

SJS Management Services Limited
(Registered number: 02670637)

Annual Report and Financial Statements

for the year ended 31 December 2018

Registered office address:
6 Brewhouse Yard,
London,
EC1V 4DG



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Annual Report and Financial Statements

for the year ended 31 December 2018

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SJS Management Services Limited
(Registered number: 02670637)

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report on SJS Management Services Limited (the 'Company') for the year ended 31 December 2018.

Principal activities

The Company is a member of the WPP Plc Group (the 'Group'). The Company's principal activity is the 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 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.

Future developments

As at 1 April 2019, the trade and assets of SJS Management Services Limited were transferred to Superunion Limited for a cash consideration of £1.

The directors intend for the company to become a dormant company as the business and assets of the Company moved into Superunion Limited. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements.

Review of business

The Company made a loss of £182,471 for the year ended 31 December 2018 (2017: a profit of £420,650).

The Directors believe that the current level of performance and financial position of the Company is sustainable and will remain so for the foreseeable future.

The loss for the year ended 31 December 2018 of £182,471 will be transferred from reserves (profit for the year ended 31 December 2017 of £420,650 was transferred to reserves).

Dividends

In the current year, directors do not propose a dividend to the holders of any share of the Company (2017 : Nil).

Key performance indicators (KPIs)

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

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Strategic report for the year ended 31 December 2018

Principal risks and uncertainties

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2018 and up to date of this report. The following risk areas are specific to the company and could have a material impact on the company's long term performance should they eventuate:

Credit 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.

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 allowance 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.

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.

Other risks

Other principal risks include uncertainty in the global economy caused by the withdrawal of the United Kingdom from the European Union in 2019. The Directors have considered the impact of the United Kingdom's referendum on EU membership and have concluded that although this has led to uncertainty in the UK economy, this is not expected to significantly impact operations or performance in the short term.

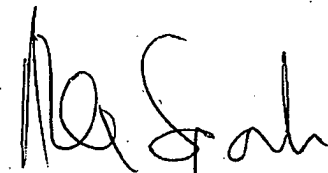
Going Concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate. In determining if the business is a going concern, the Directors have considered the Company's financial forecasts and budgets. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements.

Duty to promote the success of the Company

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

On behalf of the Board of Directors,



A J Spark
Director

24/10/2019

SJS Management Services Limited
(Registered number: 02670637)

Directors' report for the year ended 31 December 2018

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

Results

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

Directors and their interests

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

A J Spark	
O A Jordan	(Resigned on 30 March 2018)
B E Grant	(Resigned on 27 July 2018)
R Kindred	(Appointed on 1 April 2019)

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

Directors' indemnity

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

Statement of Directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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Directors' report for the year ended 31 December 2018

The following items have been included in the Strategic report on page 1-2:

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

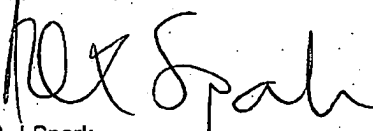
Disclosure of information to auditor

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

Independent auditor

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

Approved by the Board and signed on its behalf:



A J Spark
Director
24/10/2019

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SJS Management Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- The Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

Matthew Hall FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
24 October 2019

SJS Management Services Limited
(Registered number: 02670637)

Income statement
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	2,595,072	2,628,077
Administrative Expenses		(2,659,901)	(2,625,384)
Operating (loss) / profit	4	(64,829)	2,693
(Loss) / profit before interest and taxation		(64,829)	2,693
Finance expense		(48,823)	(52,393)
Loss before taxation		(113,652)	(49,700)
Taxation	7	(68,819)	470,350
(Loss) / profit for the year		(182,471)	420,650

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

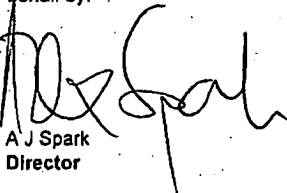
The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

SJS Management Services Limited
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Balance sheet
As at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Property, plant and equipment	8	3,974,439	4,328,881
Intangible assets	9	108,664	4,044
Deferred tax asset	7	401,531	470,350
Total non-current assets		4,484,634	4,803,275
Current assets			
Trade and other receivables	10	271,581	90,248
Prepayments and accrued income		135,997	143,828
Total current assets		407,558	234,076
Total assets		4,892,192	5,037,351
Current liabilities			
Bank overdraft		(2,395,760)	(3,508,288)
Trade and other payables	11	(3,810,815)	(2,846,680)
Accruals and deferred income		(414,779)	(248,393)
Total current liabilities		(6,621,354)	(6,601,361)
Net current liabilities		(6,213,796)	(6,367,285)
Total assets less current liabilities		(1,729,162)	(1,564,010)
Non-current liabilities			
Provision for liabilities	12	(512,218)	(494,899)
Total non-current liabilities		(512,218)	(494,899)
Total liabilities		(7,133,572)	(7,096,260)
Net liabilities		(2,241,380)	(2,058,909)
Equity			
Share capital	14	2	2
Other reserves		13,255	13,255
Accumulated losses		(2,254,637)	(2,072,166)
Shareholder's deficit		(2,241,380)	(2,058,909)

