Company Registration No. 06872427

Hogarth Worldwide Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Hogarth Worldwide Limited

Annual Report and financial statements 31 December 2021

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Hogarth Worldwide Limited

Annual Report and financial statements 2021

Officers and professional advisers

Directors

Andrew Payne
Richard Glasson
Charles Ward Van Der Welle (resigned 30th September 2022)
Nicholas Douglas (appointed 30th September 2022)
Laurel Wooten (appointed 12th October 2022)
Steven McCulloch (resigned 12th October 2022)

Company Secretary

WPP Group (Nominees) Limited

Registered Office

6 Brewhouse Yard
London, England
EC1V 4DG

Bankers

Royal Bank of Scotland
49 Charing Cross
London
SW1A 2DX

NatWest Bank
34 Henrietta St,
Covent Garden,
London
WC2E 8NL

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Hogarth Worldwide Limited

Strategic report

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

Principal activities

Hogarth Worldwide Limited (the Company) is a private company limited by shares and has been incorporated in the United Kingdom under the Companies Act 2006 and is incorporated in England and Wales. The registered office is shown on page 1. The directors regard WPP Group (UK) Limited (WPP Group), a Company incorporated in The United Kingdom and registered at Sea Containers, 18 Upper Ground, London, SE1 9GL 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 principal activity of the entity is marketing, implementation and transcreation of print, TV and digital media internationally.

Business review

During the year, the business turnover increased from £161,202,000 to £181,877,000 as a result of the recovery from the impact of Covid 19. Profit before tax for the year was £11,054,000 (2020: £14,000). Net assets increased from £6,171,000 to £17,716,000. During the year the business had exceptional costs of £658,000 (2020: £1,235,000) details of which can be found in note 16.

Key performance indicators (KPIs)

	2021	2020	Change
	£'000	£'000	%
Turnover	181,877	161,202	12.8%
Gross profit	120,650	105,241	14.6%
Profit before tax	11,054	14	78.857%
Net assets	17,716	6,171	187.1%
Dividends paid	-	-	n/a

The performance of the Company is measured using the above information. During the year, the Company turnover increased as business recovered from the impact of Covid-19 pandemic and as a result of prior cost reductions and the investment in the Group's offshore delivery centre, the Director's believe these will further deliver positive impacts in future financial periods.

The Company is a wholly owned subsidiary of WPP plc. The WPP Group manages its operations on a network basis. For this reason, the Company's directors believe that any further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the advertising network of WPP plc, which includes the company, is disclosed in the Group's Annual Report which does not form part of this Report. This can be obtained on the WPP Group website (www.wpp.com).

Principal risks and uncertainties

The Company has specific policies in place to ensure that operational and business risks are properly identified, evaluated and managed. The Company considers its principal risks and uncertainties to be the same as those affecting the WPP Group, as referred to in the Directors' Report in the Group's Annual Report which does not form part of this Report.

The Company's activities expose it to a number of financial risks, including credit risk and foreign exchange risk.

Foreign exchange risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company does not currently use financial derivatives on its financial activities owing to the project-based nature of the business nor do we apply hedge accounting. The directors continuously review the financial activities of the Company in the event that a practical means of hedging becomes available.

Economic and credit risk

Adverse economic conditions, including those caused by the pandemic, invasion of Ukraine by Russia, sustained inflation in key markets where we operate and supply chain issues affecting the distribution of our clients' products pose a risk our clients may reduce, suspend or cancel spend with us or be unable to satisfy obligations. The Company is subject to credit risk through the default of a client or other counterparty.

The Company commits to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look at us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow.

The Company is working closely with our clients during this period of economic uncertainty to ensure timely payment of services in line with contractual commitments and with vendors to maintain the settlement flow on media.

There are increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.

Covid-19

The coronavirus pandemic has touched all our lives. At Hogarth, the first priority remains the wellbeing of our people and doing what we can to limit the impact of the virus on society. The second priority has been the continuity of service for our clients which has been met by our hybrid working.

The VAT deferral scheme utilized by Hogarth in 2020 was fully repaid in 2021, this scheme was the only financial support taken up the company.

We are continuing to manage the risk by constantly monitoring our working capital position, supported by actions to maintain liquidity including cost reduction and cash conservation.

Future prospects and subsequent events

Management is continuing to define new initiatives to improve the productivity and cost efficiency of the business, of which results are expected to be achieved during 2023 financial year. These include measures streamlining the internal processes, implementation of an optimisation team and the use of offshore locations.

The directors have assessed the ongoing business activities and the potential impact of the general global economic conditions may have on liquidity, performance and financial position of the Company for at least the next 12 months from the date of signing the financial statements.

In line with the Group approach, the Company's forecasts and projections take in account of possible declines on revenue due to macroeconomic headwinds in 2023, specifically the risk of economies moving into recession, inflationary pressures, supply chain issues, the ongoing war in Ukraine, and reductions in consumer confidence and spending.

The directors have reasonable expectation that the company has adequate resources to continue in operational existence. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via cash pooling arrangements.

No additional material subsequent events have been identified after the end of the financial year.

