Man vs Machine Limited

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Man vs Machine Limited

Officers and professional advisors

Directors

MJ Alderson

JAB Bruce

J Geraghty

LA Jacobs

TJ Swift

Company secretary

WPP Group (Nominees) Limited

Registered office

27 Farm Street

London W1J 5RJ

Bankers

HSBC Bank PLC

8 Canada Square

London E14 5HQ

Auditor

Deloitte LLP

Statutory Auditor

London

Man vs Machine Limited

Strategic report

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

Review of the business

The company's principal activities are the provision of motion graphics solutions to clients primarily in the UK and the US. On 23 October 2015 WPP plc, via its subsidiary WPP Group (UK) Limited, became a 51% shareholder of the company.

In July 2016 the company opened a fully owned subsidiary registered in Delaware, USA and operating in Los Angeles. The growth strategy in 2016 was focussed on establishing the Los Angeles office. As shown on the company's profit and loss account on page 9, business performance remained consistent during the year, with turnover reaching £4.9m for the year (seven months ended 31 December 2015: £2.7m). This equates to a pro-rata growth rate in the region of 7% compared to a 37% annual growth achieved in the prior period.

The balance sheet on page 10 of the financial statements shows that the company's financial position at the end of the year is, in net current assets and cash terms, stronger than at 31 December 2015. Overall net assets are up from £1.4m at 31 December 2015 to £1.7m at 31 December 2016, taking into account a final dividend payment in relation to the seven month period ended 31 December 2015 of £0.8m.

Key performance indicators

The company's key measurement of the effectiveness of its operations is calculating operating profit as a percentage of gross profit. The company achieved an operating profit margin of 41.2% (seven month period ended 31 December 2015: 56.7%), down on the prior period due in part to the one off gain of £0.1m realised in the prior period on the disposal of a long leasehold property, and in part due to additional costs incurred in adapting to the WPP operating requirements.

The WPP group manages its operations on a network basis. For this reason, the company's directors believe that further key performance indicators of the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Landor network of WPP plc, which includes the company, is discussed in the WPP plc Annual Report which does not form part of the Report.

Principal risks and uncertainties

The company competes for clients in a highly competitive industry which may reduce market share and decrease profits, and the company is highly dependent on its employees. The company recruits and seeks to retain the most talented people in the industry in order to maintain competitive advantage.

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

Man vs Machine Limited

Strategic report (continued)

The company's credit risk is primarily attributable to its trade receivables. The majority of the company's trade receivables are due from large multinational companies where the risk of default is considered low. The amounts are presented in the balance sheet net of any allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The company's sales are often made in foreign currencies and the company is therefore exposed to the movement of these currencies against the pound sterling exchange rate. The company uses a third party foreign exchange house to forward sell foreign currency receivables and so minimise exchange risk on these transaction. In future WPP plc, the ultimate parent company, will take out contracts to manage this risk at group level.

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 of the London business to remain consistent with 2016 in the forthcoming year. This is as a result of the strategic decision to focus growth efforts in other markets.

Events after the balance sheet date

There have been no significant events requiring disclosure since the balance sheet date.

Approval

Approved by the Board and signed on its behalf by:

TJ Swift
Director

28 June 2017

27 Farm Street
London W1J 5RJ

Man vs Machine Limited

Directors' report

The directors present their audited financial statements for the Year ended 31 December 2016.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Results and dividends

The profit for the year was £1,136,020 (7 months ended 31 December 2015: £940,437). Dividends of £834,723 were paid during the financial year (seven months ended 31 December 2015: dividends paid £1,150,000).

Directors

The directors, who served throughout the year except as noted, were as follows:

MJ Alderson
JAB Bruce
J Geraghty
LA Jacobs
TJ Swift

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any 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.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

TJ Swift

Director

28 June 2017

27 Farm Street
London W1J 5RJ

Man vs Machine Limited

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report to the members of Man vs Machine Limited

We have audited the financial statements of Man vs Machine Limited for the Year ended 31 December 2016 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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.

Man vs Machine Limited

Independent auditors' report to the members of Man vs Machine Limited (continued)

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.