The financial statements on pages 8 to 17 were approved by the Board of Directors on 24/10/2019 and signed on its behalf by:


A J Spark
Director

SJS Management Services Limited
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Statement of changes in equity
for the year ended 31 December 2018

	Share capital £	Other Reserves £	Accumulated losses £	Total £
As at 1 January 2017	2	13,255	(2,492,816)	(2,479,559)
Profit and total comprehensive income for the year	-	-	420,650	420,650
As at 31 December 2017	2	13,255	(2,072,166)	(2,058,909)
Loss and total comprehensive loss for the year	-	-	(182,471)	(182,471)
As at 31 December 2018	2	13,255	(2,254,637)	(2,241,380)

Other reserves balance is made up of amounts relating to share based payment transactions occurring in previous years.

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

1 Presentation of the financial statements

General Information

The Company's business activities, future development and a review of its performance and position are set out in the Strategic report on Page 1-2.

The Company is a private company, limited by share capital and is incorporated and domiciled in the United Kingdom. The Company is registered in England and Wales. The address of the registered office is 6 Brewhouse Yard, London, EC1V 4DG.

2 Summary of significant accounting policies

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

2.01 Basis of preparation

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

The Directors have considered the Company's financial forecasts and budgets. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements. For this reason, financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

Disclosure exemptions adopted

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

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

The financial statements of WPP plc are available at www.wppinvestor.com.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors believe that there are no significant accounting judgements or critical estimates that apply to the Company.

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

In the current year, the company has applied a number of amendments to IFRSs or IFRIC Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The adoption of IFRS 16 - Leases, will have a material impact to the amounts reported in the financial statements by increasing lease liabilities by £8,057,645 and right to use assets by £8,584,520. The impact to retained earnings would be £632,643. There have been no other material impacts on the disclosures or on the amounts reported in the financial statements due to the adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from contracts with customers, other amendments to accounting standards or IFRIC interpretations.

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

2 Summary of significant accounting policies (continued)

2.02 Consolidation

The Company is a wholly owned subsidiary of the ultimate parent company, WPP plc, a company incorporated in Jersey, is the Company's ultimate parent undertaking and controlling party. The largest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of statements of WPP plc. The registered address of WPP Plc is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from www.wppinvestor.com. The smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of statements of WPP Jubilee Limited, registered in the England and Wales. The registered address of WPP Jubilee Limited is Sea Containers House, 18 Upper Ground, London, SE1 9GL, England. The immediate parent undertaking is Superunion Limited. These financial statements are separate financial statements.

2.03 Foreign currency translation

Functional and presentation currency

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

2.04 Turnover

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The new standard establishes a five-step model where consideration received or expected to be received is recognised as revenue when contractual performance obligations are satisfied by transferring control of the relevant goods or services to the customer. Adopting IFRS 15 did not have any significant impact on the timing of the Company's revenue recognition nor on equity.

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

2.05 Expenditure

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

2.06 Share based payments

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

2.07 Leases

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

2.08 Property, plant and equipment

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

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

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

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

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

2.09 Intangible assets

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

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of a durable asset. It is calculated on a straight-line basis at a rate of 20% per annum.

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

2.00 Summary of significant accounting policies (continued)

2.10 Trade and other receivables

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

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

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

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

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

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

2.11 Cash and cash equivalents

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

2.12 Trade and other payables

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

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

2.13 Taxation

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

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

2.14 Provision for liabilities

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

2.15 Pensions

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

2.16 Share capital

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

3 Revenue

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

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

4 Operating (loss) / profit

	2018	2017
	£	£
The following items have been charged/(credited) to the operating (loss)/profit:		
Operating lease rentals:		
- land and building	584,231	572,000
- plant and machinery	3,983	18,596
Depreciation cost	537,375	531,818
Amortisation of intangible assets	10,009	868
Employee costs	213,507	167,011
Audit fees payable to the Company's auditors for auditing of the financial statements	10,553	8,107

There are no non-audit services provided by the Company's auditors during the current year or prior year.