Environment

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations. As the Company is a UK subsidiary of WPP plc, its SECR reporting details are included, together with the other Group subsidiaries, in the WPP plc Annual report. Refer to pages 214-217 of the Annual report of WPP plc available at wpp.com/investors for more information.

Hogarth Worldwide Limited

Strategic report (continued)

Duty to promote the success of the Company

The Directors of all UK companies must act in accordance with a general set of duties. These duties are detailed out in section 172 of the UK Companies Act 2006. The Directors believe that they have acted in a way that has promoted the success of the Company for the benefit of its members as a whole:

a) **The likely consequences of any decision in the long term:**
The Company's business strategy is focused on achieving success for the Company in the long-term. In setting this strategy, the Directors take into account the impact of relevant factors and stakeholder interests on the Company's performance.

b) **The interests of the company's employees:**
The interests of the Company's employees are ensured by several management actions, namely: sustainability initiatives, constant training, employee surveys to assess and act on engagement and satisfaction levels, diversity and inclusion initiatives.

c) **The need to foster the company's business relationships with suppliers, customers and others:**
Management's actions were focused in delivering the best services to the clients through a close relationship to understand their business needs, using constant innovation as support for services' quality and cost efficiency. This is also safeguarded by the Company's supply chain through rigorous due diligences with equal focus on ability to deliver and business conduct.

d) **The impact of the company's operations on the community and the environment:**
As mentioned above, the Company and WPP Group recognise the importance of their environmental responsibilities. Several initiatives were detailed in the SECR section of the 2021 Annual report. Refer to pages 214-217. Additionally, the Company and its employees support several charities via fund raising and awareness actions or pro-bono work.

e) **The desirability of the company maintaining a reputation for high standards of business conduct:**
As part of WPP Group, the Company follows the Group's high standards of business conduct in all its actions. All employees are regularly trained on two main WPP tools: How to behave and Right to speak helpline. The Company follows WPP business conduct code which is regularly reviewed by the WPP Board in all its actions.

f) **The need to act fairly as between members of the company:**
Based on the overall market condition, the Directors consider which course of action best enables delivery of the Company's strategy, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the Company's members.

Additional information on the engagement with key stakeholders is detailed in the Director's report as well as on the WPP Group 2021 Annual report, pages 113-115. This can be obtained on the WPP Group website (www.wpp.com).

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

Laurel Wooten

Laurel Wooten (CFO)

Director

30 March 2023

Directors' report (continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 2021. The directors have addressed financial risk management policies and objectives; going concern; diversity; the environment and future prospects/subsequent events below.

Research and development

During 2021 the Company spent £60,548 (2020: £80,760) on non-capitalised research and development related to software development.

Directors

The directors of the Company who served during the year (unless noted otherwise) and subsequently to the date of approving these financial statements were as follows:

Andrew Payne
Richard Glasson
Charles Ward Van Der Welle (resigned 30th September 2022)
Nicholas Douglas (appointed 30th September 2022)
Laurel Wooten (appointed 12th October 2022)
Steve McCulloch (resigned 12th October 2022)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. These provisions relate to the Company's directors only.

Results and dividends

The Company's Profit before tax for the year was £11,054,000 (2020: profit of £14,000). Interim dividends for the year ended 31 December 2021 were nil (2020: nil). This represents a paid dividend per share of nil (2020: nil).

Future prospects and subsequent events

Future prospects were detailed in the Strategic Report and include the impact of Covid-19, productivity improvement and cost efficiency measures.

Going concern

The Directors have assessed the ongoing business activities and the potential impact that the Covid-19 pandemic, Russian invasion of Ukraine and general global economic conditions may have on the liquidity, performance and financial position of the Company for at least the next 12 months from the date of signing the financial statements.

In line with the Group approach, the Company's forecasts and projections take in account of possible declines on revenue due to macroeconomic headwinds in 2023, specifically the risk of economies moving into recession, inflationary pressures, supply chain issues, the ongoing war in Ukraine, and reductions in consumer confidence and spending.

As at 31 December 2021, the Company had £19,637,000 (2020: £6,650,000) of cash and net assets of £17,716,000 (2020: £6,171,000) and can therefore meet its short- and long- term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing arrangements via the cash pooling arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Hogarth Worldwide Limited

Directors' report (continued)

Diversity and inclusion

Hogarth Worldwide Limited is an equal opportunities employer. We select, develop and promote people based on merit and regardless of factors such as race, religion, national origin, colour, sex, sexual orientation, gender identity or expression, age or disability. Policies on harassment and non-discrimination are included in our Code of Conduct.

Disabled employees

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

Employee engagement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. The Company regularly consults employees, or their representatives, for views on matters affecting them. This is achieved through formal and informal meetings and town halls, the Company magazine/Newsletter and intranet sharepoint. The employee share scheme has been running successfully since its inception. It is open to all employees who have at least two years' service for a Company wholly-owned by WPP. The WPP stock options are granted annually with the number granted at WPP's discretion. After three years, employees can choose whether to keep their options or buy WPP stock at the fixed option price. Options may be exercised for up to 10 years from the grant date.

Our non-discrimination and anti-harassment policies are included in the WPP Group Code of Conduct. This can be obtained on the WPP Group website (www.wpp.com).

