate to continuing operations.

There were no recognised gains or losses in the year other than the loss for the financial year and the prior year. Accordingly no separate statement of comprehensive income is presented.

SJS Management Services Limited

Balance sheet
As at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	11	4,843,151	5,379,027
Intangible assets	12	1,867	2,667
		4,845,018	5,381,694
Current assets			
Debtors: amounts falling due within one year	13	239,003	810,191
Creditors: amounts falling due within one year	14	(7,091,969)	(7,998,666)
Net current liabilities		(6,852,966)	(7,188,475)
Total assets less current liabilities		(2,007,948)	(1,806,781)
Provisions for liabilities	15	(471,611)	(448,322)
Net liabilities		(2,479,559)	(2,255,103)
Capital and reserves			
Called-up share capital	16	2	2
Profit and loss account		(2,492,816)	(2,268,176)
Other reserves		13,255	13,071
Shareholders' deficit		(2,479,559)	(2,255,103)

These financial statements of SJS Management Services Limited, registered number 02670637, were approved and authorised by the Board of Directors and authorised for issue on 27th September 2017.

Signed on behalf of the Board of Directors

O A Jordan
Director

SJS Management Services Limited

Statement of changes in equity
For the year ended 31 December 2016

	Notes	Called-up share capital £	Other Reserves £	Profit and loss account £	Total £
Balance at 1 January 2015		2	12,345	(2,065,024)	(2,052,677)
Loss for the year and total comprehensive loss for the year		-	-	(203,152)	(203,152)
Parent company capital contribution for equity-settled share based payments	10	-	726	-	726
Balance at 31 December 2015		2	13,071	(2,268,176)	(2,255,103)
Loss for the year and total comprehensive loss for the year		-	-	(224,640)	(224,640)
Parent company capital contribution for equity-settled share based payments	10	-	184	-	184
Balance at 31 December 2016		2	13,255	(2,492,816)	(2,479,559)

The other reserves balance is made up of amounts relating to share based payment transactions occurring in the year.

1. General information

SJS Management Services (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors, all of which have been applied consistently throughout the current and prior year, are described below.

The Company has adopted the amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of transactions, events and conditions on the entity's financial position and financial performance.

The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

Basis of accounting

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

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of WPP Plc. The group financial statements of WPP Plc are available to the public and can be obtained as set out in note 20.

Going concern

The company's business activities are set out in the Strategic report on page 2.

The company is exposed to a number of risks and uncertainties as outlined in the Directors' report, including credit and liquidity risk. The company has net liabilities of £2.5m, net current liabilities of £6.9m as at 31 December 2016 and made a loss for the year of £225k. The company has made a loss in the period between 31 December 2016 and the date of authorisation of these financial statements.

2. Accounting policies (continued)

The company is dependant on group support and currently meets its day-to-day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP Plc and has access to a group cash management facility. After making enquiries into the company's financial position and considering the financial performance, and future intentions of regional management, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is a subsidiary of WPP Plc and is therefore subject to the overall WPP Plc financing arrangements. Accordingly, they continue to adopt the going concern basis.

Share-based payments

Certain employees of the company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP Plc, the ultimate parent undertaking.

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

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

Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation and any provision for impairment. Tangible fixed assets are depreciated on a straight-line basis, unless otherwise stated, over their estimated useful lives which range from three to ten years. Specific depreciation rates are as follows:

Computer equipment	- 33% per annum
Fixtures, fittings and equipment	- 20-33% per annum
Leasehold improvements	- Over the term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. **Accounting policies (continued)**

Intangible Assets

Intangible assets are stated at cost, net of depreciation and any provision for impairment.

Amortisation is provided to write off the cost, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated on a straight-line basis at the following rates:

Computer Software	- 20% per annum

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Leasehold improvements

Leasehold improvement costs are capitalised where they can be reliably measured and are directly attributable towards the development of a leasehold property to a useable state (known as the "fitout" period").

Rent incurred during a fitout period is capitalised as leasehold improvements where works conducted are so fundamental to the structure of the building that the relevant space is rendered unsafe or unusable for its intended purpose as office space until the work has been completed

Provisions

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

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

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

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. Accounting policies (continued)

Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

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

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. Accounting policies (continued)

Operating leases

The company enters into operating leases and rentals are charged on a straight-line basis over the lease term. Where there is a rent-free period on property operating leases the aggregate benefit is recognised as a reduction of rental expense over the lease term on a straight line basis.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover comprises the gross amounts billed to clients (excluding trade discounts, VAT and similar taxes). Turnover is recognised when the service is performed in accordance with the terms of the contractual arrangement.

3. Critical accounting judgements and key sources of estimation uncertainity

In the application of the company's accounting policies, which are described in note 2 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not determine there to be any for the purposes of disclosure.

4. Turnover

All turnover is derived from the company's principal activity and arose in the UK. The destination of turnover was not materially different from the origin.

5. Staff costs

	2016 £	2015 £
Employee costs during the year amounted to:		
Wages and salaries	113,226	167,344
Social security costs	9,980	17,234
Pensions costs (see note 19)	694	4,585
Share-based payment charge	184	726
	124,084	189,889

Notes to the financial statements (continued)
For the year ended 31 December 2016

5. Staff costs (continued)

The average monthly number of persons employed by the company during the year, excluding Directors, was:

	2016 Number	2015 Number
Administration	5	5

6. Directors' remuneration

None of the Directors received emoluments in respect of their services as Directors of SJS Management Services Limited in either the current or the prior year.

