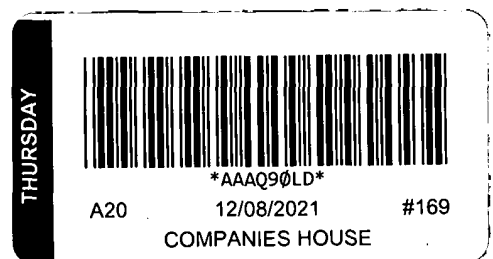


Company Registration No. 02964394

AKQA Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



AKQA Limited

Annual report and financial statements

Contents

Page

Officers and professional advisers	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report	6
Balance sheet	9
Statement of changes in Equity	10
Notes to the accounts	11

AKQA Limited

Annual report and financial statements

Officers and professional advisers

Directors

A Ahmed
J Eggar

Company secretary

WPP Group (Nominees) Limited
J Eggar

Registered Office

1 St John's Lane
London
EC1M 4BL

Bankers

Barclays Bank PLC
Media Banking Centre
27 Soho Square
London
W1D 3QR

Solicitors

Simkins LLP
Lynton House
7-12 Tavistock Square
London WC1H 9LT

Auditor

Deloitte LLP
1 New Street Square
EC4A 3HQ

AKQA Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The Company's principal activity throughout the year was that of a full service digital marketing, innovation and technology company.

Principal risks and uncertainties

The Company competes for clients in a highly competitive industry which may reduce market share and decrease profits. Client budgets may be affected by consumer spending in the UK and overseas, and by internalisation of work previously performed by agencies. The Company manages this risk by having a balanced portfolio of clients in a diverse range of industry sectors and by providing innovative, growth-oriented business solutions, focusing on the Company's core founding values of innovation, service, quality and thought.

The Company is also dependant on its employees. The Company recruits and seeks to retain the most talented people by supporting them to expand their skills and capabilities.

COVID-19 Pandemic

The Covid-19 pandemic brings sales fluctuation that is affecting a high proportion of our clients, and as a result, our business is having to adjust accordingly. The impacts are varied and whilst a number of clients are reducing marketing budgets, we are also seeing new opportunities to deliver solutions that help clients respond to the challenges they face. We are unable to predict the extent or nature or duration of these impacts at this time.

Ensuring the safety of our people remains key. We were able to put in place a remote working programme, and as a result the majority of our people are working remotely whilst maintaining services to our clients.

We continue to monitor our working capital and cash liquidity position closely to ensure that any negative impact from the pandemic is acted upon quickly.

Managing client risk

We have always competed for clients in a highly-competitive industry that is evolving and undergoing structural change. While underlying risk is ever-present, the Covid-19 pandemic has inevitably increased the risk of impacts from unplanned client losses or unplanned reductions in marketing budgets.

The Company manages this risk by diversifying the number of Fortune 500 clients we serve, by diversifying the industry sectors we service, by innovating our value-added creative services, and by seeking to secure long-term client relationships.

Business review

AKQA Limited is a wholly owned subsidiary of AKQA Inc and is part of WPP plc "the Group", a publicly listed company. The Directors report £28,072,553 in turnover for the year to 31 December 2020 compared to £30,509,804 in 2019. Overall we are showing an operating profit for the year of £778,106 (2019: loss £461,722).

Financial risk management objectives and policies

The Company's principal financial assets are cash, and trade and other receivables, the carrying values of which represent the Company's maximum exposure to credit in relation to financial assets.

The Company's sales in Europe and the rest of the world are made in foreign currency and the company is therefore exposed to the movement of these currencies against the Pound exchange rate.

Through WPP plc, the Company is able to take out contracts to manage this risk.

The Company does have overdraft arrangements and therefore is subject to interest rate risk exposure. The Company has not been overdrawn throughout the year.

The Company has no significant concentration of credit risk, with exposure spread over a large number of industry sectors and clients. Liquidity and cash flow risk are monitored by ensuring sufficient funds are available for ongoing operations through close controlling and management of the client receivables.

Group risks are discussed in the WPP plc annual report which does not form part of this report.

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year. This is due to general economic trading conditions in the UK and the pipeline of work from existing and new clients.

Key Performance Indicators

	2020	2019	Change %
Turnover	28,072,553	30,509,804	-8%
Profit/(loss) for the financial year	515,145	(681,172)	176%
Net Assets	22,236,822	21,112,229	5%

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.

Strategic report (continued)

Section 172 statement

Duty to promote the success of the company

The Directors believe that they have acted in good faith, in a way which would be most likely promote the success of the company for the benefit of its members as a whole, and in doing so have had regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term
- b. the interests of the company's employees
- c. the need to foster the company's business relationships with suppliers, customers and others
- d. the impact of the company's operations on the community and the environment
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

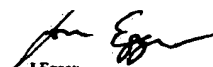
Events after the balance sheet date

There are no significant events since the balance sheet date

Results and dividends

The results for the current and prior year are shown on page 8. No dividend is proposed for the year ended 31 December 2020 (year to 31 December 2019: £nil)

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


J Eggar
Director
30 July 2021

AKQA Limited

Directors' report

The Directors present its report and the audited financial statements of AKQA Limited for the year ended 31 December 2020. Subsequent events have been disclosed in the notes to the financial statements.

Going concern

After reviewing the Company's forecast, projections and possible changes in trading performance, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the company; its cash flows, liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

As at 31 December 2020, the Company had a cash balance of £20,289,275, net current assets of £19,615,921 and net assets of £22,236,822.

After reviewing the Company's forecast, projections and possible changes in trading performance, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Directors believe that the principal risks and uncertainties affecting the going concern and liquidity risk for the Company are mitigated

Directors

The Directors who served during the year and up to the date of signing this report were:

A Ahmed
J Eggar

Financial risk management and future developments

The financial risk management and future developments have been disclosed in the Strategic Report on page 2 and form part of this report by cross reference.

Charitable donations

The contributions made by the Company during the year for charitable purposes amounted to £7,900 (2019: £2,000).

Disabled employees

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

Employee consultation

AKQA Limited places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular formal and informal meetings with Q&A sessions; digital social networks and a weekly employee e-newsletter.

Dividends

Details of dividends can be found in the Strategic Report and form part of this report by cross reference.

Auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware of. They have taken all the steps that they ought to have taken as Directors in order to make them aware of any relevant audit information and to establish the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 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.

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


J Eggar
Director
30 July 2021
1 St John's Lane
London
EC1M 4BL

AKQA Limited

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 AKQA Limited
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AKQA Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes on pages 11 to 25.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

Independent auditor's report to the members of AKQA Limited
Report on the audit of the financial statements (continued)

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included provisions of the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid material penalty. These included General Data Protection requirements, Anti-bribery and corruption policy and the Foreign Corrupt Practices Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the revenue recognition area, in particular the percentage of revenue to recognise for open projects, and our specific procedures performed to address it included:

- Challenging management's percentage of completion used;
- Holding discussions with the relevant project managers; and
- Considering the historical accuracy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 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 or the directors' report.

Matters on which we are required to report by exception

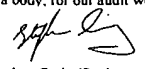
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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


Stephen Craig (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 July 2020

AKQA Limited

Income statement

For the Year ended 31 December 2020

		2020	2019
	Notes	£	£
Turnover	3	28,072,553	30,509,804
Cost of sales		(20,783,919)	(25,778,128)
Gross profit		7,288,634	4,731,676
Administrative expenses		(6,510,528)	(5,193,398)
Operating profit/(loss)		778,106	(461,722)
Finance charges net		(194,852)	(253,050)
Profit/(loss) before taxation	4	583,254	(714,772)
Tax (credit)/charge on profit	8	(68,109)	33,600
Profit/(loss) for the financial year		515,145	(681,172)

Turnover and operating profit/ (loss) is derived from continuing operations in the UK.

There were no other recognised gains or losses during the period other than those set out in the profit and loss account above and hence no statement of comprehensive income has been presented.

Notes to the accounts are on pages 11-25 form an integral part of the financial statements.

AKQA Limited

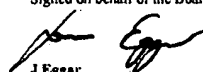
Balance sheet

As at 31 December 2020

		2020	2019
	Notes	£	£
Non-current assets			
Tangible assets	9	1,331,261	1,821,581
Right-of-use assets	10	5,403,105	7,184,488
		<u>6,734,366</u>	<u>8,996,069</u>
Current assets			
Debtors	12	10,660,615	6,279,960
Cash at bank and in hand		20,289,275	18,699,334
		<u>30,949,890</u>	<u>24,979,294</u>
Total assets		37,684,256	33,985,363
Current liabilities			
Creditors: amounts falling due within one year	13	(9,212,998)	(5,025,607)
Short-term lease liabilities	11	(2,120,971)	(1,600,266)
		<u>(11,333,969)</u>	<u>(6,625,873)</u>
Net current assets		19,615,921	18,353,421
Non-current liabilities			
Long-term lease liabilities	11	(4,113,465)	(6,247,261)
Total liabilities		(15,447,434)	(12,873,135)
Net assets		22,236,822	21,112,229
Called up share capital	16	100	100
Profit and loss account		22,236,722	21,112,129
		<u>22,236,822</u>	<u>21,112,229</u>
Total Equity		22,236,822	21,112,229

These financial statements, registered number 02964394, were approved by the Board of Directors and authorised for issue on 30 July 2021.

Signed on behalf of the Board of Directors


J Eggar
Director
30 July 2021

Notes to the accounts are on pages 11-25 form an integral part of the financial statements.

AKQA Limited

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2019	100	21,398,302	21,398,402
Loss for the year	-	(681,172)	(681,172)
Total comprehensive loss for the year	-	(681,172)	(681,172)
Capital contribution for equity-settled share based payments	-	394,999	394,999
Balance at 31 December 2019	100	21,112,129	21,112,229
Profit for the year	-	515,145	515,145
Total comprehensive loss for the year	-	515,145	515,145
Capital contribution for equity-settled share based payments	15	609,522	609,522
Balance at 31 December 2020	100	22,236,796	22,236,896

Notes to the accounts are on pages 11-25 form an integral part of the financial statements.

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

1 Accounting policies

AKQA Limited 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 registered office is 1 St John's Lane, London, EC1M 4BL. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. 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 share-based payment, 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 relevant, equivalent disclosures have been given in the group accounts of WPP Jubilee Limited.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under s 401 of the Companies Act 2006, because it is included in the group accounts of WPP plc. Details of the parent in whose consolidated financial statements the Company is included are shown in note 17 to the financial statements.

Notes to the accounts
For the Year ended 31 December 2020

1 Accounting policies (continued)

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Disclosure Initiative	<p>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 particular transactions, events and conditions on the entity's financial position and financial performance.</p> <p>The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the company.</p>
---	--

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	<p>The Company has adopted the amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:</p> <ul style="list-style-type: none"> a) when the intangible asset is expressed as a measure of revenue; or b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. <p>As the company already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the company's financial statements.</p>
--	---

Amendments to IAS 27 Equity Method in Separate Financial Statements	<p>The Company has adopted the amendments to IAS 27 Equity Method in Separate Financial Statements for the first time in the current year. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:</p> <ul style="list-style-type: none"> • at cost; • in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or • using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. <p>The same accounting must be applied to each category of investments.</p> <p>The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.</p> <p>The adoption of the amendments has had no impact on the company's financial statements as the Company accounts for investments in subsidiaries and associates at cost and is not an investment entity.</p>
---	---

Annual Improvements to IFRSs 2012-2014 Cycle	<p>The company has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle for the first time in the current year.</p> <p>The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.</p> <p>The adoption of these amendments has had no effect on the Company's financial statements.</p>
--	---

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

Going concern

After reviewing the Company's forecast, projections and possible changes in trading performance, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial position of the company; its cash flows, liquidity position; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

As at 31 December 2020, the Company had a cash balance of £20,289,275, net current assets of £19,615,921 and net assets of £22,236,822.

After reviewing the Company's forecast, projections and possible changes in trading performance, the Directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing these financial statements.

The Directors believe that the principal risks and uncertainties affecting the going concern and liquidity risk for the Company are mitigated

Tangible fixed assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements - in accordance with the lease term

Fixtures and fittings - 33 1/3% on cost

Office equipment - 33 1/3% on cost

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

1 Accounting policies (continued)

Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible 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.

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.

Financial assets and liabilities

Financial asset impairment

The Group's financial assets (of which the vast majority are trade receivables) must be assessed for expected credit losses under IFRS 9. Expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows (determined by evaluating a range of possible outcomes) discounted at the financial asset's original effective interest rate. Given the short-term nature of the Group's trade receivables, we would not expect any material change in the provisions necessary and the effect of discounting will be immaterial. The Group's existing process of providing for specific clients/receivables should be sufficient, although the Group layers on an additional level of assessment centrally whereby top level provisions are held based on a further assessment of recoverability of aged receivables based on a rebuttable assumption of writing off:

- 100% of these asset classes aged over 1 year
- 50% of these asset classes aged between 180 days and 1 year
- The above is adjusted to reflect balance specific information or explanations received from the relevant operating company where the balance may be deemed to be recoverable.

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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 profit and loss account 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.

Turnover

Sale of services

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

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.

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

1 Accounting policies (continued)

Foreign currency

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Finance costs

As explained below, where financial liabilities are measured at amortised cost using the effective interest method, interest expense is recognised on an effective yield basis in profit or loss within finance costs.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 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.

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

1 Accounting policies (continued)

Share-based payments

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

2 Critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these judgements.

The judgements and underlying assumptions are reviewed on an ongoing basis.

The Company's revenue recognition policy involves judgement, for instance, regarding the timing of recognition, particularly in relation to assessing progress on performance obligations where revenue is recognised over time. Further details are set out in the accounting policy

3 Turnover

Turnover represents amounts receivable for services, net of VAT and trade discounts. Both the turnover and operating result arise from the Company's principal continuing activity.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
Denmark	21,085	51,305
France	947,474	94,443
Germany	604,649	231,983
Ireland	2,170	21,219
Canada	-	-
Italy	295,335	429,108
Japan	5,218	2,390
Netherlands	3,766,664	3,650,011
Portugal	9,741	-
Sweden	1,057,225	6,669,831
Switzerland	142,437	1,934,449
UK	17,770,446	11,344,924
USA	2,512,289	5,779,009
China	3,702	12,058
Belgium	633,531	262,707
Finland	-	16,567
Austria	-	5,000
Saudi Arabia	19,200	-
Australia	6,493	4,800
Russia	57,666	-
Nigeria	183,225	-
India	30,008	-
Brasil	3,995	-
	<u>28,072,553</u>	<u>30,509,804</u>

4 Profit/(loss) for the financial year before taxation

	2020	2019
	£	£
Profit/(loss) for the financial year before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
owned	656,385	686,277
Staff costs (see note 7)	14,223,389	15,666,836
Operating lease rentals	-	(450)
Foreign exchange loss/(gain)	7,538	(85,112)
	<u>15,487,312</u>	<u>16,267,551</u>

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £76,479 (2019: £76,479).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

6 Directors' emoluments

The Directors are executives of the holding Company, AKQA Holdings, Inc, and also Directors of AKQA Limited. The Directors received total remuneration of £1,297,717 from AKQA Limited during the year (2019: £1,070,728), but is not practicable to allocate this between their services as executives of AKQA Limited and their services as Directors of AKQA Holdings, Inc. In addition, a Director is accruing benefits under the AKQA Limited pension scheme, which is a defined contribution scheme, in respect of their services to the group.

The emoluments of Directors borne by the Company are set out below. Only two Directors received such emoluments.

No Directors have exercised share options during the year. Further information of these schemes can be seen in note 15.

	2020	2019
	£	£
Emoluments	1,297,717	1,070,728
Pension costs	24,917	24,000

Of these the highest paid Director has been disclosed below.