External stakeholder engagement

The Company recognise the importance of its continued partnerships with its wider stakeholders including suppliers and customers, in delivering its business strategy and sustainability goals. The Company aims to have an open and transparent relationship which is based on honesty and respect. The Company engages in constant conversation with clients and suppliers on improving delivery of services and relationships.

A detailed statement on the WPP Group's external stakeholder engagement can be found in the WPP Group's annual report which does not make up part of this report. This can be obtained on the WPP Group website (www.wpp.com).

Financial Risk Management

The Company's activities expose it to a number of financial risks, including credit risk and foreign exchange risk.

The actions to mitigate these risks are detailed in the Strategic report.

Hogarth Worldwide Limited

Directors' report (continued)

Government Assistance

In 2021 the company repaid the amount in the government VAT deferral scheme of 2020 which was offered to businesses due to the Covid-19 pandemic. No other government assistance was taken up by the company.

Statement on information given to 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 (2) of the Companies Act 2006.

Re-appointment of the auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Laurel Wooten

Laurel Wooten (Global CFO)

Director

30 March 2023

Hogarth Worldwide Limited

Directors' Responsibilities Statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Hogarth Worldwide Limited

Independent auditor's report to the members of Hogarth Worldwide Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 22.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Hogarth Worldwide Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, the UK tax laws and pensions legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery Act and UK employment laws.

Independent auditor's report to the members of Hogarth Worldwide Limited (continued)

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

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

As a result of performing the above, we identified the greatest potential for fraud arose in respect of the recognition of revenue on contracts which were open at year end. Revenue recognition relating to open projects at year end involves judgement in identifying the performance obligations completed and in assessing the amount of revenue to be recognised. We assessed the accuracy of managements assessment of the performance obligations completed against the company's work plans and inspecting external evidence to support the completion of milestones.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Hogarth Worldwide Limited (continued)

Use of our report

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

Christopher Robertson, ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 March 2023

Hogarth Worldwide Limited

Income Statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	2	181,877	161,202
Cost of sales		(61,227)	(55,961)
Gross profit		**120,650**	**105,241**
Administrative expenses		(18,814)	(16,020)
Other operating expenses	3	(107,611)	(96,044)
Other Operating Income (Service fees)		8,534	-
Operating profit/(loss)		**2,759**	**(6,823)**
Finance costs	4	(257)	(958)
Finance income	4	8,552	7,795
Profit on ordinary activities before taxation	8	11,054	14
Tax charge on loss on ordinary activities	8	435	525
Profit for the year		**11,489**	**539**

Hogarth Worldwide Limited

Statement of Comprehensive Income
For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit for the year	11,489	539
Items that will not be reclassified subsequently to profit:		
Foreign currency translation adjustment	56	(138)
Other comprehensive income / (expense) for the year net of tax	56	(138)
Total comprehensive income for the year attributable to the shareholders of the Company	11,545	401

Hogarth Worldwide Limited

Balance Sheet
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible Assets	9	-	-
Right-of-Use Assets	20	7,116	5,039
Tangible fixed assets	10	8,767	4,203
Investments	11	6,693	1,158
		22,576	**10,400**
Current assets			
Trade and other receivables	12	44,745	47,924
Cash at bank and in hand		19,637	6,650
Total current assets		**64,382**	**54,574**
Current liabilities			
Trade and other payables	13	(62,017)	(53,119)
Lease Liabilities	21	(1,740)	(3,375)
Total current liabilities		(63,757)	(56,494)
Net current assets/(liabilities)		**625**	**(1,920)**
Total assets less current liabilities		**23,201**	**8,480**
Non-current liabilities			
Trade and other payables	14 and 21	(5,485)	(2,310)
		(5,485)	**(2,310)**
Total Net Assets		**17,716**	**6,171**
Capital and reserves			
Called up share capital	15	1	1
Share Premium	15	6,132	6,132
Profit and loss account		11,583	38
Total shareholders' funds		**17,716**	**6,171**

The financial statements of Hogarth Worldwide Limited, registered number 06872427 were approved by the Board of Directors on 30 March 2023.

Signed on behalf of the Board of Directors

Laurel Wooten

Laurel Wooten (Global CFO)

Director

30 March 2023

Hogarth Worldwide Limited

Statement of changes in equity
For the year ended 31 December 2021

	Note	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
Balance at 01 January 2020	15	1	6,132	(363)	5,770
Profit for the year ended 31 December 2020		-	-	539	539
Other comprehensive expense for the year		-	-	(138)	(138)
Total comprehensive income for the year		-	-	401	401
Balance at 31 December 2020 - as reported	15	**1**	**6,132**	**38**	**6,171**
Interim dividends paid		-	-	-	-
Balance at 31 December 2020 -1 January 2021 brought forward	15	**1**	**6,132**	**38**	**6,171**
Profit for the year ended 31 December 2021		-	-	11,489	11,489
Other comprehensive income for the year		-	-	56	56
Total comprehensive income for the year		-	-	11,545	11,545
Interim dividends paid		-	-	-	-
Balance at 31 December 2021	15	**1**	**6,132**	**11,583**	**17,716**

1. Accounting policies

Basis of preparation

Hogarth Worldwide Limited (the Company) is a private company limited by shares and has been incorporated in the United Kingdom under the Companies Act 2006. The registered office is shown on page 1. 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).

