

Mubaloo Limited

Directors' Report, Strategic Report and Financial Statements

Year ended 31 December 2017

Registered Number: 06770774



Mubaloo Limited

Strategic Report for the year ended 31 December 2017

The directors present their strategic report of Mubaloo Limited (the “Company”), registered number 06770774 for the year ended 31 December 2017.

Principle activities and review of the business

The Company’s principal activities during the year were mobile consultancy and software development, specifically for smart phones and similar devices in the United Kingdom

The Company’s loss for the year after taxation is £256,294 (2016: £628,391). The directors consider that the result for the year is in line with expectations.

The Company had net assets of £214,296 as at 31 December 2017 (2016: £470,262).

Key performance indicators

The following are key performance indicators of the business:

Revenue:

Revenue for the year £2,916,100 (2016: £2,691,257)

Revenue growth:

Increase in revenues from continuing operations in the year £224,843 (2015: £175,559 decrease)

Operating margin (%):

Ratio of operating profit to revenue in the year -9.6% (2016: -26.2%)

Operating profit:

Operating loss for the year £257,571 (2015: £625,589)

Staff costs / revenue (%):

Staff costs as a percentage of revenue 65.6% (2015: 68.7%)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc and are not managed separately. These risks are discussed in the The Interpublic Group of Companies, Inc annual financial statements for the year ended 31 December 2017, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.
909 Third Avenue
New York, NY 10022 U.S.A.

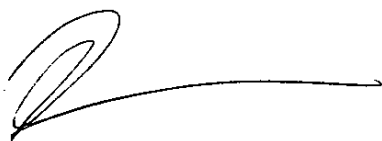
Mubaloo Limited

Strategic Report for the year ended 31 December 2017 (continued)

Strategy and future developments

The Company continues to invest in staff and appropriate training. In addition, the Company strives to develop value-adding diversified specialisms to enhance the services provided to clients. Identifying new growth opportunities to satisfy the needs of both existing and new clients together with effective cost management will continue to be the focus for the directors.

On behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a long horizontal stroke.

Tim Treleaven
Director

17 July 2018

Mubaloo Limited

Directors' Report for the year ended 31 December 2017

The directors present their report and the financial statements of Mubaloo Limited (the "Company") registered number 06770774 for the year ended 31 December 2017.

Future developments

Future developments, strategy and key performance indicators are discussed in the strategic report.

Dividends

There were no dividends issued during the year ended 31 December 2017 (2016: £nil).

Objectives and policies

The Company's operations expose it to a variety of financial risks. These include the credit risk, the liquidity risk associated with recovering customer debt on a timely basis, and the interest rate cash flow risk. The Company has in place a risk management programme that seeks to minimise the potential adverse effects on the financial performance of the Company by monitoring customer debt levels and the related financial risks to the business.

The Company follows the standard policy and procedures (SP&P) manual provided by The Interpublic Group of Companies, Inc which sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department follows the policy and procedures manual provided by The Interpublic Group of Companies, Inc that sets out specific guidelines to manage credit and liquidity risks. Interest rate cash flow risk is managed by The Interpublic Group of Companies, Inc.

Credit risk

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2017 was mainly as follows: trade debtors £959,978, amounts owed by group undertakings £26,432, other debtors £11,004 and prepayment and accrued income £144,671 (2016: £630,016, £67,454, £9,599, £115,922 respectively).

Credit given to other Group companies is also monitored and credit is extended where it is merited. Group debts are collected on the same basis as non-Group debts.

The Company also attempts to minimize credit exposure to cash investments. Cash investments are placed with high-quality financial institutions with limited exposure to any one institution.

Liquidity risk

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned expansions. The Company manages this risk by engaging external collection agencies where required.

Mubaloo Limited

Directors' Report for the year ended 31 December 2017 (continued)

Political donations

The Company made no political donations in 2017 (2014: £nil).

Branches outside the UK

The Company has no overseas branches.

Disabled employee note

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining its future success.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

S Denley
M Mason
I Courts
T Treleaven
J Hytner

Events post statement of financial position

No material events have occurred after the statement of financial position.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Mubaloo Limited

Directors' Report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities (continued)

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2017 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company; and
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit exemption

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- that for the year ended 31 December 2017 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the Board



Tim Treleaven
Director
17 July 2018

Mubaloo Limited

Statement of comprehensive income

For the year ended 31 December 2017

		2017	2016
	Note	£000's	£000's
Turnover	5	2,916	2,691
Cost of sales		(234)	(299)
Revenue		2,682	2,392
Administrative expenses		(2,939)	(3,018)
Other operating income		-	-
Operating profit	6	(257)	(626)
Interest payable and similar charges	7	(1)	(2)
Interest receivable and similar income	8	2	-
Profit on ordinary activities before taxation		(256)	(628)
Tax on profit on ordinary activities	11	-	-
Profit and total comprehensive income for the financial year		(256)	(628)

All operations are continuing.

Mubaloo Limited

Statement of financial position

As at 31 December 2017

	Note	2017 £000's	2016 £000's
Fixed assets			
Tangible assets	12	36	62
		36	62
Current assets			
Debtors: amounts falling due within one year	13	1,212	993
Cash at bank and in hand		127	256
		1,339	1,249
Creditors: amounts falling due within one year	14	(1,161)	(841)
Net current assets		178	408
Total assets less current liabilities		214	470
Net assets		214	470
Capital and reserves			
Called up share capital	15	1	1
Share premium account		88	88
Retained earnings		125	381
Total equity		214	470

Mubaloo Limited

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- a) that for the year ended 31 December 2017 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- b) that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- a) ensuring that the Company keeps adequate accounting records which comply with s 386 of the Companies Act 2006; and
- b) preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2017 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The notes on pages 11 to 26 are an integral part of these financial statements.

The financial statements on pages 7 to 26 were authorised for issue by the board of directors on 17 July 2018 and were signed on its behalf.



Tim Treleaven
Director
Mubaloo Limited

Registered No. 06770774

Mubaloo Limited

Statement of changes in equity For the year end 31 December 2017

	Called up share capital	Share premium account	Retained earnings	Total Equity
	£000's	£000's	£000's	£000's
At 1 January 2016	1	-	1,009	1,010
Profit for the financial year and total comprehensive income	-	-	(628)	(628)
Share issue	-	88	-	88
At 31 December 2016	1	88	381	470
At 1 January 2017	1	88	381	470
Profit for the financial year and total comprehensive income	-	-	(256)	(256)
At 31 December 2017	1	88	125	214

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017

1 General information

The Company's principal activities during the year were mobile consultancy and software development, specifically for smart phones and similar devices in the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 3 Grosvenor Gardens, London, SW1W 0BD.

2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 18.

a) Basis of preparation

These financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Exemptions for qualifying entities under FRS 102

As a qualifying entity, the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its intermediate parent company, IPG Holdings (UK) Ltd, includes the Company's cash flows in its own consolidated financial statements.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

d) Consolidated financial statements

The Company is a wholly owned subsidiary of IPG Holdings (UK) Limited and of its ultimate parent, The Interpublic Group of Companies, Inc and its results are included in the consolidated financial statements of The Interpublic Group of Companies, Inc which are publicly available. Therefore the directors have concluded that the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the Company's separate financial statements.

e) Revenue recognition

The Company's revenues are primarily derived from the provision of mobile consultancy and software development services to clients.

Revenue for our services is recognised when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) services have been performed. Depending on the terms of a client contract, fees for services performed can be recognised in three principal ways: proportional performance (input or output), straight-line (or monthly basis) or completed contract.

Fees are recognised in accordance with contractual terms, which may be either:

- Proportional performance: revenue recognition in situations where our fee is linked to the actual hours incurred to service the client as detailed in a contractual staffing plan, where the fee is earned on a per hour basis or where actual hours incurred are provided to the client on a periodic basis (whether or not the fee is reconcilable), with the amount of revenue recognised in these situations limited to the amount realisable under the client contract.
- Straight-line: fees are recognised on a straight-line or monthly basis when service is provided essentially on a pro-rata basis and the terms of the contract support monthly basis accounting.
- Completed contract: fees are recognised only upon completion of the project.

Interest income

Interest income is recognised using the effective interest rate method.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

f) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Pension costs

Contributions payable in respect of employees' personal pension plans are expensed in the statement of comprehensive income as they are incurred.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension cost charge disclosed in note 17 represents contributions payable by the Company to the fund.

iii) Annual bonus plan

The Company operates an annual bonus plan for some employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

g) Foreign currencies

The Company's functional and presentation currency is pound sterling. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the statement of comprehensive income during the year to which they relate.

h) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

i) Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of membership remain with the lessor, are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

j) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

k) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Corporation tax payable is provided on taxable profits and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

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

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis in line with FRS 102.

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

l) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Freehold land and buildings	Lesser of 10 years or the remaining life of the lease
Equipment, fixtures & fittings	3 - 10 years
Plant & machinery	3 - 10 years
Asset retirement obligation	Lesser of 10 years or the remaining life of the lease
Long leasehold and leasehold improvements	Lesser of 10 years or the remaining life of the lease
Computer hardware and software	3 - 4 years

The assets' useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

The fair value of estimated asset retirement obligations is recognised in the statement of financial position when identified and a reasonable estimate of fair value can be made. The fair value is determined based on the net present value of the estimated costs which include those legal obligations where the Company will be required to return the properties to their original condition. The asset retirement costs, equal to the estimated fair value of the asset retirement obligation is capitalised as part of the cost of the related long lived asset. Asset retirement costs are amortised over the life of the lease.

