

Company Registration No. 05296852 (England and Wales)

ACCELERATION EMARKETING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

COMPANY INFORMATION

Directors

S Pretorius
J Van Nierkerk
M Roets
E Flower

Secretary

M Roets

Company number

05296852

Registered office

Hathaway House
Popes Drive
Finchley
London
N3 1QF

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditor
London UK

Business address

28 Tavistock Street
London
WC2E 7PB

Bankers

HSBC
431 Oxford Street
London
W1C 2DA

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

ANNUAL FINANCIAL STATEMENTS

31 December 2016

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ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

STRATEGIC REPORT

for the year ended 31 December 2016

The purpose of this strategic review is to inform members of the company and help them assess how the directors have performed their duty under Section 172 (duty to promote success of the company).

Business review

The company is a company incorporated in England and Wales and domiciled in England. The company is a wholly owned subsidiary of Acceleration Holdings Limited, which is 87.5% (2015: 75%) owned by WPP Plc. The company's principal activities are the provision of digital marketing services and consulting for UK and EU clients, mainly from its office in London. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 6, turnover increased by £1,549,567 to £8,716,952 and the company's gross profit has increased from £4,090,945 in the prior year to £4,350,947. The company's profit for the year has increased from £757,089 in the prior year to £1,622,638.

The balance sheet on page 7 of the financial statements shows the company's financial position at the year end. Profits and Cash Flow allowed the company to pay £1,507,380 dividends during the year.

Key performance indicators

We are a financially focused business and monitor financial performance at all levels to determine the progress of our business to provide value added services in a competitive market. As well as profitability, we use a range of financial measures. Collectively they form an integral part of value for our shareholders on a consistent basis over the long term.

KPIs	Aim	Progress	
		Year end 2016	Year end 2015
Operating Margins	Maintain and strengthen margin	23.40%	13.40%
Free cash flow	Maintain strong free cashflow	£1.15m	£1.29m
Clients	Maintain and grow client base	138	155
Avg Gross Profit per client	Maintain and grow profitable clients	£31,529	£26,393
Economic profit	Achieve steadily increasing economic profit	£2m	£0.96m

Resource and operational controls

Our continued growth and financial performance depends on having the right resources and products in place for the needs of our clients.

To sustain our high profit margins we have to continually satisfy existing clients and innovate with new products to deliver solutions custom made for each client. We maximize and grow margins to existing clients through introduction of new products and utilizing existing relationships and infrastructure.

Each month, we monitor and review comprehensive operational management information enabling us to manage the business in a way that delivers growth to the shareholders.

Retaining and developing people

To maintain our growth we need to demonstrate our ability to deliver consistent, reliable service. An essential element of this is retaining key people and providing appropriate training.

Headcount has reduced from 17 people at end of 2015 down to 14 people at end of 2016. We have focused to retain key people and sustain relationships with clients. Our people drive our success. Their hard work and commitment to service delivery are vital to meeting client expectations and supporting our growth.

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

STRATEGIC REPORT (Continued)

for the year ended 31 December 2016

Principal risks and uncertainties

The company's activities expose it to financial risks including client and employee retention risk, credit risk and a limited level of foreign exchange risk. The directors do not believe that the company is significantly exposed to liquidity risk as the company currently has sufficient cash to fund its activities.

Client and employee retention risk

The company competes for clients in a highly competitive fast moving industry. Client procurement demands increasing value, making margin retention in Consulting services a challenge. The company manages this risk by being on the forefront of industry development, focusing on driving value for clients, through innovative application of technology and a deep understanding of the client business. Maintaining and growing market share is largely dependent on the quality of the company's employees. The company actively recruits, trains and seeks to retain the most talented people by supporting them with opportunities to constantly build and expand their skills and capabilities.

Foreign exchange risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign currency transactions are, where possible, kept to a minimum through netting and matching and are in stable currencies. The directors keep the situation under review and consult with the WPP treasury department with regard to appropriate risk management.

Credit risk

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

The company mitigates the risk of bad debts by carefully assessing potential clients, monitoring and follow up of overdue receivables and withholding deliverables pending payment. Where appropriate a provision is recorded when there is a bad debt risk.

Future developments

The directors intend to carry on the company's current business.