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 as WPP plc holds 100% of the allotted shares in the Company and prepares consolidated accounts which are publicly available.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, financial instrument disclosures, standards not yet effective capital management and presentation of comparative information in respect of certain assets and related party transactions. Where required, the equivalent disclosures are given in the Group accounts of WPP plc whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 18. Financial statements are prepared under the historical cost convention.

Going concern

The Company is a subsidiary of WPP plc. Its business activities are set out in the business review on page 2.

At 31 December 2021 the Company had £19,637,000 (2020: £6,650,000) of cash and net assets of £17,716,000 (2020: £6,171,000). After reviewing cash flow forecasts, budgets and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors of the Company continue to adopt the going concern basis in preparing these financial statements

Turnover

The Company recognises revenue for performance obligation when or as it satisfies them, and control of the asset has passed to the customer in accordance with the terms of the contractual arrangement. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. In most instances, performance obligations are separately identifiable deliverables that a costumer expects to receive. These are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative standalone selling prices.

The Company's policy is that it acts as the principal in its arrangements with third parties based on the conclusion that it obtains control of the services provided to its customers when another party is involved in providing goods or services. Under IFRS 15, the Company is a principal in a transaction if it obtains control of any one of the following:

a) a good or another asset from the other party that it then transfers to the customer.

b) a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.

1. Accounting policies (continued)

c) a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer. For example, if an entity provides a significant service of integrating goods or services provided by another party into the specified good or service for which the customer has contracted, the entity controls the specified good or service before that good or service is transferred to the customer. This is because the entity first obtains control of the inputs to the specified good or service (which includes goods or services from other parties) and directs their use to create the combined output that is the specified good or service.

The Company is primarily responsible for the fulfilment of the services provided under their contracts and their customers are not limited to the fee in the event that the Company is required to indemnify them for non-performance. The Company meets the control criteria outlined above and recognise third party costs on a gross basis (through direct costs).

The timing of payments is negotiated on an individual client basis before the commencement of work. As of year-end, there are no obligations for returns, refunds or warranties that would require provision.

Revenue arising from the provision of advertising and allied services is subject to estimates made taking into account information available. These estimates are reviewed by management on a regular basis.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debtors are derecognised when the contractual rights to the cash flows from the trade debtor expire or are settled.

Trade creditors

Trade 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 the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least 12 months after the reporting date. If there is an unconditional right to defer settlement for at least 12 months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised at the transaction price. Trade creditors are derecognised only when the obligation specified in the contract has been discharged, cancelled or expires.

Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected life, as follows:

Leasehold improvements	Over the period of the lease
Computer equipment	33% on a straight-line basis per annum
Furniture and fixtures	Over the period of the lease
Computer software	33% on a straight-line basis per annum

Useful lives of property, plant and equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that there should be no changes in the useful lives of property, plant and equipment.

1. Accounting policies (continued)

Investments in subsidiaries

Investments are stated at cost net of any provision for impairment. The Company assesses the carrying value of investments to determine if any impairment has occurred. During the year, the directors determined that there was no impairment to the investments.

Intangible assets

Research expenditure is expensed as incurred. Development expenditure is also expensed, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. This period is between three and five years. Amortisation of other software is 33.3% straight-line method.

Taxation

Corporation tax is provided at the 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 taxation

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 a right 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 and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates 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 balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency transactions

Transactions in foreign currencies 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. Exchange differences are included in the profit and loss account.

1. **Accounting policies (continued)**

Leases

The Company applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and equipment). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
• The amount expected to be payable by the lessee under residual value guarantees; and
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is presented as a separate line on the balance sheet.
The lease liability and corresponding right-of-use asset will be re-measured when changes to the scope of the lease agreement are identified.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use asset are presented as a separate line on the balance sheet.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36. Where this indicates that an asset may be impaired, the Company assesses the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Any impairment is recognised immediately as an expense.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (small items of office furniture and equipment), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

1. **Accounting policies (continued)**

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises mainly outlays incurred on behalf of clients and work in progress under project arrangements. Provision is made for irrecoverable costs where appropriate.

Interest Receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Interest payable, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Syndicated banking arrangements

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

Share-based payments

The company has applied the requirements of IFRS 2 to all unvested share-based payments. Certain employees of the company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristics of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

Financial Assets

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. 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.

1. Accounting policies (continued)

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.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECL) for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, 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.

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.

There are no key sources of estimation uncertainty.

Critical judgements in applying the Company's accounting policies

Revenue recognition

Revenue arising from the provision of advertising and allied services is recognised on completion of a job or when a performance obligation is satisfied. Judgement is involved in identifying the performance obligations within a contract and determining if the performance obligations are completed. The revenues recognised are reviewed by management on a regular basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, 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.

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.

There are no key sources of estimation uncertainty.

Critical judgements in applying the Company's accounting policies

Revenue recognition

Revenue arising from the provision of advertising and allied services is recognised on completion of a job or when a performance obligation is satisfied. Judgement is involved in identifying the performance obligations within a contract and determining if the performance obligations are completed. The revenues recognised are reviewed by management on a regular basis.

2. Turnover

Turnover represents amounts derived from the provision of services after deduction of trade discounts and Value Added Tax. The turnover and pre-tax loss are attributable to advertising production.

All turnover arose from the principal activity of the business and mainly originated in the United Kingdom amounting to £174,868,000 (96%). The remaining turnover of £7,009,000 originated from the Company's branch in Dubai (UAE).

There are no material amounts of revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

3. Other operating expenses

	2021 £'000	2020 £'000
Staff costs (Note 6)	97,390	84,343
Depreciation and amortisation (Note 10)	3,133	2,888
Right of use asset depreciation (Note 20)	2,313	2,735
Establishment costs	2,229	2,740
Finance and general	1,543	1,694
Exceptional Items (Note 16)	658	1,235
Exchange losses	345	409
	107,611	**96,044**

4. Finance costs and income

	2021 £'000	2020 £'000
Interest payable and similar charges		
Intercompany loan with WPP Fin Co. Limited	(57)	(81)
Interest on Lease Liabilities	(113)	(755)
Other finance charges	(87)	(122)
	(257)	(958)
Dividends and interest receivable and similar income		
Dividends received from Group companies	8,537	7,795
Intercompany loans	15	-
Other finance income	-	-
	8,552	7,795
Net income	**8,295**	**6,837**

5. Profit before taxation

	2021 £'000	2020 £'000
Profit before taxation is stated after charging:		
Staff costs	97,390	84,343
Depreciation of tangible fixed assets owned	3,133	2,888
Amortisation of intangible assets included in administrative expenses	-	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	148	136

There were no non-audit services provided in the year (2020: £0).

During 2021 the Company spent £60,548 (2020: £80,760) on non-capitalised research and development.

6. Staff costs

	2021 £'000	2020 £'000
Wages and salaries	54,872	51,100
Social security costs	7,187	5,517
Other pension costs	3,440	2,061
Other staff costs	31,891	25,665
	97,390	**84,343**

The average monthly number of persons employed by the company (including directors) during the year was:

	2021	2020
Account Handling	247	217
Admin / Finance	85	81
General Management	21	4
Human Resources and Talent Management	23	23
Information Technology	50	59
New Business/Business Development	6	7
Production Traffic	592	627
	1,024	**1,018**

7. Directors' remuneration

	2021 £'000	2020 £'000
Remuneration		
The remuneration of the directors was as follows:		
Emoluments (including pension contribution)	1,114	821
Compensation for loss of office		447
	1,114	**1,268**

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2021 £'000	2020 £'000
Emoluments (including pension contribution)	645	494

The Company made pension contributions of £ nil (2020: £4,166) for two Directors (2020: two Directors).

There were no other transactions with directors other than emoluments and pension contributions disclosed in this note. The emoluments of Andrew Payne and Charles Ward Van Der Welle are borne by other WPP Group entities. The Company did not receive any charges for their services provided in either year.

8. Tax on Profit on Ordinary Activities

	2021 £'000	2020 £'000
Analysis of charge/(credit) in period:		
Current tax		
UK corporation tax on profits of period	-	-
Adjustments in respect of previous periods	-	(265)
Foreign tax on income for the year	164	33
Foreign tax in respect of prior periods	239	-
Total current tax	403	(232)
Deferred tax		
Current year	(658)	(294)
Adjustments in respect of previous periods	(180)	-
Total deferred tax	(838)	(294)
Tax on profit on ordinary activities	(435)	(526)

Factors affecting charge in year

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	11,054	14
Tax charge/(credit) on profit on ordinary activities at 19% UK rate 19% (2020: 19%)	2,100	3
Factors affecting the charge in the year:		
Prior year adjustments	(180)	(265)
Expenses not deductible	240	92
Depreciation in excess of capital allowances	(531)	(167)
Movement in other temporary differences	(146)	39
Overseas Tax	403	33
Group relief for nil consideration	(2,321)	(261)
Total amount of tax charge for the year	(435)	(526)

8. Tax on Profit on Ordinary Activities (continued)

Factors affecting taxation in period

A deferred tax asset of £1,141,000 (31 December 2020: £667,000) has been recognised in respect of capital allowance in excess of depreciation and stock-options costs as it is likely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future. The total impact on the income statement was a credit of £657,500 which relates with the increase of capital allowance in excess of depreciation (£393,000) and an increase in stock-options deferred tax asset (£264,500).

There are no other deductible temporary differences, unused tax losses, or unused tax credits for which no deferred tax asset is recognised in the balance sheet.

The UK tax rate for the year ended 31 December 2021 is 19%. (2020: 19%).

Factors that may affect future tax charges:

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

9. Intangible assets – development costs

	Total £'000
Cost	
At 1 January 2021	1,736
Additions	-
Disposals	-
At 31 December 2021	1,736
Accumulated Amortisation	
At 1 January 2021	1,736
Charge for the year	-
Disposals	-
At 31 December 2021	1,736
Net book value	
At 31 December 2021	-
At 31 December 2020	-

Development costs have been capitalised in accordance with IAS 38 Accounting for research and development and are therefore not treated, for dividend purposes, as a realised loss. These costs were depreciated for 3 years. As at 31 December 2021 the net book value is zero, the assets are still in use by the company.

