

101 Projects Limited

**Directors' Report, Strategic Report and
Financial Statements**

Year ended 31 December 2018

Registered Number: 7483043



101 Projects Limited

Strategic Report for the year ended 31 December 2018

The directors present their strategic report of 101 Projects Limited (the "Company"), registered number 7483043 for the year ended 31 December 2018.

Principal activities and review of the business

The Company's loss for the year is £Nil (2017: Loss of £204,140). The directors consider that the result for the year is in line with expectations. The Company had net assets of £938,348 as at 31 December 2018 (2017: £938,346).

The business was sold to MullenLowe London Limited, a subsidiary of The Interpublic Group of Companies, Inc on the 17th August 2017. The business continued to trade as 101 Projects Ltd until the 31st December 2017. From the 1st January 2018 the business was subsumed within MullenLowe London Ltd and ceased to trade as 101 Projects Ltd from that date.

Key performance indicators

The following are key performance indicators of the business:

Revenue:

Revenue for the year £Nil (2017: £3.3m)

Operating Margin (%):

Ratio of operating profit to revenue in the year 0% (2017: operating profit to revenue of -9.8%)

(Expressed as a percentage and excluding exceptional and one-off items)

Operating Loss:

Operating loss for the year £Nil (2017: operating loss of £327,406)

Employee costs / revenue (%):

Employee costs as a percentage of Revenue 0% (2017: 80%)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc. and are not managed separately. These risks are discussed in The Interpublic Group of Companies, Inc. annual financial statements for the year ended 31 December 2018, which does not form part of this report. Copies of The Interpublic Group of Companies, Inc consolidated financial statements can be obtained from:

The Interpublic Group of Companies, Inc.
909 3rd Avenue
New York, NY 10022 U.S.A.

Strategy and future developments

The agency's focus continues to be on driving new revenues through pitch activity and leveraging the wider resources of the group to generate revenue streams from existing client relationships.

On behalf of the Board



Stephen Waring
Director
8 August 2019

101 Projects Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and the financial statements of 101 Projects Limited (the "Company"), registered number 7483043 for the year ended 31 December 2018.

Future developments

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

Dividends

No dividends were paid to Directors in 2018 (2017: £Nil).

Objectives and policies

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

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

Financial risk management

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

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

Credit risk

The Company has implemented policies to monitor customer debt levels and to ensure that excessive credit is not extended to any particular customer. This provides the business with visibility of balances and ensures that no further credit is extended in cases where this is not merited. The maximum exposure to credit risk at 31 December 2018 was mainly as follows: trade debtors £Nil, other debtors £938k (2017: £948k, £32k respectively).

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

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

Liquidity risk

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

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Directors' Report for the year ended 31 December 2018 (continued)

Political donations

The Company made no political donations in 2018 (2017: nil).

Branches outside the UK

The Company has no branches outside the UK.

Disabled employee note

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

Employee involvement

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

Directors

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

P J Rumbol
LIP Green
S R Waring
M Elwood

Events post statement of financial position

No material events post statement of financial position have occurred.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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

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

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006.
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2018 and its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company; and
- the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit exemption

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

- a) that for the year ended 31 December 2018 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- b) that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

On behalf of the Board



Stephen Waring

Director

8 August 2019

101 Projects Limited

Statement of comprehensive income

For the year ended 31 December 2018

| | Note | 2018 £000's | 2017 £000's |
|--|------|----------------|----------------|
| Turnover | 5 | - | 5,586 |
| Cost of sales | | - | (2,257) |
| Revenue | | - | 3,329 |
| Administrative expenses | 6 | - | (3,656) |
| Operating loss | 6 | - | (327) |
| Loss on ordinary activities before taxation | 9 | - | (327) |
| Tax on loss on ordinary activities | 9 | - | 123 |
| Loss and total comprehensive income for the financial year | | - | (204) |