7. Loss before taxation

	2016 £	2015 £
Loss before taxation is stated after charging:		
Depreciation – owned assets	536,296	540,280
Fees payable to company's auditor for audit of the company's annual financial statements	14,040	12,300
Operating lease rentals		
- land and buildings	572,000	572,199
- plant and machinery	12,342	5,689

The audit fee in 2016 is borne by another WPP group entity and recharged (2016: £14,040, 2015: £12,300)

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	(77,549)	(88,168)

9. Tax charge on loss

The corporation tax charge of £nil (2015: £nil) has been calculated using a UK corporation tax rate of 20 % (2015: 20.25%).

	2016 £	2015 £
Loss before tax	(224,640)	(203,152)
Tax at 20 % thereon (2015: 20.25 %)	44,928	41,138
Factors affecting the tax credit for the period:		
Expenses not deductible for tax purposes	(80,060)	(79,758)
Depreciation in excess of capital allowances	(30,796)	(32,701)
Adjustment in respect of group relief claimed for £nil consideration	65,928	71,321
	-	-

Budget announcements

The Finance Act 2012 provided for a reduction in the main rate of UK corporation tax from 24% to 23% effective from 1 April 2013. Further reductions to the main rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 were enacted in Finance Act 2013 in July 2013. The reduced rate of 20% has therefore been reflected in the calculation of deferred tax as it had been substantively enacted at the balance sheet date.

During the 2015 Budget the Government had announced a reduction in corporation tax rates to 18% from 2020. A further reduction to 17% from 1 April 2020 was announced in the 2016 Budget. The corporation tax rates for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019 will remain at 19%.

A deferred tax asset has not been recognised in respect of timing differences relating to fixed assets as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £445,639 (2015: £279,301).

10. Share-based payments

The company charged £184 to the profit and loss account in 2016 (2015: £726) in relation to equity-settled share-based payments.

Stock option plans

There are one stock option plan in which certain employees participate. The Worldwide Share Ownership Programme is open to employees with at least two years' employment in a company owned by WPP plc. The vesting period for each grant is three years and there are no performance conditions other than continued employment with a WPP company.

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

The number of options granted in 2016 and 2015 was not material.

11. Tangible assets

	Leasehold improvements £	Computer equipment £	Fixtures, fittings, and equipment £	Total £
Cost				
At 1 January 2016	5,472,350	287,802	495,977	6,256,129
Additions	-	420	-	420
At 31 December 2016	5,472,350	288,222	495,977	6,256,549
Accumulated Depreciation				
At 1 January 2016	598,189	121,150	157,763	877,102
Charge for the year	382,315	52,534	101,447	536,296
At 31 December 2016	980,504	173,684	259,210	1,413,398
Net book value				
At 31 December 2016	4,491,846	114,538	236,767	4,843,151
At 31 December 2015	4,874,161	166,652	338,214	5,379,027

12. Intangible assets

	Total £
Cost	
At 1 January 2016 and 31 December 2016	4,000
Amortisation	
At 1 January 2016	1,333
Charge for the year	800
At 31 December 2016	2,133
Net book value	
At 31 December 2016	1,867
At 31 December 2015	2,667

13. Debtors: amounts falling due within one year

	2016 £	2015 £
Amounts owed by other group undertakings	44,099	229,433
Other debtors	8,924	1,334
VAT debtors	6,154	-
Prepayments and accrued income	179,826	579,424
	239,003	810,191

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

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank overdraft	4,861,128	5,300,509
Trade creditors	48,946	7,792
Amounts owed to other group undertakings	101,735	45,309
VAT creditors	-	36,340
Other taxation and social security	2,738	2,498
Accruals and deferred income	194,528	1,317,511
Other creditors	1,882,894	1,288,708
	7,091,969	7,998,667

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

15. Provisions for liabilities

The provision is for future expected dilapidation costs to the buildings at 11-33 St John Street and 6 Brewhouse Yard. The former is expected to be settled in 2017, the lease on the latter may be terminated on the 8th October 2023.

	Dilapidation provision £	Total £
At 1 January 2016	448,322	448,322
Charged to the profit and loss account	23,289	23,289
At 31 December 2016	471,611	471,611

16. Called-up share capital

	2016 £	2015 £
Called-up, allotted and fully paid		
2 ordinary shares of £1 each	2	2
Authorised		
100 ordinary share of £1 each	100	100

17. Operating lease commitments

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

	2016 £	2015 £
Within one year	577,151	576,199
In the second to fifth years inclusive	2,298,190	2,288,000
After five years	3,860,999	4,432,999
	6,736,340	7,297,197

Operating lease payments represent rentals payable by the Company for certain of its office properties. Leases are negotiated for an average term of 15 years with a break clause after 10 years. Leases of land and buildings are typically subject to rent reviews at specified intervals.

18. Financial guarantees

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

19. Pension schemes

Where employees wish to make personal pension plan arrangements, the company may make direct contributions to such plans or provide a supplement to salary.

The pension cost charge for the year for defined contribution schemes was £694 (2015: £4,585).

Notes to the financial statements (continued)
For the year ended 31 December 2016

20. Ultimate parent undertaking and controlling party

The Directors regard The Brand Union Limited, a company incorporated in the United Kingdom and registered in England and Wales, as the immediate parent company and WPP Plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP Plc, registered in Jersey. The parent undertaking of the smallest such group is Lexington International B.V., registered in the Netherlands.

The registered office of WWP plc is Queensway House, Hilgrove Street, St Helier, JE1 1ES, Jersey.

The registered office of Lexington International B.V is Laan op Zuid 167, Rotterdam, 3072 DB, Netherlands.

Copies of the financial statements of WPP Plc are available at www.wppinvestor.com. Copies of the financial statements of Lexington International B.V. can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK.