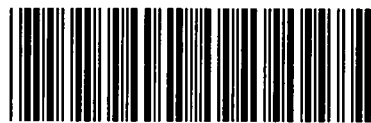


Company Registration No. 06872427

Hogarth Worldwide Limited

**Annual Report and Financial Statements
For the year ended 31 December 2020**

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Hogarth Worldwide Limited

Annual Report and financial statements 31 December 2020

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Hogarth Worldwide Limited

Annual Report and financial statements 2020

Officers and professional advisers

Directors

Jeremy Thompson (Resigned 2nd March 2020)
Andrew Payne
Richard Glasson
Charles Ward Van Der Welle
Mark Povey (Resigned 24th June 2020)
Steven McCulloch (Appointed 20th August 2020)

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 decreased from £173,217,000 to £161,202,000 as a result of the impact of Covid 19. Profit before tax for the year was £14,000 (2019: £620,000). Net assets increased from £5,770,000 to £6,171,000. During the year the business had exceptional costs of £1,235,000 (2019: £318,000) details of which can be found in note 17.

Key performance indicators (KPIs)

	2020	2019	Change
	£'000	£'000	%
Turnover	161,202	173,217	(6.9%)
Gross profit	105,241	105,231	0.0%
Profit before tax	14	620	(97.8%)
Net assets	6,171	5,770	6.9%
Dividends paid	-	4,485	n/a

The performance of the Company is measured using the above information. During the year, the Company turnover decreased due to the impact of Covid-19 pandemic however net profit was maintained as a result of cost reductions and the prior investment in the Group's offshore delivery centre, which Director's believe will deliver further 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

Hogarth Worldwide Limited

Strategic report (continued)

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.

Credit risk

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

The directors do not believe that the Company is significantly exposed to liquidity risk. The Company currently has sufficient cash to fund its activities as part of a WPP Group banking facility.

Covid-19

The coronavirus pandemic has touched all our lives. At Hogarth, our 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. We have thrown ourselves into achieving both objectives.

Despite the negative impact of the pandemic on the financial performance of the Company during the year, the Company's only utilised the VAT deferral scheme offered by the UK government, no other financial support offered was taken up by the company.

The Directors will continue to monitor, review and take any appropriate steps to respond to the impact of the Covid-19 pandemic in the Company, as well as recognise and address the other current and emerging risks and uncertainties we face as a business.

The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

Future prospects and subsequent events

Management expects 2021 will show an improvement in the company's revenue and profit lines, as the effect of Covid-19 pandemic decline.

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 2021 FY. These include measures streamlining the internal processes, implementation of an optimisation team and the use of offshore locations.

The coronavirus pandemic negatively impacted our business, revenues, results of operations, financial condition and prospects in 2020.

The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

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.

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

Environment

The WPP Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Corporate Responsibility Report which does not form part of this Report. This can be obtained on the WPP Group website (www.wpp.com).

Hogarth Worldwide Limited

Strategic report (continued)

Initiatives designed to minimise the company's impact on the environment include improving our energy use efficiency, reducing paper use, increasing recycling, reviewing travel policies and through the selection of third-party suppliers.

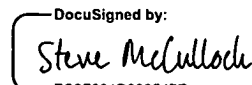
Duty to promote the success of the Company

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 Environment section of this strategic report. 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 conjuncture, 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 2020 Annual report. 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

DocuSigned by:

FC9F891D022547E...
Steven McCulloch (Global CFO)

Director

21 December 2021

Hogarth Worldwide Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. 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 2020 the Company spent £80,760 (2019: £218,000) 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
Charles Ward Van Der Welle
Jeremy Thompson (resigned 2nd March 2020)
Mark Povey (resigned 24th June 2020)
Steve McCulloch (appointed 20th August 2020)
Richard Glasson

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 £14,000 (2019: profit of £620,000). Interim dividends for the year ended 31 December 2020 were nil (2019: £4,485,000). This represents a paid dividend per share of nil (2019: £341.66).

Future prospects and subsequent events

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

Going concern

The Directors have assessed the ongoing business activities and the potential impact that the global outbreak of Covid-19 may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2020.

As at 31 December 2020, the Company had £6,650,000 (2019: £910,000) of cash and net assets of £6,171,000 (2019: £5,770,000) 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 and liquidity 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 recognises 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).