Approved by the directors:


J. van Niekerk
Director

17 May 2017


M. Roets
Director

17 May 2017

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

DIRECTORS' REPORT

for the year ended 31 December 2016

The directors present their report and financial statements for the year ended 31 December 2016.

The company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the company in the strategic report which otherwise would be disclosed in the directors' report.

Principal activities

The company continues to perform Digital Marketing Technical Services and Consulting, including Ad-serving, Messaging and Analytics Services. Consulting on digital transformation is a growth focus area, whereas Technical and Managed Services are mature business segments.

Results for the year

The company earned a profit for the year of £1,622,638 (2015: £757,089) after taxation of £413,954 (2015: £201,014).

Dividends declared and paid

Dividends declared and paid during the year amounted to £1,507,380 (2015: £950,000). This dividend was declared on 25 June 2016.

Financial risk management objectives and policies

Details of the principal risks and uncertainties are included in the Strategic Report.

Strategic Report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its financial position at the end of the year, and the likely future development of the business.

Going concern

At 31 December 2016, the company had cash of £1,151,097 and net assets of £961,220. The company was consistently profitable with good margins on its technical services business and a healthy cash conversion. Having considered the contracted and expected future sales and cash flows and the company's forecasts and future plans, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and as such the financial statements have been prepared on a going concern basis.

Directors

The following directors have held office since 1 January 2016 and to the date of the approval of these financial statements:

S Pretorius
J Van Nierkerk
M Roets
E Flower

Auditor

The auditor, Deloitte LLP, were appointed for the year under review and have expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the Annual General Meeting.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that 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.

By order of the board



M Roets
Secretary
17 May 2017

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 December 2016

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 FRS101 "Reduced Disclosures 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;
- consider whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCELERATION EMARKETING LIMITED

We have audited the financial statements of Acceleration eMarketing Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 "Reduced Disclosures Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

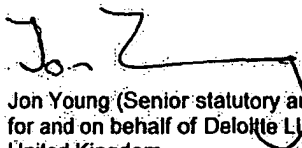
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ACCELERATION EMARKETING LIMITED

Matters on which we are required to report by exception

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

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


Jon Young (Senior statutory auditor)
for and on behalf of Deloitte LLP
United Kingdom

17 MAY 2017

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2016

	<u>Notes</u>	<u>2016</u> £	<u>2015</u> £
Turnover	2	8,716,952	7,167,385
Cost of sales		(4,366,005)	(3,076,440)
Gross profit		4,350,947	4,090,945
Administrative expenses		(2,306,384)	(3,123,715)
Operating profit	3	2,044,563	967,230
Investment revenue	4	102	191
Finance charges	5	(8,073)	(9,318)
Profit before taxation		2,036,592	958,103
Tax on profit	7	(413,954)	(201,014)
Profit for the financial year	12	1,622,638	757,089

There are no other comprehensive income items other than the profit for the year. Accordingly, no separate statement of other comprehensive income is presented for the current and prior year. All results are derived from continuing operations.

ACCELERATION EMARKETING LIMITED

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BALANCE SHEET

31 December 2016

	<u>Notes</u>	<u>2016</u> £	<u>2015</u> £
Fixed assets			
Tangible assets	8	29,712	42,294
Current assets			
Debtors: Amounts falling due within one year	9	3,145,021	1,770,205
Cash at bank and in hand		1,151,097	1,289,413
Total assets		<u>4,325,830</u>	<u>3,101,912</u>
Creditors: Amounts falling due within one year	10	<u>(3,384,610)</u>	<u>(2,255,950)</u>
Net current assets		<u>931,508</u>	<u>803,668</u>
Total assets less current liabilities		<u>981,220</u>	<u>845,962</u>
Net assets		<u>981,220</u>	<u>845,962</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	981,219	845,961
Shareholder's funds		<u>981,220</u>	<u>845,962</u>

These financial statements were approved by the Board of Directors and authorised for issue on 17 May 2017

They were signed on its behalf by:


J van Niekerk
Director

17 May 2017


M Roets
Director
17 May 2017

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	<u>Share capital</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
Balance at 31 December 2014	1	1,038,872	1,038,873
Profit for the year	-	757,089	757,089
Dividends	-	(950,000)	(950,000)
Balance at 31 December 2015	1	845,961	845,962
Profit for the year	-	1,622,638	1,622,638
Dividends	-	(1,507,380)	(1,507,380)
Balance at 31 December 2016	1	961,219	961,220

ACCELERATION EMARKETING LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of accounting

Acceleration eMarketing Limited is a private company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the "Company Information" page. The nature of the company's operations and its principal activities are set out in the business review on page 1.