10. Tangible fixed assets

	Computer Equipment £'000	Computer Software £'000	Furniture and Fixtures £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 January 2021	11,986	2,965	1,627	5,331	21,909
Foreign exchange adjustments	4	-	-	2	6
Additions	1,619	981	453	3,441	6,494
Transfer from/(to) fellow group undertakings	164	-	6	5,640	5,810
Disposals	(14)	-	(431)	(2,431)	(2,876)
At 31 December 2021	13,759	3,946	1,655	11,983	31,343
Depreciation					
At 1 January 2021	9,699	2,247	1,419	4,341	17,706
Foreign exchange adjustments	9	(2)	(4)	2	5
Charge for the year	1,743	667	85	638	3,133
Transfer from/(to) fellow group undertakings	83	-	3	3,992	4,078
Disposals	(14)	-	(346)	(1,986)	(2,346)
At 31 December 2021	11,520	2,912	1,157	6,987	22,576
Net book value					
At 31 December 2021	2,239	1,034	498	4,996	8,767
At 31 December 2020	2,287	718	208	990	4,203

The directors have considered the value of fixed assets and are satisfied that the aggregate value of those assets at 31 December 2021 was not less than the aggregate amount at which they are stated in these accounts. The adjustments correspond to exchange rates variances on open balances on Dubai branch's fixed assets and depreciations.

11. Investments in subsidiaries

	Subsidiary Undertakings £'000
Cost	
At 1st January 2021	1,158
Additions	5,535
Net Book Value at 31 December 2021	6,693
Net Book Value at 31 December 2020	1,158

11. Investments in subsidiaries (continued)

Subsidiary Undertakings

The parent Company has shares in the following subsidiary undertakings.

Subsidiary undertaking	Country of incorporation or principal business address	Principal activity	Holding	%
Hogarth Worldwide (Hong Kong) Limited	26th Floor, The Center, 99 Queen's Road Central, Hong Kong	Marketing Implementation	1 Share of the HKD1.00 ordinary stock	100
Hogarth Worldwide de México, S.R.L. de C.V.	Blvd. Manuel Avila Camacho 176 – 4° Floor, Mexico City	Marketing Implementation	2,999 shares of the MXP 1.00 ordinary stock	99.97
Hogarth Worldwide pte. Limited	50 Scotts Road, 02-01,Singapore (228242)	Marketing Implementation	2 shares of the SGD$ 1.00 ordinary stock	100
Hogarth Worldwide Japan GK	Yebisu Garden Place Tower, 25th Floor, 4-20-3 Ebisu, Shibuya-ku, Tokyo, 150-6025, Japan	Marketing Implementation	2 shares of the ¥1.00 ordinary stock	100
Hogarth Worldwide Istanbul Reklamcilik Limited Şirketi	Maslak Mahallesi Büyükdere Caddesi 237 1101 Sarıyer, Istanbul, Turkey	Marketing Implementation	TRY1.00 ordinary share	90
Hogarth Worldwide SRL	4-10 Muntil Tatra Street, District 1, Bucharest, Romania	Marketing Implementation	20 shares of RON10.00 ordinary stock	100
Hogarth Worldwide Canada Production ltd./Hogarth Canada Production Mondial Ltée	2929 William Nicol Drive, 100 King Street Suite 1600, Toronto, Canada M5X1G5	Marketing Implementation	1,000 shares of $1,000 CDN ordinary stock	100
Hogarth Argentina S.A.	Arevalo 1880 C1414CQL, Buenos Aires Argentina	Marketing Implementation	90,000 shares of the AES1.00 ordinary stock	90
Hogarth Worldwide GmbH	Darmstädter Landstr. 112 60598 Frankfurt am Main, Germany	Marketing Implementation	100% of the EUR 82,000 ordinary stock	100
Hogarth (shanghai) image and video design and production co., ltd.	Units 07-08, 10th Floor, The Center, 989 Chang Le Road, Shanghai 200031, China	Marketing Implementation	100% of the USD 300,000 capital	100
Hogarth Worldwide Publicidade Brasil Ltda	Avenida Brigadeiro Faria Lima, 201, 26° e 27° andares, conjuntos 261 e 271, Pinheiros, CEP 05426-100	Marketing Implementation	594,990 shares of the 601,000 ordinary stock	99
Hogarth Worldwide SDN. BHD	Level 15 Wisma GentingJalan Sultan Ismail, 50250 Kuala Lumpur	Marketing Implementation	499,998 shares of the RM1.00 ordinary stock	100
Hogarth Worldwide Canada Production ltd./Hogarth Canada Production Mondial Ltée	2929 William Nicol Drive, 100 King Street Suite 1600, Toronto, Canada M5X1G5	Marketing Implementation	100% of the Class B preferred stock	100

The Company agreed the transfer of the remaining investment in subsidiary Hogarth Worldwide Canada (based in Canada) from Samson Two. The carrying value corresponded to the fair market value of the newly issued shares which is equivalent to the fair market value of the net assets of £5,535k.

12. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade debtors	22,663	26,869
Amounts owed by Group undertakings	11,093	10,512
Accrued revenue	6,419	6,831
Prepayments	1,893	2,626
Deferred Tax	1,799	961
Other debtors	878	125
Amounts falling due within one year	44,745	47,924

As at 31 December 2021, within the amounts owed by Group undertakings is £201k (2020:£236k) related to Hogarth South Africa, a related party. Interest of LIBOR plus 2% is enacted, and the balance is repayable on demand by the lender. The remaining balance owed by Group undertakings are repayable on demand and are non-interest bearing.

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank Overdraft	7,604	11,121
Accrued expenses	20,423	19,243
Deferred income	6,416	7,365
Amounts owed to Group undertakings	20,038	6,315
Trade creditors	4,685	4,594
Taxation and social security	2,847	4,430
Other creditors	4	51
	62,017	53,119

As at 31st December 2021 within the amounts owed to Group undertakings is a loan of £5,017k to WPP Fin Co. Interest of SONIA plus 0.5% is enacted and the balance is repayable on demand by the lender. The remaining balance owed to Group undertakings is repayable on demand and are non-interest bearing. Additionally, this balance includes a liabity for the acquisition of Hogarth Canada (note 11) amounting to £5,535k.

Bank overdraft corresponds to a cash pooling arrangement between Natwest Bank and WPP Group. The net amount bears interest at base plus 1%. The Company was added to the cash pooling arrangement in 2018.

14. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	5,485	2,310
	5,485	2,310

15. Called up share capital

	2021 £'000	2020 £'000
Authorised, called up, allotted and fully paid		
13,127 (2020: 13,127) ordinary shares of £0.10 each	1	1
Share premium	6,132	6,132

In December 2021, the Company paid nil interim dividends to its sole shareholder. (2020: nil).

16. Exceptional items

	2021 £'000	2020 £'000
Restructuring costs	(658)	(1,235)
	(658)	(1,235)

Exceptional items related to restructuring costs include office lease termination during the year, consisting of accumulated depreciation (£648,000), office fixed assets write-off (£85,000), a gain on early termination of office building lease £75,000. (PY 2020) – restructuring office costs (£988,000) and severances (£247,000).

17. Ultimate parent and controlling parent undertaking

The directors regard WPP Group (UK) Limited, a Company incorporated in The United Kingdom and registered at Sea Containers, 18 Upper Ground, London, SE1 9GL, as the immediate parent company and WPP plc, a Company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party.

The parent undertaking of the largest Group of undertakings for which Group financial statements are drawn up and of which Company is a member is WPP plc, incorporated in Jersey registered address Sea Containers, 18 Upper Ground, London, SE1 9GL. The parent undertaking of the smallest such group is Lexington International BV, registered in the Netherlands address Laan op Zuid 167, 3072 DB Rotterdam, Netherlands.

Copies of the financial statements of WPP plc are available at www.wpp.com. Copies of the financial statements of Lexington International BV can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or Sea Containers, 18 Upper Ground, London, SE1 9GL, UK.

18. Related parties

	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	£'000	£'000	£'000	£'000
Entities with significant control over the group				
2021	396	1,892	84	5,519
2020	396	1,268	144	196
Entities over which the group has joint control or significant influence				
2021	60,528	39,352	11,009	14,519
2020	33,833	27,562	10,368	6,119

As at 31 December 2021, within the balance of amounts owed from related parties include a loan to Hogarth South Africa amounting to £201k (2020:£236k) with an interest rate of LIBOR plus 2%. It is repayable on demand by the lender. Within the balance of amounts owed to related parties include a loan from WPP Fin Co amounting to £5,017k (2020: nil) with an interest rate of SONIA plus 0.5%. Repayable on demand by the lender.

The remaining amounts relate with operational transactions as part of the Company's business activity. The terms and conditions for these transactions are based in generally accepted business practices for payment terms and do not bear interest. There are no provisions for doubtful debts related to the amount of outstanding balances.

19. Stock-options and Restricted Stock Awards

Share-based payments

The Company debited £624,000 to the profit and loss account in the year ended 31 December 2021 (2020: £298,000 debit) in relation to equity-settled share-based payments.

Stock option plans

There are two stock option plans in which certain employees participate. The Worldwide Share Ownership Programme was open to employees with at least two years' employment in a company owned by WPP plc.

The vesting period for each grant is three years and there are no performance conditions other than continued employment with a WPP company.

The WPP Share Option Plan 2015 replaced the "all-employee" Worldwide Share Ownership Plan. Two kinds of options over ordinary shares can be granted, both with a market-value exercise price. Firstly, options can be granted to employees who have worked at a company owned by WPP plc for at least two years which are not subject to performance conditions. Secondly, options may be granted on a discretionary basis subject to the satisfaction of performance conditions.

Stock options have a life of ten years, including the vesting period. The terms of stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. Stock options are satisfied out of newly issued shares in WPP plc.

The number of options granted in 2021 was 158,779 (2020 was 122,964). There were no options exercisable at 31 December 2021.