Climate change

Management is taking measures to ensure the reduction of impact of company's activity in the environment. These measures include but are not limited to: improve the energy efficiency of all the offices, eliminate all non-mandatory travel and promote sustainability efforts such as cycle to work and recycling.

Management will continue to collaborate with our partners to ensure the most efficient and environment friendly options are considered in each project.

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 on the Strategy report.

Government Assistance

During 2020, the company took up the government VAT deferral scheme 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:

Hogarth Worldwide Limited

Directors' Report (continued)


- 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

DocuSigned by:

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Steven McCulloch (Global CFO)

Director

21 December 2021

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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the 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.

Hogarth Worldwide Limited

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 about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and the UK tax laws; 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.

Hogarth Worldwide Limited

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.

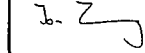
Hogarth Worldwide Limited

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.

DocuSigned by:



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Jon Young FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 December 2021

Hogarth Worldwide Limited

Income Statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	2	161,202	173,217
Cost of sales		(55,961)	(67,986)
Gross profit		105,241	105,231
Administrative expenses		(16,020)	(20,675)
Other operating expenses (net)	3	(94,809)	(90,260)
Exceptional items	16	(1,235)	(318)
Operating (loss)		(6,823)	(6,022)
Finance costs	4	(958)	(1,449)
Finance income	4	7,795	8,091
Profit on ordinary activities before taxation	5	14	620
Tax charge on loss on ordinary activities	8	525	(92)
Profit for the year		539	528

Hogarth Worldwide Limited

Statement of Comprehensive Income For the year ended 31 December 2020

	2020 £'000	2019 £'000
Profit for the year	<u>539</u>	<u>528</u>
Items that will not be reclassified subsequently to profit:		
Foreign currency translation adjustment	<u>(138)</u>	<u>(139)</u>
Other comprehensive (expense) / income for the year net of tax	<u>(138)</u>	<u>(139)</u>
Total comprehensive income for the year attributable to the shareholders of the Company	<u><u>401</u></u>	<u><u>389</u></u>

Hogarth Worldwide Limited

Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible Assets	9	-	-
Right-of-Use Assets	20	5,039	10,669
Tangible fixed assets	10	4,203	5,361
Investments	11	1,158	1,138
		10,400	17,168
Current assets			
Debtors amounts falling due within 1 year	12	47,924	54,970
Cash at bank and in hand		6,650	910
		54,574	55,880
Creditors: amounts falling due within one year		(53,119)	(56,699)
Lease Liabilities	21	(3,375)	(3,299)
Total creditors and lease liabilities due within one year	13	(56,494)	(59,998)
Net current liabilities		(1,920)	(4,118)
Total assets less current liabilities		8,480	13,051
Creditors: amounts falling due after more than one year			
Lease Liabilities	14 and 21	(2,310)	(7,281)
		(2,310)	(7,281)
Total Net Assets		6,171	5,770
Capital and reserves			
Called up share capital	15	1	1
Share Premium	15	6,132	6,132
Profit and loss account		38	(363)
Total shareholders' funds		6,171	5,770

The financial statements of Hogarth Worldwide Limited, registered number 06872427 were approved by the Board of Directors on 21 December 2021.

Signed on behalf of the Board of Directors

DocuSigned by:

Steve McCulloch

FC9F891D022547E...

Steven McCulloch (Global CFO)

Director

21 December 2021

Hogarth Worldwide Limited

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

	Note	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total £'000
Balance at 01 January 2019	15	1	6,132	3,733	9,866
Profit for the year ended 31 December 2019		-	-	528	528
Other comprehensive expense for the year		-	-	(139)	(139)
Total comprehensive income for the year		-	-	389	389
Balance at 31 December 2019 - as reported	15	1	6,132	4,122	10,255
Interim dividends paid		-	-	(4,485)	(4,485)
Balance at 31 December 2019 - 1 January 2020 brought forward	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
Interim dividends paid		-	-	-	-
Balance at 31 December 2020	15	1	6,132	38	6,171

Hogarth Worldwide Limited

Notes to the financial statements

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.

Changes in Accounting policies and disclosures - Adoption of new and revised Standards

Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform, (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7) Financial Instruments: Disclosures. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not impact the Company given that hedge accounting is managed by parent company WPP plc.

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due in on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16 (continued)

- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the company has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) as there was no relief on rent exercised between the company and the lessor.

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	<p>The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p> <p>The standard which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>
Amendments to IAS 1 and IAS 8 Definition of material	<p>The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.</p> <p>The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.</p>

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 2020 the Company had £6,650,000 (2019: £910,000) of cash and net assets of £6,171,000 (2019: £5,770,000). 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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

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 customer 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.
- 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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

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.

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Deferred taxation (continued)

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.

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Leases (continued)

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.

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Share based payments (continued)

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.

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 £154,058,000 (96%). The remaining turnover of £7,144,000 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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

3. Other operating expenses

	2020 £'000	2019 £'000
Staff costs	84,343	78,305
Depreciation and amortisation	2,888	2,824
Right of use asset depreciation	2,735	3,334
Establishment costs	2,740	3,661
Exchange losses	409	840
Finance and general	1,694	1,296
	94,809	90,260

4. Finance costs and income

	2020 £'000	2019 £'000
Interest payable and similar charges		
Intercompany loan with WPP Finance Co. Limited	(81)	(530)
Interest on Lease Liabilities	(755)	(784)
Other finance charges	(122)	(135)
	(958)	(1,449)

Dividends and interest receivable and similar income

Dividends received from Group companies	7,795	8,060
Intercompany loans	-	5
Other finance income	-	26
	7,795	8,091
Net income	6,837	6,642

Hogarth Worldwide Limited

Notes to the financial statements (continued)

5. Profit before taxation

	2020 £'000	2019 £'000
Profit before taxation is stated after charging:		
Staff costs	84,343	78,305
Depreciation of tangible fixed assets owned	2,888	2,824
Amortisation of intangible assets included in administrative expenses	-	1
Fees payable to the Company's auditor for the audit of the Company's annual accounts	335	228
Operating leases (Short Term)		
- Land and buildings	10	197
- Others	1	1

There were no non-audit services provided in the year (2019: £0).

During 2020 the Company spent £80,760 (2019: £218,000) on non-capitalised research and development.

6. Staff costs

	2020 £'000	2019 £'000
Wages and salaries	51,100	47,715
Social security costs	5,517	5,251
Other pension costs	2,061	2,003
Other staff costs	25,665	23,336
	84,343	78,305

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

	2020	2019
Account Handling	217	220
Admin / Finance	81	70
General Management	4	4
Human Resources and Talent Management	23	18
Information Technology	59	64
New Business/Business Development	7	6
Production Traffic	627	648
	1,018	1,030

Hogarth Worldwide Limited

Notes to the financial statements (continued)

7. Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration		
The remuneration of the directors was as follows:		
Emoluments (including pension contribution)	821	718
Compensation for loss of office	447	-
	<u>1,268</u>	<u>718</u>

Highest paid director

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

	2020	2019
	£'000	£'000
Emoluments (including pension contribution)	<u>494</u>	<u>440</u>

The Company made pension contributions of £4,166 (2019: £20,000) for two Directors (2019: two Directors).

There were no other transactions with directors other than emoluments and pension contributions disclosed in this note. The emoluments of Mark Povey, 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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

8. Tax on Profit on Ordinary Activities

	2020 £'000	2019 £'000
Analysis of charge/(credit) in period:		
<i>Current tax</i>		
UK corporation tax on profits of period	33	-
Adjustments in respect of previous periods	(265)	-
Total current tax	(232)	-
<i>Deferred tax</i>		
Current year	(294)	92
Adjustments in respect of previous periods	-	-
Total deferred tax	(294)	92
Tax on profit on ordinary activities	(525)	92

Factors affecting charge in year

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	14	620
Tax charge/(credit) on profit on ordinary activities at 19%		
UK rate 19% (2019: 19%)	3	118
Factors affecting the charge in the year:		
Prior year adjustments	(265)	-
Expenses not deductible	92	92
Depreciation in excess of capital allowances	(166)	206
Movement in other temporary differences	39	(38)
Overseas Tax	33	-
Group relief for nil consideration	(261)	(286)
Total amount of tax charge for the year	(525)	92

Hogarth Worldwide Limited

Notes to the financial statements (continued)

8. Tax on profit (continued)

Factors affecting taxation in period

A deferred tax asset of £961,000 (31 December 2019: £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 £294,000 which relates with the increase of capital allowance in excess of depreciation (£276,500) and an increase in stock-options deferred tax asset (£17,500).