	2020	2019
	£	£
Emoluments	860,500	734,255
Pension costs	-	-

7 Staff costs

	2020	2019
	£	£
Wages and salaries	11,935,007	12,970,128
Social security costs	1,597,122	1,975,573
Other pension costs	691,260	721,135
	14,223,389	15,666,836

The average monthly number of employees during the year (including directors) was as follows:

	No.	No.
Executive	5	5
Administrative	50	61
Other	105	121
	160	187

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

8 Tax on (loss)/profit

	2020	2019
	£	£
Corporation tax:		
Overseas tax suffered	8,877	29,775
Group relief for nil consideration	-	-
	<u>8,877</u>	<u>29,775</u>
Deferred tax:		
Current year	59,232	(63,375)
	<u>59,232</u>	<u>(63,375)</u>
Total tax on (loss)/profit	<u>68,109</u>	<u>(33,600)</u>

Corporation tax is calculated at 19% (2019: 19%) of the estimated taxable (loss)/profit for the year.
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
The charge for the year can be reconciled to the profit and loss account as follows:

	2020	2019
	£	£
Profit/(loss) before tax	<u>583,254</u>	<u>(714,772)</u>
Tax at the UK corporation rate of 19% (2019: 19%)	110,818	(135,807)
Effects of:		
Expenses not deductible for tax purposes	63,648	72,176
Capital allowances different to depreciation		(9,314)
Impact of rate change on Deferred Tax balances	(134,840)	-
Movement in short term timing differences	62,079	(12,812)
Recognition of previously unrecognised deferred		-
Oversees tax	8,877	(29,775)
Group relief for nil consideration	<u>(42,473)</u>	<u>149,132</u>
Tax credit for the year	<u>68,109</u>	<u>(33,600)</u>

AKQA Limited
**Notes to the accounts
For the Year ended 31 December 2020**
8 Taxation (continued)

A deferred tax liability of £59,232 has been recognised in respect of timing differences relating to depreciation in excess of capital allowances, other timing differences and carried forward losses as it is probable that there will be sufficient taxable profits against which the asset will reverse in the future.

The UK tax rate for the year ended 31 December 2020 is 19%. The reversal of a planned reduction to 17% was enacted in 2020, and therefore the rate used for deferred tax balances for 2020 is 19% (2019: 17%).

In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end.

9 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Office equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	4,468,803	1,436,782	5,631,789	11,537,374
Reclassification	(231,875)	107,694	124,181	-
Additions	31,979	540	133,549	166,068
At 31 December 2020	4,268,907	1,545,016	5,889,519	11,703,442
Depreciation				
At 1 January 2020	2,917,410	1,378,537	5,419,846	9,715,793
Charge for the year	366,617	78,027	211,741	656,385
At 31 December 2020	3,284,027	1,456,564	5,631,587	10,372,178
Net book value				
At 31 December 2020	984,880	88,452	257,932	1,331,263
At 31 December 2019	1,551,393	58,245	211,943	1,821,581

10 Right-of-use assets:

	Land and Buildings 2020	Land and Buildings 2019
	£	£
Cost		
At 1 January	8,980,612	8,980,612
Additions	47,300	-
At 31 December	9,027,912	8,980,612
Depreciation of right-of-use assets		
At 1 January	1,796,124	-
Charge for the year	1,828,683	1,796,124
At 31 December	3,624,807	1,796,124
Net book value		
At 31 December	5,403,105	7,184,488

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

11 Lease liabilities:

	2020	2019
	£	£
At 1 January 2020	7,905,034	9,027,911
Interest expense related to lease liabilities	194,975	247,105
Repayment of lease liabilities (including interest)	(1,865,573)	(1,369,982)
At 31 December 2020	6,234,436	7,905,034

Finance leases are repayable as follows:

	2020	2019
	£	£
Minimum lease payments		
Within one year	2,822,013	2,083,948
In the second to fifth years inclusive	3,646,909	6,251,844
After five years	-	-
	6,468,922	8,335,792
Less: future finance charges	234,486	430,758
Present value of lease obligations	6,234,436	7,905,034
Present value of minimum lease payments		
Within one year	2,078,145	2,635,011
In the second to fifth years inclusive	4,156,291	5,270,023
After five years	-	-
Present value of lease obligations	6,234,436	7,905,034