19. Stock-options and Restricted Stock Awards (continued)

Restricted stock schemes

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

Executive Performance Share Plan (EPSP)

The first grant of restricted stock under the EPSP was made in 2013. This scheme is intended to reward and incentivise the most senior executives of the Group and has effectively replaced LEAP III. The performance period is five complete financial years, commencing with the financial year which the award is granted. Grant date will usually be in the first half of the first performance year, with vest date in the March following the end of the five-year performance period. Vesting is conditional on continued employment throughout the vesting period.

There are three performance criteria, each constituting one third of the vesting value, and each measured over this five-year period:

(i) Total shareholder return (TSR) against a comparator group of companies. Threshold performance (equating to ranking in the 50th percentile of the comparator group) will result in 20% vesting of the part of the award depending on TSR. The maximum vest of 100% will arise if performance ranks in the 90th percentile, with a sliding scale of vesting for performance between threshold and maximum.

(ii) Headline diluted earnings per share. Threshold performance (7% compound annual growth) will again result in a 20% vest. Maximum performance of 14% compound annual growth will give rise to a 100% vest, with a sliding vesting scale for performance between threshold and maximum.

(iii) Return on equity (ROE). Average annual ROE defined as headline diluted EPS divided by the balance sheet value per share of share owners' equity. Threshold performance of 10% average annual ROE, maximum performance of 14%, with a sliding scale for performance in between. Threshold again gives rise to a 20% vest with 100% for maximum.

Performance Share Awards (PSA)

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

Leaders, Partners and High Potential Group

This scheme provides annual grants of restricted stock to key executives. Vesting is conditional on continued employment over a three-year vesting period.

Valuation of share options:

For the purpose of valuing options and savings-related options to arrive at the share-based payment charge, the Black-Scholes option pricing model has been used. The assumptions used in the model are as follows:

Black Scholes Option Pricing model information	2021	2020
Fair value of options	220.00	128.0p
Expected volatility	34%	34%
Expected life (months)	48.00	48.00
Risk-free rate	0.63%	-0.02%

19. Stock-options and Restricted Stock Awards (continued)

The weighted average share price of WPP plc for the year ended 31 December 2021 was £9.64 (2020: £6.96).

Restricted stock schemes outstanding:

EPSP Awards	**Number**	**Weighted average fair value at grant date (£)**
As at 31 December 2020	68,824	8.47
Restricted Stock Awards granted	52,734	9.30
As at 31 December 2021	121,558	8.71

PSA	**Number**	**Weighted average fair value at grant date (£)**
As at 31 December 2020	10,779	17.21
As at 31 December 2021	10,779	17.21

Leaders, Partners and High Potential Group	**Number**	**Weighted average fair value at grant date (£)**
As at 31 December 2020	37,933	7.93
Restricted Stock Awards granted	22,374	11.16
As at 31 December 2021	60,307	9.13

STIP Bonus Award	**Number**	**Weighted average fair value at grant date (£)**
As at 31 December 2020	18,196	12.80
Restricted Stock Awards granted	23,097	8.50
As at 31 December 2021	41,293	5.64

There were 46,500 shares vested in the period from 1st January 2021 to 31st December 2021.

20. Right-of-use assets

	Buildings £'000
Cost	
At 1 January 2021	11,913
Additions	7,155
Disposals	(7,938)
At 31 December 2021	11,130
Accumulated depreciation	
At 1 January 2021	6,873
Charge for the year	2,313
Disposals	(5,172)
At 31 December 2021	4,014
Carrying amount	
At 1 January 2021	5,039
At 31 December 2021	7,116

The disposals relate to a lease that was terminated in advance as part of the entity's restructuring activities.

21. Leases

Company as a lessee

The Company leases three buildings, Great Pulteney Street, Wenlock Road and BrewHouse Yard. During 2021 the company disposed of 164 Shaftsbury Avenue and on 1st August leased BrewHouse Yard for a term of 7.17 years of which 6.75 years remains. The average lease term is 3.89 years

	2021 £'000	2020 £'000
At 1 January 2021	5,685	10,580
Additions	7,155	-
Interest expense related to lease liabilities	113	755
Disposals (Restructuring Impairment)	(3,087)	(1,214)
Repayment of lease liabilities	(2,641)	(4,436)
At 31 December 2021	7,225	5,685

21. Leases (Continued)

	2021 £'000	2020 £'000
Lease liabilities are due as follows:		
Not later than one year	1,861	2,832
Between one and two years	995	2,061
Between two and three years	995	907
Between three and four years	995	-
Between four and five years	994	-
Later than five years	1,823	-
	7,663	5,800
Less: unearned interest	(438)	(115)
	7,225	5,685

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

	2021 £'000	2020 £'000
Current	1,740	3,375
Non-current	5,485	2,310
	7,225	5,685

The following table shows the breakdown of the lease expense between accounts charged to operating profit and amounts charge to finance costs:

	2021 £'000	2020 £'000
Depreciation of right of use assets:		
Land and buildings	2,313	2,735
Charge to operating profit	2,313	2,735
Interest expense related to lease liabilities	113	755
Charge to profit before taxation for leases	2,426	3,490

22. Subsequent events

No subsequent events to report.