Amortisation of asset retirement costs is included in depreciation of fixed assets. Increases in the provision of asset retirement obligation resulting from the passage of time are recorded as interest expense in the statement of comprehensive income. Actual expenditures incurred are charged against the accumulated provision.

m) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3 Summary of significant accounting policies (continued)

n) Related party disclosures

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

o) Work in progress

Work in progress comprises external charges for goods and services incurred on behalf of clients which have still to be invoiced to clients. Work in progress is stated at the lower of cost or net realisable value.

p) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash at bank and in hand balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Other financial assets, including equity investments which are not subsidiaries, associates or joint ventures, are initially measured at fair value which is normally the transaction price.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including creditors and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as creditors: amounts falling due over one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Mubaloo Limited

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

3 Summary of significant accounting policies (continued)

q) Deferred income

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

r) Incentive compensation plans

The Company does not operate any incentive compensation plans.

s) Netting off policy

Balances with other companies in The Interpublic Group of Companies, Inc are stated gross, unless all of the following conditions are met:

- (i) The Company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies;
- (ii) The Company has the ability to insist on a net settlement; and
- (iii) The Company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the Company's ability to insist on a net settlement would survive the insolvency of the counterparty.

t) Share capital

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

u) Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Notes to the financial statements for the year ended 31 December 2017 (continued)

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(b) Useful economic lives of tangible assets (note 12)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 3 for the useful economic lives for each class of assets.

5 Turnover

	2017 £000's	2016 £000's
Turnover by origin		
Europe	3,050	2,464
Rest of world	(134)	227

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

6 Operating profit

The following amounts have been charged/(credited) in arriving at the operating profit:

	2017 £000's	2016 £000's
Salaries and wages (including directors)	1,714	1,656
Pension cost (note 18)		
- Defined contribution	15	18
Severance expenses	-	-
Depreciation		
- Tangible assets	17	53
- Asset retirement obligation	9	4
Remuneration of auditors		
- Statutory audit fees	-	-
- Non statutory audit fees	-	-
- Non audit services	-	-
Bad debt - provision (decrease)/increase	(14)	38
Exchange (gain)/loss	(1)	1
Operating lease rentals		
- office space	169	98
- other	-	-

7 Interest payable and similar charges

	2017 £000's	2016 £000's
Interest payable and similar charges	1	2
	1	2

8 Interest receivable and similar charges

	2017 £000's	2016 £000's
Interest receivable and similar charges	2	-
	2	-

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Employee costs

	2017 £000's	2016 £000's
Salaries and wages (including directors)	1,714	1,656
Social security costs	185	176
Pension costs (note 18)	15	18
Severance expense	-	-
Share based payments costs	-	-
Miscellaneous, non-share based incentives and other costs	-	-
Employee costs	1,914	1,850

The average monthly number of people employed (including directors) by the Company during the year is set out below:

	2017	2016
United Kingdom	41	44
Average monthly number employed	41	44

Key management compensation

The compensation paid or payable to key management (including directors) for employee services is shown below:

	2017 £000's	2016 £000's
Salaries and wages	260	282
Social security costs	32	34
Pension costs (note 18)	3	3
Share based payments costs	-	-
Miscellaneous, non-share based incentives and other costs	-	-
Key management compensation	295	319

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

10 Directors' emoluments

The directors are remunerated by the Company in respect of their services to the Company.

	2017 £'000	2016 £'000
Aggregate emoluments, including benefits in kind	261	285
Defined contribution scheme – company contributions	3	3
Share option expense	-	-
	<hr/> 264	<hr/> 288
Highest paid director	2017 £'000	2016 £'000
Aggregate emoluments, including benefits in kind	100	94
Defined contribution scheme – company contributions	1	1
Share option expense	-	-
	<hr/> 101	<hr/> 95

Retirement benefits are accruing to 3 directors under a defined contribution scheme (2016: 4).