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'.

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. The principal accounting policies are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions under the standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and impairment of assets. Where required, equivalent disclosures are given in the group accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 15.

1.2 Application of new and revised International Financial Reporting Standards (IFRSs)

For the purposes of the preparation of these financial statements, the company has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2016.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the company's accounting periods on or after 1 January 2016, or later periods, have been adopted early. The Directors do not consider that the adoption of these standards and interpretations would have a material impact on the company's financial statements.

ACCELERATION EMARKETING LIMITED

Registration Number: 05298852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2016**1. ACCOUNTING POLICIES (Continued)****1.2 Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)**

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates are:

	<i>Effective date for annual periods beginning on or after</i>	<i>Expected impact</i>
IFRS 9 Financial Instruments	01 January 2018	No material effect
IFRS 15 Revenue from Contracts with Customers	01 January 2018	No material effect
IFRS 16 Leases	01 January 2019	No material effect
Amendments to IFRS 2 Classification and Measurement of Share-based Payments Transactions	01 January 2018	No material effect
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	No material effect
Amendment to IAS 7 Statement of Cash Flows	01 January 2018	No material effect
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017	No material effect

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances. Turnover from services is recognised by reference to the stage of completion of the project. The stage of completion of the contract is determined as follows:

Licence fees – Licence fees are recognised straight line over the period contracted.

Project fees – Project fees are recognised based on the completed milestones as per the project planning.

Tech revenue – Tech revenue is recognised on actual usage by the client.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and computer equipment: 25% to 33.3% Straight line

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ACCELERATION EMARKETING LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.6 Operating lease payments

Operating lease payments are accounted for on a straight line basis over the life of the lease.

1.7 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.

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

1.8 Pension contributions

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.

1.9 Going concern

The company's business review, together with the factors likely to affect its future developments, performance and position are set out in the strategic report. The strategic report also describes the company's key performance indicators and its principal risks and uncertainties.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.10 Foreign currencies

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- * exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- * exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the company will account for such difference as follows:

- * if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- * in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- * calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- * release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

ACCELERATION EMARKETING LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial Instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- * it has been acquired principally for the purpose of selling in the near term; or
- * on initial recognition it is a part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- * it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- * such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- * the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- * it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

ACCELERATION EMARKETING LIMITED

Registration Number: 05298852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial Instruments (Continued)

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the company that are traded in an active market are classified as being AFS and are stated at fair value. The company also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial Instruments (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- * significant financial difficulty of the issuer or counterparty; or
- * default or delinquency in interest or principal payments; or
- * it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial Instruments (Continued)

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.11 Financial Instruments (Continued)

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Provisions

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

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2016

1. ACCOUNTING POLICIES (Continued)

1.12 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in notes 1.1 to 1.11, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- * future cash flows of cash-generating units used to test for impairment of tangible assets;
- * useful lives and residual values used to calculate depreciation of tangible assets; and
- * recoverability of debtors.

No critical estimations were made that could have a significant effect on the amounts recognised in financial statements.

2. Turnover

	2016 £	2015 £
United Kingdom	6,453,567	4,638,971
EU countries	789,294	1,051,101
Rest of the world	1,474,091	1,477,313
	<hr/> 8,716,952	<hr/> 7,167,385

Revenue is only derived from the rendering of services.