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 2020 is 19%. The reversal of a planned reduction to 17% was enacted in 2020, and therefore the rate used for deferred tax balances for 2020 is 19% (2019: 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 2020	1,736
Additions	
Disposals	
At 31 December 2020	<u>1,736</u>
Accumulated Amortisation	
At 1 January 2020	1,736
Charge for the year	
Disposals	
At 31 December 2020	<u>1,736</u>
Net book value	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</u>

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 2020, the net book value is zero, the assets are still in use by the company.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

10. Tangible fixed assets

	Computer Equipment £'000	Computer Software £'000	Furniture and Fixtures £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 January 2020	10,814	2,257	1,811	5,651	20,533
Reclassifications	(52)	32	8	(6)	(18)
Acquisitions					
Additions	1,224	676	30	11	1,941
Disposals			(222)	(325)	(547)
At 31 December 2020	11,986	2,965	1,627	5,331	21,909
Depreciation					
At 1 January 2020	7,827	1,995	1,392	3,958	15,172
Reclassifications	(11)	1	3	(5)	(12)
Charge for the year	1,883	251	131	623	2,888
Disposals			(107)	(235)	(342)
At 31 December 2020	9,699	2,247	1,419	4,341	17,706
Net book value					
At 31 December 2020	2,287	718	208	990	4,203
At 31 December 2019	2,987	262	419	1,693	5,361

The directors have considered the value of fixed assets and are satisfied that the aggregate value of those assets at 31 December 2020 was not less than the aggregate amount at which they are stated in these accounts.

11. Investments in subsidiaries

	Subsidiary Undertakings £'000
Cost	
At 1st January 2020	1,138
Additions	20
Net Book Value at 31 December 2020	<u>1,158</u>
Net Book Value at 31 December 2019	<u>1,138</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued)

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 Muntul 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	601,000 shares of the 601,000 ordinary stock	100
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

The Company agreed the transfer of the remaining 1% investment in subsidiary Hogarth Worldwide Publicidade Brasil Ltda (based in Brazil) from Hogarth Romania. The carrying value was £22k.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

12. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade debtors	26,869	27,323
Amounts owed by Group undertakings	10,512	13,676
Accrued revenue	6,831	10,896
Prepayments	2,626	2,081
Deferred Tax	961	667
Other debtors	125	327
Amounts falling due within one year	<u>47,924</u>	<u>54,970</u>

As at 31 December 2020, within the amounts owed by Group undertakings is £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

	2020 £'000	2019 £'000
Bank Overdraft	11,121	22,336
Accrued expenses	19,243	18,894
Deferred income	7,365	5,954
Amounts owed to Group undertakings	6,315	4,228
Obligations under finance leases	3,375	3,299
Trade creditors	4,594	2,889
Taxation and social security	4,430	2,245
Other creditors	50	153
	<u>56,494</u>	<u>59,998</u>

Amounts owed to Group undertakings are repayable on demand and are non-interest bearing.

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

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

	2020	2019
	£000	£000
Obligations under finance leases	2,310	7,281
	<u>2,310</u>	<u>7,281</u>

There are no amounts falling due after more than 5 years.

15. Called up share capital

	2020	2019
	£'000	£'000
Authorised, called up, allotted and fully paid		
13,127 (2019: 13,127) ordinary shares of £0.10 each	<u>1</u>	<u>1</u>
Share premium	<u>6,132</u>	<u>6,132</u>

In December 2020, the Company paid nil interim dividends to its sole shareholder. (2019: £4,485,000).

16. Exceptional items

	2020	2019
	£'000	£'000
Restructuring costs	(1,235)	(673)
Sale of Hogarth South Africa		<u>355</u>
	<u>(1,235)</u>	<u>(318)</u>

Exceptional items related to restructuring costs include office lease termination during the year; consisting of accumulated depreciation (£804,000), office fixed assets write-off (£204,000), unavoidable office charges (£177,000) and a gain on early termination of office building lease £205,000. Other restructuring costs were severance to employees (£247,000) and fees associated with the liquidation of Hogarth Russia (£8,000).