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

Jon Young (Senior statutory auditor)

for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 June 2017

Man vs Machine Limited

Profit and loss account
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Turnover	3	4,871,817	2,651,325
Cost of sales		(1,388,449)	(579,541)
Gross profit		3,483,368	2,071,784
Administrative expenses		(2,048,468)	(1,010,989)
Other operating (expense)/income		(800)	114,915
Operating profit		1,434,100	1,175,710
Interest receivable and similar income	4	-	7
Profit before taxation	5	1,434,100	1,175,717
Tax on profit	9	(298,080)	(235,280)
Profit for the financial period		1,136,020	940,437

All results are from continuing operations.

The company had not recognised gains or losses other than those reflected in the profit and loss account in either period. Consequently, no separate statement of other comprehensive income is presented.

The accompanying notes form an integral part of this profit and loss account.

Man vs Machine Limited

Balance sheet
At 31 December 2016

	Note	31 December 2016 £	31 December 2015 £
Fixed assets			
Tangible assets	11	154,814	240,792
Investments in subsidiaries	12	-	-
		154,814	240,792
Current assets			
Debtors	13	1,043,834	454,037
Cash at bank and in hand		1,812,959	1,432,801
		2,856,793	1,886,838
Creditors: Amounts falling due within one year	14	(1,312,910)	(693,982)
Net current assets		1,543,883	1,192,856
Total assets less current liabilities		1,698,697	1,433,648
Provisions for liabilities			
Deferred tax liabilities	15	(11,910)	(48,158)
Net assets		1,686,787	1,385,490
Capital and reserves			
Called-up share capital	16	75	75
Profit and loss account		1,686,712	1,385,415
Shareholders' funds		1,686,787	1,385,490

The financial statements of Man vs Machine Limited (registered number 06243081) were approved by the board of directors and authorised for issue on 28 June 2017. They were signed on its behalf by:

JAB Bruce

Director

Man vs Machine Limited

Statement of changes in equity
At 31 December 2016

	Called-up share capital (Note 16) £	Profit and loss account £	Total £
Balance at 1 June 2015	100	1,594,978	1,595,078
Profit for the period and total comprehensive income for the period	-	940,437	940,437
Own shares purchased and cancelled	(25)	-	(25)
Dividends paid during the period(note 10)	-	(1,150,000)	(1,150,000)
Balance at 1 January 2016	75	1,385,415	1,385,490
Profit for the year and total comprehensive income for the year	-	1,136,020	1, 136,020
Dividends paid during the year(note 10)	-	(834,723)	(834,723)
Balance at 31 December 2016	75	1,686,712	1,686,787

1. Accounting policies

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

Basis of accounting
Man vs Machine Limited is a private company limited by shares and is registered in England and Wales. It is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 3.

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

The financial statements have been prepared on the historical cost basis and in accordance with applicable United Kingdom law and accounting standards.

The company has taken exemption from the requirement to prepare group accounts under s400 of the Companies Act 2006. Accordingly these financial statements present information about this company as an individual undertaking and not as a group.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 19.

Reclassifications
Prior period financial statement amounts have been reclassified to conform to current period presentation. On the profit and loss account, freelance labour costs of £136,262 have been reclassified from cost of sales to administrative expenses. This reclassification had no effect on the reported operating profit.

Adoption of new and revised Standards
The following new and revised Standards and Interpretations have been adopted in the current year.

- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRSs Annual Improvements to IFRSs 2012-2014 Cycle

The application of these specific Standards and Interpretations has not had a material effect on the Company.

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

1. Accounting policies (continued)

Going concern

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 Company meets its day to day working capital requirements through cash reserves. The company has considerable financial resources with which to support itself. Consequently, the directors believe that the company is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	- 25% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33.33% on cost

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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.

1. Accounting policies (continued)
Taxation (continued)
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.

Turnover
Turnover is stated net of VAT and trade discounts.

Turnover from the supply of motion graphics 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.

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.

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1. Accounting policies (continued)
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
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, which are initially measured at fair value.

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.

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.

Impairment of financial assets
Financial assets 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.

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.

1. Accounting policies (continued)
Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the differences 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.

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.

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.

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

Such 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.

1. Accounting policies (continued)

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.

2. *Critical accounting judgements and key sources of estimation uncertainty*

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

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

The most significant area where such judgements and estimation uncertainty apply is revenue recognition. Revenue (turnover) is typically derived from fees earned on services performed under project specific agreements. Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement. Revenue is recognised on longer term contracts based on the expected delivery date by including a proportion of revenue and related costs in the profit and loss account as contract activity progresses. The directors apply such judgement on projects which were underway but incomplete as at each period end.

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

3. Turnover

An analysis of the Company's turnover is as follows:

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Continuing operations		
Rendering of services	4,871,817	2,651,325
This is the total revenue as defined in IAS 18.	4,871,817	2,651,325

All turnover relates to one class of business, being the provision of motion graphic services.

An analysis of the Company's turnover by geographical market is set out below.

Turnover:	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
UK	306,502	873,422
Rest of world	4,565,315	1,777,903
Total	4,871,817	2,651,325

4. Finance income

Interest receivable and similar income

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Interest receivable:		
Bank deposits	-	7
	-	7

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Net foreign exchange (gains)/losses	(9,691)	1,622
Depreciation of tangible fixed assets	118,030	61,367
Losses/(gains) on sale of fixed asset	800	(114,915)
Operating lease rentals	67,500	16,875
Staff costs (see note 7)	1,280,674	642,025

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £20,000 (seven months ended 31 December 2015: £19,500).

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

7. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 December 2016 Number	Seven months ended 31 December 2015 Number
Design	17	15
	17	15

Their aggregate remuneration comprised:

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Wages and salaries	1,113,372	573,314
Social security costs	147,056	68,711
Defined contribution pension	20,246	-
	1,280,674	642,025

8. Directors' remuneration and transactions

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Directors' remuneration		
Emoluments	224,950	57,885
Company contributions to money purchase schemes	2,568	-
	227,518	57,885

	Year ended 31 December 2016 Number	Seven months ended 31 December 2015 Number
The number of directors who:		
Are members of a money purchase pension scheme	2	-

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Remuneration of the highest paid director:		
Emoluments	154,950	28,942
Company contributions to money purchase schemes	2,217	-
	157,167	28,942

Directors' transactions

Details of transactions with directors during the period are disclosed in note 18 and balances in note 14.

9. Tax on profit

The tax charge comprises:

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Current tax		
UK corporation tax	314,687	234,944
Adjustment in respect of previous period	19,641	-
Total current tax	334,328	234,944
Deferred tax		
Current year	(22,090)	336
Adjustment in respect of previous period	(14,158)	-
Total deferred tax (see note 15)	(36,248)	336
Total tax on profit	298,080	235,280

Tax on profit

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Profit before tax	1,434,100	1,175,717
Tax on profit at standard UK corporation tax rate of 20% (31 December 2015: 20%)	286,820	235,143
Effects of:		
Expenses not deductible/income not taxable for tax purposes	4,101	2,519
Capital allowances in excess of depreciation	-	667
Change in unrecognised deferred tax assets	1,677	336
Adjustment in respect of profit on disposal of assets	-	(3,385)
Prior year adjustment	5,482	-
Total tax charge for period	298,080	235,280

9. Tax on profit (continued)

The Finance Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. In the Finance Act 2016, the Government announced further reductions in the main tax rate down to 17% effective from 1 April 2020, which had not been substantively enacted at the balance sheet date. The Company earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 20 per cent.

10. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2016 £	Seven months ended 31 December 2015 £
Interim dividends for the period ended 31 December 2015 of £1,000 per ordinary share of £1 each	-	100,000
Special dividend for the period ended 31 December 2015 of £210 per "A" ordinary share of £0.005 each	-	1,050,000
Final dividend paid for the year ended 31 December 2016 of £55.65 per "A" ordinary share of £0.005 each	834,723	-
	834,723	1,150,000

As disclosed in note 18, the special dividend in 2015 was paid in the form of the long leasehold property valued at £700,000 and in cash of £350,000.