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Statement of financial position As at 31 December 2018

| | Note | 2018 £000's | 2017 £000's |
|--|------|----------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 938 | 1,060 |
| Cash at bank and in hand | | - | 903 |
| | | 938 | 1,963 |
| Creditors: amounts falling due within one year | 11 | - | (462) |
| Client payments received on account | | - | (563) |
| | | - | (1,025) |
| Net current assets | | 938 | 938 |
| Total assets less current liabilities | | 938 | 938 |
| Net assets | | 938 | 938 |
| Capital and reserves | | | |
| Called up share capital | 12 | 3 | 3 |
| Retained earnings | | 935 | 935 |
| Total equity | | 938 | 938 |

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

- that for the year ended 31 December 2018, the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps adequate accounting records which comply with section 386 of the Companies Act 2006;
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2018 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

The notes on pages 9 to 21 are an integral part of these financial statements.

The financial statements on pages 6 to 21 were authorised for issue by the board of directors on 8 August 2019 and were signed on its behalf.



Stephen Waring
Director

101 Projects Ltd

Registered No. 7483043

101 Projects Limited

Statement of changes in equity for the year end 31 December 2018

| | Called up share capital | Share premium | Retained earnings | Total Equity |
|--|-------------------------------|------------------|----------------------|-----------------|
| | £000's | £000's | £000's | £000's |
| At 1 January 2017 | 1 | 2 | 1,139 | 1,142 |
| Loss for the financial year & total comprehensive income | - | | (204) | (204) |
| At 31 December 2017 and 1 January 2018 | 1 | 2 | 935 | 938 |
| Loss for the financial year & total comprehensive income | - | | - | - |
| At 31 December 2018 | 1 | 2 | 935 | 938 |

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Notes to the financial statements for the year ended 31 December 2018

1 General information

The Company's principal activity during the year was those of advertising agents, advertisement contractors and designers of advertisements of every kind.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is C-Space, 35-47 City Road, London EC1Y 1AT.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

a) Basis of preparation

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

b) Going concern

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

c) Exemptions for qualifying entities under FRS 102

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

d) Consolidated financial statements

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

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e) Revenue recognition

The Company's revenues are primarily derived from the planning and execution of multi-channel advertising, marketing and communications programs in the United Kingdom and the rest of Europe. Revenues are directly dependent upon the advertising, marketing and corporate communications requirements of existing clients and the Company's ability to win new clients. Revenue is typically lowest in the first quarter and highest in the fourth quarter. Most client contracts are individually negotiated and, accordingly, the terms of client engagements and the bases on which the Company earn commissions and fees vary significantly. As is customary in the industry, contracts generally provide for termination by either party on relatively short notice, usually 90 days.

Client contracts are complex arrangements that may include provisions for incentive compensation and vendor rebates and credits. The Company's largest clients are multinational entities and, as such, the Company provide services to these clients out of multiple offices and across many of our agencies within the Group or with related companies. In arranging for such services, it is possible that the Company enters into global, regional and local agreements. Agreements of this nature are reviewed by The Interpublic Group of Companies, Inc. Corporate legal counsel to determine the governing terms to be followed by the offices and agencies involved.

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

f) Fees

Fees are generally recognised as earned based on the proportional performance input method of revenue recognition in situations where our fee is linked to the actual hours incurred to service the client as detailed in a contractual staffing plan, where the fee is earned on a per hour basis or where actual hours incurred are provided to the client on a periodic basis (whether or not the fee is reconcilable), with the amount of revenue recognised in these situations limited to the amount realisable under the client contract. We believe an input-based measure (the 'hour') is appropriate in situations where the client arrangement essentially functions as a time and out-of-pocket expense contract and the client receives the benefit of the services provided throughout the contract term.

Fees are recognised on a straight-line or monthly basis when service is provided essentially on a pro-rata basis and the terms of the contract support monthly basis accounting.

Certain fees (such as for major marketing events) are deferred until contract completion if the final act is so significant in relation to the service transaction taken as a whole or if any of the terms of the contract do not otherwise qualify for proportional performance or monthly basis recognition. Fees may also be deferred and recognised upon delivery of a project if the terms of the client contract identify individual discrete projects.