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Tax on profit on ordinary activities

	2017 £000's	2016 £000's
Current taxation		
UK corporation taxation	-	-
Adjustments in respect of prior years	-	-
- UK corporation taxation	-	-
- Foreign taxation	-	-
Total current taxation	-	-
Deferred taxation		
Adjustments in respect of prior years	-	-
Origination & reversal of timing differences	-	-
Effect of change in the tax rate	-	-
Total deferred taxation charge/(credit)	-	-
Tax charge/(credit) on profit on ordinary activities	-	-

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2016 = higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.25%). The difference is explained below:

	2017 £000's	2016 £000's
Profit on ordinary activities before taxation	(256)	(628)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2015: 21.5%)	(49)	(126)
Effects of:		
Expenses not deductible for taxation purposes	1	(147)
Group relief for nil consideration	60	262
Capital allowances in excess of depreciation	-	-
Other short term timing differences	-	-
Utilised/unutilised losses	-	-
Double tax relief	-	-
Foreign taxation	-	-
Adjustments in respect of prior years	-	-
Unrecognised deferred tax	(12)	11
Effect of change in tax rate	-	-
R&D tax credit	-	-
Total current tax for the year	-	-

Notes to the financial statements for the year ended 31 December 2017 (continued)

11 Tax on profit on ordinary activities (continued)

A reduction in the rate of UK corporation tax from 21% to 20% took effect from 1 April 2015. Further reductions in the main rate of UK corporation tax to 19% from 1 April 2017, and then to 17% from 1 April 2020 have been substantively enacted

12 Tangible assets

	Long leasehold & leasehold improvements	Computer equipment	Asset retirement obligation	Equipment fixtures & fittings	Total
	£000's	£000's	£000's	£000's	£000's
At 31 December 2016					
Cost	47	273	44	43	407
Accumulated depreciation	47	254	4	40	345
Net book value	-	19	40	3	62
Cost					
1 January 2017	47	273	44	43	407
Additions	-	-	-	-	-
Disposals	-	(8)	-	(2)	(10)
31 December 2017	47	265	44	41	397
Accumulated depreciation					
1 January 2017	47	254	4	40	345
Charge for year	-	16	9	1	26
Disposals	-	(8)	-	(2)	(10)
31 December 2017	47	262	13	39	361
Net book value					
31 December 2017	-	3	31	2	36

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

13 Debtors: amounts falling due within one year

	2017 £000's	2016 £000's
Trade debtors	960	630
Amounts owed by group undertakings	26	67
Other debtors	11	10
Prepayments and accrued income	145	116
Corporation tax	70	170
Deferred taxation (see below)	-	-
	1,212	993

All amounts owed by Group undertakings are unsecured and repayable on demand.

Deferred taxation

	2017 £000's	2016 £000's
Accelerated capital allowances	-	-
Trading losses and non-trading deficits	-	-
Capital losses	-	-
Other short term timing differences	-	-
Total deferred tax asset	-	-

The movement in the deferred taxation balance can be summarised as follows.

	£000's
At 1 January 2017	-
Credited to statement of comprehensive income	-
Credited to other comprehensive income	-
Transfers	-
Exchange adjustment	-
At 31 December 2017	-

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

14 Creditors: amounts falling due within one year

	2017 £000's	2016 £000's
Trade creditors	45	79
Bank loans and overdrafts	-	-
Amounts owed to group undertakings	625	379
Corporation tax	-	-
Other creditors including taxation and social security	211	167
Accruals and deferred income	280	216
Incentive compensation plans	-	-
	1,161	841

Amounts owed to group undertakings are unsecured, repayable on demand and do not accrue interest.

The Group participates in The Interpublic Group of Companies, Inc. pooling arrangement with Lloyds Banking Group plc. The overdraft interest rate is linked to bank base rate and bank borrowing is secured by an ultimate parent undertaking guarantee. The remaining creditors are unsecured.

15 Called up share capital

	2017 Number (000's)	2016 Number (000's)	2017 £000's	2016 £000's
Allotted and fully paid:				
Ordinary shares of £1 each	1	1	1	1

16 Capital and other commitments

	2017 £000's	2016 £000's
Operating lease commitments		
As at 31 December, the Company had the following total future minimum lease payment commitments under non-cancellable operating leases for each of the following periods:		
Payments due:		
- Not later than one year	94	94
- Later than one year and not later than five years	376	376
- Later than five years	333	427
Total minimum lease commitments	803	897

Mubaloo Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

17 Contingent liabilities

The Company is not party to any commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for The Interpublic Group of Companies, Inc. pooling arrangements with Lloyds Banking Group plc. The interest rate is linked to a variable base rate and borrowings are secured by parent company guarantees.

18 Pensions

Defined contributions scheme

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £14,699 (2016: £18,482). At 31 December 2017, £9,968 remained unpaid and accrued (2016: £2,061).

19 Company information

The Company is registered in England and Wales and its registered office is at 3 Grosvenor Gardens, London, SW1W 0BD.

20 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Mediabrands International Limited, a company registered in England and Wales. Copies of its financial statements are available at 3 Grosvenor Gardens, London, SW1W 0BD.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies, Inc., a company incorporated in the United States of America.

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements for The Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, New York 10022, USA.