5 Employees

	2018	2017
	£	£
Employee costs		
Wages and salaries	191,356	148,116
Social security costs	17,886	15,696
Pension costs	4,265	3,199
	213,507	167,011

	2018	2017
	number	number
The average monthly number of persons employed by the Company (including Directors)		
Administration	6	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 Taxation

	2018	2017
	£	£
Income tax		
Current tax:		
UK Corporation tax of 19.00% (2017: 19.25%)	-	-
Total current tax	-	-
Deferred tax	(68,819)	470,350
Total deferred tax	(68,819)	470,350
Total tax for the year	(68,819)	470,350

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

	2018	2017
	£	£
Reconciliation of total tax		
Loss before taxation	(113,652)	(49,700)
Loss at the UK statutory rate of 19% (2017: blended rate of 19.25%)	21,594	9,567
Effects of:		
Expenses not deductible for tax purposes	(73,222)	(73,605)
Depreciation in excess of capital allowances	8,096	460,221
Movement in short-term timing differences	-	(57)
Group relief transferred for nil consideration	(25,287)	74,224
Total tax for the year	(68,819)	470,350

Factors that may affect future tax charges:

The UK tax rate for the year ended 31 December 2018 is 19%. Further reductions to 17% (effective 1 April 2020) were enacted as part of the Finance Act 2017 on 27 April 2017. This will impact the Company's future current tax charge accordingly. Deferred taxes have been measured using appropriate rates substantively enacted at the balance sheet date.

A deferred tax asset of £401,531 (2017: £470,350) has been recognised in respect of capital allowances in excess of depreciation as it is probable that there will be sufficient taxable profits against which the asset will reverse in the future.

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

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

8 Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost				
At 1 January 2018	5,472,350	301,118	500,729	6,274,197
Additions	53,159	129,217	557	182,933
At 31 December 2018	5,525,509	430,335	501,286	6,457,130
Accumulated depreciation				
At 1 January 2018	(1,362,819)	(221,658)	(360,839)	(1,945,316)
Charge for the year	(383,110)	(56,231)	(98,034)	(537,375)
At 31 December 2018	(1,745,929)	(277,889)	(458,873)	(2,482,691)
Net book value at 1 January 2018	4,109,531	79,460	139,890	4,328,881
Net book value at 31 December 2018	3,779,580	152,445	42,413	3,974,439

9 Intangible assets

	£
Cost	
At 1 January 2018	7,045
Additions	114,629
At 31 December 2018	121,674
Accumulated amortisation	
At 1 January 2018	(3,001)
Charge for the year	(10,009)
At 31 December 2018	(13,010)
Net book value at 1 January 2018	4,044
Net book value at 31 December 2018	108,664

10 Trade and other receivables

	2018 £	2017 £
Amounts due within one year		
Trade receivables	92,158	-
Amounts owed by Group undertakings	83,405	47,308
Staff loans	2,623	-
VAT debtors	89,649	42,940
Other receivables	3,726	-
	271,561	90,248

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

11 Trade and other payables

	2018 £	2017 £
Amounts falling due within one year		
Trade payables	21,747	231,145
Amounts owed to Group undertakings	777,881	32,814
Rent creditor	3,003,006	2,431,002
Other taxation and social security costs	8,181	4,811
Other payables	-	146,908
	3,810,815	2,846,680

Amounts owed to group undertakings relate to the balance owing for costs incurred in the normal course of business and the balances owing are at zero % interest rate.

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

12 Provisions for liabilities

	Total £
At 31 December 2017	494,899
Charge for the year	17,319
At 31 December 2018	512,218

The provision relates to future expected dilapidation costs for the buildings at 11-33 St John Street and 6 Brewhouse Yard. The dilapidations provision for 11-33 St John Street was expected to be settled in 2018 however a claim has been made by the landlord. The expected outcome and amount of the claim are unknown and hence is not recognised in the books. The lease on the building at 6 Brewhouse Yard terminates on the 8 October 2023.

13 Pensions

Defined contribution schemes

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

The total cost charged to the income statement of £4,265 (2017: £3,199) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There are £nil (2017: £nil) outstanding contributions to the scheme by the Company at the rates specified in the rules of the plans at the balance sheet date and are included in other debtors.

14 Share capital

	2018 Number of shares	2017 Number of shares	2018 £	2017 £
Issued and fully paid				
Ordinary shares with voting rights of £1 each (2017: £1 each)	2	2	2	2
	2	2	2	2

15 Other reserves

	2018 £	2017 £
Share options	13,255	13,255

The reserve for share options is related to the following scheme:

WPP Worldwide Share Ownership Plan

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 span 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 company charged £nil to the profit and loss account in 2018 (2017: £nil)

16 Operating lease commitments

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

	2018 £	2017 £
Commitments under non-cancellable operating leases:		
Within one year	699,768	588,214
Between one and not later than five years	2,747,395	2,291,911
After five years	3,261,783	3,289,000
	6,707,946	6,169,125

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

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

17 Guarantees

Syndicated banking arrangement

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

18 Post balance sheet events

As at 1 April, 2019 the trade and assets of SJS Management Services Limited were transferred to Superunion Limited for a consideration of £1.

19 Related party transactions

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