Depending on the terms of the client contract, revenue is derived from diverse arrangements involving fees for services performed, commissions, performance incentive provisions and combinations of the three. Commissions are generally earned on the date of the broadcast or publication. Contractual arrangements with clients may also include performance incentive provisions designed to link a portion of our revenue to our performance relative to either qualitative or quantitative goals, or both. Performance incentives are recognised as revenue for quantitative targets when the targets have been achieved and for qualitative targets when confirmation of the incentive is received from the client.

The majority of our revenue is recorded as the net amount of our gross billings less pass-through expenses charged to a client which are included as costs of sales. In most cases, the amount that is billed to clients significantly exceeds the amount of revenue that is earned and reflected in our financial statements because of various pass-through expenses, such as production and media costs. We assess whether our agency or the third-party supplier is the primary obligor, and we evaluate the terms of our client agreements as part of this assessment. In addition, we give appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the supplier. Because we operate broadly as an advertising agency, based on our primary lines of business and given the industry practice to generally record revenue on a net versus gross basis, we believe that there must be strong evidence in place to overcome the presumption of net revenue accounting. Accordingly, we generally record revenue net of pass-through charges as we believe the key indicators of the business suggest we generally act as an agent on behalf of our clients in our primary lines of business. In those businesses where the key indicators suggest we act as a principal (primarily sales promotion and event, sports and entertainment marketing), we record the gross amount billed to the client as revenue and the related incremental direct costs incurred as office and general expenses. In general, we also report revenue net of taxes assessed by governmental authorities that are directly imposed on our revenue-producing transactions.

As we provide services as part of our core operations, we generally incur incidental expenses, which, in practice, are commonly referred to as "out-of-pocket" expenses. These expenses often include expenses related to airfare, mileage, hotel stays, out-of-town meals and telecommunication charges. We record the reimbursements received for such incidental expenses as revenue with a corresponding offset to office and general expense.

We receive credits from our vendors and media outlets for transactions entered into on behalf of our clients that, based on the terms of our contracts and local law, are either remitted to our clients or retained by us. If amounts are to be passed through to clients, they are recorded as liabilities as a provision until settlement or, if retained by us, are recorded as revenue when earned.

Notes to the financial statements for the year ended 31 December 2018 (Continued)

3 Summary of significant accounting policies (continued)

g) Employee benefits

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

i) Short term benefits

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

ii) Pension costs

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

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund.

The Company is a member of the Interpublic Pension Plan, a defined benefit scheme. The Company has adopted the reporting requirements of FRS 102 and is unable to identify its share of the pension scheme assets and liabilities and also its share of the defined benefit costs of the Group scheme. The Company accounts for its contributions as if they were to a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income in the year to which they relate.

Under FRS 102, the deficit of the defined benefit plan should be recognised in the financial statements of the group entity that is legally sponsoring employer for the plan. Accordingly, the deficit is reported in the financial statements of Interpublic Limited, the sponsoring employer of the Interpublic Pension Plan.

iii) Annual bonus plan

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

h) Foreign currencies

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

i) Borrowing costs

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

j) Leases

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

k) Lease incentives

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

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Notes to the financial statements for the year ended 31 December 2018 (Continued)

3 Summary of significant accounting policies (continued)

l) Exceptional items

Exceptional items comprise those that are by their nature, large unusual non-recurring and are shown separately in the statement of comprehensive income.

m) Taxation

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

Current and deferred taxation assets and liabilities are not discounted.

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

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

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

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

n) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

| | |
|----------|-------|
| Goodwill | 15yrs |
|----------|-------|

o) Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Notes to the financial statements for the year ended 31 December 2018 (Continued)**3 Summary of significant accounting policies (continued)****p) Tangible Assets**

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

| | |
|---|---|
| Freehold land and buildings | Lesser of 10 years or the remaining life of the lease |
| Equipment, fixtures & fittings | 5 years |
| Plant & machinery | 5 years |
| Asset retirement obligation | Lesser of 10 years or the remaining life of the lease |
| Long leasehold and leasehold improvements | Lesser of 10 years or the remaining life of the lease |
| Computer hardware and software | 2 years |