ACCELERATION EMARKETING LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2016**3. Operating profit**

Operating profit is stated after charging/(crediting):

	<u>2016</u> £	<u>2015</u> £
Depreciation of tangible assets	23,431	28,819
Fees payable to the auditor for the audit of the annual accounts	10,266	40,679
Directors' remuneration	748,014	818,991
Foreign exchange loss/(gain)	(105,446)	48,467
Operating lease charges	80,660	155,896
	<hr/>	<hr/>

4. Investment revenue

	<u>2016</u> £	<u>2015</u> £
Bank interest	27	191
Profit on sale of fixed assets	75	-
	<hr/>	<hr/>
	102	191
	<hr/>	<hr/>

5. Finance charges

	<u>2016</u> £	<u>2015</u> £
Bank charges payable	8,073	9,318
	<hr/>	<hr/>

6. Employee information

The company had 14 (2015: 18) employees at the end of the year. The average monthly number of employees was:

	<u>2016</u>	<u>2015</u>
Sales	13	17
Administration	1	1
	<hr/>	<hr/>
Total	14	18
	<hr/>	<hr/>

Their aggregate remuneration comprised:

	<u>2016</u> £	<u>2015</u> £
Salaries and wages	1,642,604	2,223,606
Social security costs	202,423	231,443
Pension contributions	20,226	21,720
	<hr/>	<hr/>
Total	1,865,253	2,476,769
	<hr/>	<hr/>

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2016**6. Employee information (Continued)**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	<u>2016</u> £	<u>2015</u> £
Contributions payable by the company for the year	20,226	21,720

No amounts were outstanding as at the year end (2015: £nil).

Directors' remuneration:

	<u>2016</u> £	<u>2015</u> £
Paid to the highest remunerated director	316,307	283,360
Paid to other directors	431,707	535,631
Total directors' remuneration	748,014	818,991
Total pension contributions included in directors' remuneration	8,133	10,742

7. Tax on profit

	<u>2016</u> £	<u>2015</u> £
The tax charge comprises:		
Current tax		
UK Corporation tax	413,954	201,014
Total tax on profit	413,954	201,014

The differences between the total current tax shown above and the amount calculated by applying the standard blended rate of UK corporation tax to the profit before tax is as follows:

	<u>2016</u> £	<u>2015</u> £
Profit on ordinary activities before taxation	2,038,592	958,103
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	407,318	194,016
Current year expenses not tax deductible	800	1,162
Depreciation in excess of capital allowances	5,836	5,836
Current tax charge for the year	413,954	201,014

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

7. Tax on profit (Continued)

The company earns its profits principally in the UK. UK corporation tax is calculated at 20% (2015: 20.25%) of the estimated assessable profits for the year.

8. Tangible assets

Furniture and
computer equipment
£

Cost

At 1 January 2016

161,698

Additions

10,849

Disposals

(4,923)

At 31 December 2016

167,624

Depreciation

At 1 January 2016

119,404

Charge for the year

23,431

Disposals

(4,923)

At 31 December 2016

137,912

Net book value

At 31 December 2016

29,712

At 31 December 2015

42,294

9. Debtors: Amounts falling due within one year

2016
£

2015
£

Trade debtors

1,122,490

850,720

Amounts owed by group undertakings

1,546,009

830,075

Other debtors

261,637

19,215

Prepayments and accrued income

214,885

70,195

3,145,021

1,770,205

The amounts owed by group undertakings are unsecured, do not bear interest and are payable in the ordinary course of business.

ACCELERATION EMARKETING LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2016**10. Creditors: Amounts falling due within one year**

	<u>2016</u> £	<u>2015</u> £
Trade creditors	362,450	318,062
Amounts owed to group undertakings	786,291	367,552
Taxation*	1,404,029	837,819
Other creditors	193,055	192,591
Accruals and deferred income	618,785	539,926
	<u>3,364,610</u>	<u>2,255,950</u>

*Of the total taxation payable £1,101,762 (2015: £690,857) is payable to another group company in respect of group relief claimed.

The amounts owed to group undertakings are unsecured, do not bear interest and are payable in the ordinary course of business.

11. Called up share capital

	<u>2016</u> £	<u>2015</u> £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

The company has one class of ordinary shares which carries no right to fixed income.