Man vs Machine Limited

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

11. Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2016	-	207,723	250,017	457,740
Additions	-	-	32,953	32,953
Disposals	-	(4,671)	(52,390)	(57,061)
Transfers	178,150	(178,150)	-	-
At 31 December 2016	178,150	24,902	230,580	433,632
Depreciation				
At 1 January 2016	-	91,736	125,212	216,948
Charge for the year	31,027	2,822	84,181	118,030
Disposals		(3,990)	(52,171)	(56,161)
Transfers	76,912	(76,912)	-	-
At 31 December 2016	107,939	13,656	157,222	278,817
Net book value				
At 31 December 2016	70,211	11,246	73,358	154,815
At 31 December 2015	-	115,987	124,805	240,792

12. Investments in subsidiaries

	31 December 2016	31 December 2015
	£	£
Subsidiary undertakings	-	-
	-	-

12. Investments in subsidiaries (continued)

The parent Company has investments in the following subsidiary undertakings.

	Registered office	Principal activity	Holding	%
Subsidiary undertakings				
ManvsMachine, Inc.	100 Park Avenue, 4th floor, New York 10017, NY, USA	Motion graphics solutions	1,000 common shares of £1.00 each	100

On 12 April 2016 the company established a subsidiary and as at 31 December 2016 it has a 100 per cent interest in ManvsMachine, Inc., a corporation established under and pursuant to the laws of the State of Delaware, USA. Funding for this investment was provided by another group company and not recharged to the company.

ManvsMachine, Inc. commenced trading in July 2016 and was loss making in the period to 31 December 2016. For this reason the directors have not assigned a carrying value of the investment.

13. Debtors: Amounts falling due within one year

	31 December 2016 £	31 December 2015 £
Trade debtors	616,292	400,213
Amounts receivable from other group undertakings	90,011	-
VAT	115,910	2,832
Prepayments and accrued income	221,621	50,992
	1,043,834	454,037

Amounts receivable from other group undertakings are interest free and repayable on demand.

14. Creditors – amounts falling due within one year

	31 December 2016 £	31 December 2015 £
Trade creditors	27,296	92,396
Amounts payable to subsidiary undertakings	397,612	-
Corporation tax	564,027	421,687
Other taxation and social security	11,241	60,411
Directors' current accounts	-	6
Accruals and deferred income	312,734	119,482
	1,312,910	693,982

Amounts payable to subsidiary undertakings are interest free and repayable on demand.

15. Deferred tax liabilities

Deferred tax

Deferred tax is provided as follows:

	Accelerated tax depreciation £	Total £
At 1 January 2015	47,822	47,822
Charge to profit or loss	336	336
At 1 January 2016	48,158	48,158
Credit to profit or loss	(36,248)	(36,248)
At 31 December 2016	11,910	11,910

16. Called-up share capital

	31 December 2016 £	31 December 2015 £
Authorised	75	75
Allotted, called-up and fully-paid		
15,000 "A" ordinary shares of £0.005 each	75	75

17. Financial commitments

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

	31 December 2016 Land and buildings £	31 December 2015 Land and buildings £
Company		
- within one year	67,500	67,500
- between two and five years	184,241	251,741
- after five years	-	-
	251,741	319,241

Operating lease payments represent rentals payable by the company for its office premises. The landlord, Tomorrow & Co UK Limited, is classified as a related party.

18. Related party transactions

On 25 May 2015 directors TJ Swift and MJ Alderson established a new company, Tomorrow & Co UK Limited, as sole shareholders and directors. They each transferred 2,500 "A" ordinary shares to Tomorrow & Co UK Limited. As disclosed in note 10, on 12 October 2015 a dividend was paid on the "A" ordinary shares in the form of the long leasehold property and cash, totalling £1,050,000. Subsequent to this the company repurchased the 5,000 "A" ordinary shares for nil consideration. The "A" ordinary shares were then cancelled.

As disclosed in note 17, the company entered into an operating lease under Tomorrow & Co UK Limited on 12 October 2015. Rental payments of £67,500 were made to Tomorrow & Co UK Limited during the year (seven months ended 31 December 2015: £18,259).

19. Controlling party

The directors regard WPP Group (UK) Limited, a company registered in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is WPP plc, a company incorporated in Jersey and with its registered office at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. The parent undertaking of the smallest such group is WPP Jubilee Limited, a company incorporated in England & Wales and with its registered office at 27 Farm Street, London, London W1J 5RJ. Copies of the group financial statements of WPP plc are available at www.wppinvestor.com. Copies of the group financial statements of WPP Jubilee Limited are available from its registered office.