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.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

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				
2020	396	1,268	144	196
2019	156	367	19	106
Entities over which the group has joint control or significant influence				
2020	33,833	27,562	10,186	5,935
2019	41,440	21,554	13,657	4,122

As at 31 December 2020, the balance of amounts owed from related parties include a loan to Hogarth South Africa amounting to £236,000 with an interest rate of LIBOR plus 2%. It is 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 £298,000 to the profit and loss account in the year ended 31 December 2020 (2019: £106,000 credit) 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 2020 (was 122,964) and 2019 was not material. There were no options exercisable at 31 December 2020.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

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	2020	2019
Fair value of options	128.0p	117.0p
Expected volatility	34%	24%
Expected life (months)	48.00	48.00
Risk-free rate	-0.02%	0.57%

Hogarth Worldwide Limited

Notes to the financial statements (continued)

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

The weighted average share price of WPP plc for the year ended 31 December 2020 was £6.69 (2019: £9.39).

Restricted stock schemes outstanding:

EPSP Awards	Number	Weighted average fair value at grant date (£)
As at 31 December 2019	27,005	9.90
Restricted Stock Awards granted	41,819	7.55
As at 31 December 2020	68,824	8.47
PSA	Number	Weighted average fair value at grant date (£)
As at 31 December 2019	10,779	17.21
As at 31 December 2020	10,779	17.21
Leaders, Partners and High Potential Group	Number	Weighted average fair value at grant date (£)
As at 31 December 2019	3,163	12.07
Restricted Stock Awards granted	34,770	7.55
As at 31 December 2020	37,933	7.93
STIP Bonus Award	Number	Weighted average fair value at grant date (£)
As at 31 December 2019	18,196	12.80
As at 31 December 2020	18,196	12.80

There were 60,372 shares vested in the period from 1st January 2019 to 31st December 2020.

Hogarth Worldwide Limited

Notes to the financial statements (continued)

20. Right-of-use assets

	Buildings
	£'000
Cost	
At 1 January 2020	14,003
Additions	186
Disposals (Restructuring Impairment)	(2,276)
At 31 December 2020	<u>11,913</u>
Accumulated depreciation	
At 1 January 2020	3,334
Charge for the year	2,735
Disposals (Restructuring Impairment)	804
At 31 December 2020	<u>6,873</u>
Carrying amount	
At 1 January 2020	10,669
At 31 December 2020	5,039

The Company leases several office buildings. The average lease term is 2 years.

Disposals include impairment of ROU assets due to restructuring and adjustments made to the balance to align the accounting for leases in line with WPP group policies.

21. Lease liabilities

	2020
	£'000
At 1 January 2020	10,580
Interest expense related to lease liabilities	755
Disposals (Restructuring Impairment)	(1,214)
Repayment of lease liabilities	(4,436)
At 31 December 2020	<u>5,685</u>

Hogarth Worldwide Limited

Notes to the financial statements (continued)

21. Lease liabilities (Continued)

	2020 £'000	2019 £'000
Maturity analysis:		
2020	-	3,571
2021	2,832	3,571
2022	2,061	2,891
2023	907	1,416
	<u>5,801</u>	<u>11,449</u>
Less: unearned interest	(116)	(869)
	<u>5,685</u>	<u>10,580</u>

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

	2020 £'000	2019 £'000
Current	3,375	3,299
Non-current	<u>2,310</u>	<u>7,281</u>
	<u>5,685</u>	<u>10,580</u>

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

	2020 £'000	2019 £'000
Depreciation of right of use assets:		
Land and buildings	<u>2,735</u>	<u>3,334</u>
Charge to operating profit	2,735	3,334
Interest expense related to lease liabilities	<u>755</u>	<u>784</u>
Charge to profit before taxation for leases	<u>3,490</u>	<u>4,118</u>

22. Subsequent events

No subsequent events to report.

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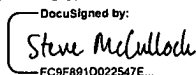
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steve.mcculloch@hogarthww.com

Global CFO

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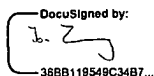
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