Lease liabilities are presented in the statement of financial position as follows:

	2020	2019
	£	£
Current	2,120,971	1,657,773
Non-current	4,113,465	6,247,261
	6,234,436	7,905,034

The following table shows the breakdown of the lease expenses between amounts charged to operating (loss)/profit and amounts charged to finance costs

	2020	2019
	£	£
Continuing operation		
Depreciation of right-of-use assets		
Land and building	(1,828,682)	(1,796,124)
Low-value lease expense	(19,596)	(20,528)
Sublease income	261,247	123,859
Charged to operating profit	(1,587,031)	(1,692,793)
Interest expense related to lease liabilities	(194,975)	(254,772)
Charges to (loss)/profit before taxation for leases	(3,369,037)	(1,947,565)

AKQA Limited

Notes to the accounts

For the Year ended 31 December 2020

12 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	3,303,201	4,139,547
Amounts owed from parent and group undertakings (interest free, repayable on demand)	6,351,239	520,386
Prepayments and accrued income	137,502	679,579
Other debtors	868,673	940,448
	<u>10,660,614</u>	<u>6,279,960</u>

13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,830,418	888,009
Amounts owed to parent and group undertakings (interest free, repayable on demand)	1,718,649	1,523,488
Other creditors	147,689	121,129
Other taxes and social security	1,560,458	751,551
Accruals and deferred income	3,955,784	1,741,430
	<u>9,212,998</u>	<u>5,025,607</u>

14 Pensions

The Company operates a defined contribution pension scheme, for the Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company implemented a salary sacrifice scheme on 1 November 2010. The pension cost charge for the year amounted to £691,260 (year ended 31 December 2019: £721,135). The unpaid contributions outstanding at the period end, included within other creditors are £88,698 (year ended 31 December 2019: £101,960).

AKQA Limited

Notes to the accounts For the Year ended 31 December 2020

15 Share based payments

The Company charged £609,522 to the profit and loss account in the year ended 31 December 2020 in relation to equity-settled share-based payments (2019: £394,999).

Restricted stock schemes

Certain employees participate in restricted stock schemes, which are in most cases satisfied by the delivery of stock from one of the WPP plc ESOP Trusts. The most significant schemes are:

Performance Share Awards (PSA)

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

Leaders, Partners and High Potential Awards

These are not tied to annual performance but are awarded to senior members of the organisation and selected high performers. Performance conditions include continued employment over a three-year vesting period.

Special Share Awards

In prior periods, share options were issued to employees of the company, pursuant to the AKQA Holdings, Inc Management Option Plan and were exercisable into ordinary shares of AKQA Holdings, Inc based on either service or performance criteria. On 26 July 2012, unvested options were exchanged for WPP plc Restricted ordinary shares with a vesting periods of between 1 month and 3.7 years matching the vesting schedule pursuant to the terms of the Options agreement.

Grant details

For restricted stock awards, the number of shares granted for the most significant schemes and the weighted average fair value of these grants was as follows:

	2020	2019
Performance Share Awards (PSA)		
Number of shares granted	-	-
Weighted average fair value at grant date (£ per share)	-	-
Leaders, Partners and High Potential Awards		
Number of shares granted	20,967	19,891
Weighted average fair value at grant date (£ per share)	7.55	9.50

AKQA Limited

**Notes to the accounts
For the Year ended 31 December 2020**

16 Called up share capital

	2020	2019
	£	£
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>
Called up, allotted and fully paid:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

The rights associated with all the shares are the same and has remained unchanged from prior year.

17 Parent company and controlling party

The Directors regard AKQA Inc (360 Third Street, 5th Floor, San Francisco, CA 94107), a company incorporated in The United States of America, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

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, incorporated in Jersey. The parent undertaking of the smallest such group is WPP Jubilee Limited, incorporated in England and Wales.

Copies of the financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of WPP Jubilee Limited can be obtained from 27 Farm Street, London, W1J 5RJ, United Kingdom.

18 Subsequent events

There are no significant events since the balance sheet date to the date of this report.