12. Profit and loss account

	<u>2016</u> £	<u>2015</u> £
Balance at beginning of the year	845,961	1,038,872
Profit for the year	1,622,638	757,089
Dividend declared (refer note 13)	(1,507,380)	(950,000)
	<u>961,219</u>	<u>845,961</u>

13. Dividends declared

	<u>2016</u> £	<u>2015</u> £
Dividend of £1,507,380 (2015: £950,000) per share declared	<u>1,507,380</u>	<u>950,000</u>

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2016**14. Financial commitments**

	<u>2016</u> £	<u>2015</u> £
Lease payments under operating leases recognised as an expense in the year	80,660	128,097

At 31 December 2016, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<u>2016</u> £	<u>2015</u> £
Operating leases which expire:		
Within one year	14,412	120,350
In the second to fifth years inclusive	-	240,700
After five years	-	-
	<u>14,412</u>	<u>361,050</u>

Operating lease payments represent rentals payable by the company for certain of its office properties. The company entered into a new indefinite sub-lease with its holding company. Rentals are fixed with escalation only occurring by mutual written agreement.

15. Control

The company is a wholly owned subsidiary of Acceleration Holdings Limited, a company incorporated in Guernsey. The directors regard WPP plc, a company incorporated in Jersey, parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. The parent undertaking of the smallest such group is Lexington International B.V., registered in the Netherlands.

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

Registered address of Acceleration Holdings Limited:

Mont Crevett House
Bulwer Avenue
St Sampson
Guernsey
Channel Islands
GY2 4LH

Registered address of WPP plc:

Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES

Registered address of Lexington International B.V.:

Laan op Zuid 167
Rotterdam
Netherlands
3072 DB

ACCELERATION EMARKETING LIMITED

Registration Number: 05296852

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2016

16. Subsequent events

There were no subsequent events which require adjustment or disclosure in these annual financial statements.

17. Related party relationships and transactions

The group consists of Acceleration Holdings Limited (a company incorporated in Guernsey) which is the parent company. Acceleration eMarketing Incorporated (a company incorporated in the United States of America) is a fellow subsidiary and Acceleration eMarketing SA (a company incorporated in Argentina) a direct subsidiary. Group indebtedness and transactions with group undertakings are set out below.

Other transactions

Acceleration eMarketing (Pty) Limited (a company incorporated in the Republic of South Africa) is related by common directorships and shareholders. Cost of sales include charges of £743,479 (2015: £1,001,575) from Acceleration eMarketing (Pty) Limited and included in other creditors is £348,407 (2015: £130,783) due to that company. Turnover includes £4,811 (2015: £nil) from Acceleration eMarketing (Pty) Limited.

Cost of sales includes £nil (2015: £18,418) from Acceleration eMarketing Incorporated. Included in debtors is £138,617 (2015: £742,474) due from that company. Turnover includes £836,585 (2015: £942,862) for services to Acceleration eMarketing Incorporated.

Cost of sales includes £70,926 (2015: £100,573) from Acceleration Holdings Limited. Included in creditors is £157,925 (2015: £146,715) due to that company.

Cost of sales includes £38,410 (2015: £76,483) from Acceleration eMarketing SA. Included in creditors is £5,098 (2015: £43,163) due to that company.

Included in debtors is £408,618 (2015: £8,733) due from Acceleration Digital (Pty) Ltd.
Turnover includes £21,104 (2015: £27,167) from Acceleration Digital (Pty) Ltd.
Cost of sales includes £nil (2015: £18,461) from Acceleration Digital (Pty) Ltd.

Included in debtors is £194,643 (2015: £17,230) due from Acceleration Middle East FZ-LLC.
Turnover includes £6,592 (2015: £47,872).

Turnover from WPP companies amounts to £771,466 (2015: £183,420) mainly from Wunderman Ltd £381,719 – debtor £468,775 (2015: £0), AKQA Ltd £212,330 – debtor £159,639 (2015: £0) and Wunderman Data Management LLC £91,100 – debtor £0 (2015: £0) with smaller WPP companies making up the remaining £177,417 – debtor £69,460 (2015: £60,140).

Cost of sales to WPP companies amounts to £913,065 (2015: £761,252) mainly to VML London £230,202 – creditor £0 (2015: £0), VML Studiocom £322,462 – creditor £0 (2015: £0) and Salmon £53,400 – debtor £0 (2015: £24,894) with smaller WPP companies making up the remaining £63,914 – creditor £0 (2015: £20,796).

Net recharges of £3,876 (2015: £86,627) was charged from WPP 2005 Ltd for various expenses and services during 2016.