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

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

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

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

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

q) Impairment of non-financial assets

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

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

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

r) Related party disclosures

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

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Notes to the financial statements for the year ended 31 December 2018 (Continued)

3 Summary of significant accounting policies (continued)

s) Work in progress

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

t) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

u) Financial instruments

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

(i) Financial assets

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

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

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

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

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

Notes to the financial statements for the year ended 31 December 2018 (Continued)

3 Summary of significant accounting policies (continued)

(ii) Financial liabilities

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

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

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

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

v) Deferred income

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

w) Incentive compensation plans

Compensation costs related to share-based transactions, including employee stock options, are recognised in the financial statements based on fair value. Stock-based compensation expense is generally recognised over the requisite service period based on the estimated grant-date fair value. Cash settled share based payments are measured at fair value at the statement of financial position date and are included in creditors.

The movement in cumulative expense since the previous statement of financial position date is recognised in the statement of comprehensive income, with a corresponding entry in creditors.

Cash awards are generally granted on an annual basis and have a service period vesting condition and generally vest in three years. Cash awards do not fall within the scope of share based payments as they are not paid in equity and the value of the award is not correlated with The Interpublic Group of Companies, Inc. share price. The present value of the amount expected to vest for cash awards and performance cash awards over the vesting period is amortised using the straight-line method in the statement of comprehensive income.

x) Netting off policy

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

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

y) Share capital

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

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Notes to the financial statements for the year ended 31 December 2018 (Continued)

3 Summary of significant accounting policies (continued)

z) Distributions to equity holders

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

4 Critical accounting estimates and assumptions

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

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

Group defined benefit pension scheme.

The Company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit costs, defined benefit plan liabilities and plan assets and therefore accounts for the scheme as a defined contribution scheme. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

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

(ii) Useful economic lives of goodwill

The annual amortisation charge for goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. The useful economic life of the assets are amended when necessary to reflect current estimates, based on historic and expected future performance of the asset. See note 3 for the carrying amount of the intangible assets.

(iii) Impairment of trade and other debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

5 Turnover

| | 2018 £000's | 2017 £000's |
|--|----------------|----------------|
|--|----------------|----------------|

Turnover by origin

| | | |
|----------------|---|-------|
| United Kingdom | - | 5,585 |
|----------------|---|-------|

The analysis above is by geographical origin, being the location of the Company which is performing the service for the customer, who may be located in a different location.

101 Projects Limited

Notes to the financial statements for the year ended 31 December 2018 (Continued)

6 Operating profit

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

| | 2018 | 2017 |
|--|--------|--------|
| | £000's | £000's |
| Salaries and wages (including directors) | - | 2,647 |
| Pension cost | | |
| - Defined contribution | - | 22 |
| Depreciation | | |
| - Tangible assets | - | 43 |
| Loss on disposal | - | 13 |
| Operating lease rentals | | |
| - office space | - | 186 |

7 Employee costs

| | 2018 | 2017 |
|---|--------|--------|
| | £000's | £000's |
| Salaries and wages (including directors) | - | 2,293 |
| Social security costs | - | 286 |
| Pension costs | - | 22 |
| Miscellaneous, non-share based incentives and other costs | - | 46 |
| Employee costs | - | 2,647 |

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

| | 2018 | 2017 |
|----------------|------|------|
| United Kingdom | - | 41 |

Key management compensation

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

| | 2018 | 2017 |
|---|--------|--------|
| | £000's | £000's |
| Salaries and wages | - | 907 |
| Social security costs | - | 117 |
| Pension costs | - | 5 |
| Miscellaneous, non-share based incentives and other costs | - | - |
| Key management compensation | - | 1,029 |

101 Projects Limited

Notes to the financial statements for the year ended 31 December 2018 (Continued)

8 Directors' emoluments

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

| | 2018 £'000 | 2017 £'000 |
|---|-----------------------|-----------------------|
| Aggregate emoluments, including benefits in kind | - | 596 |
| Defined contribution scheme – company contributions | - | 5 |
| Share option expense | - | - |
| | - | 601 |
| Highest paid director | 2018 £'000 | 2017 £'000 |
| Aggregate emoluments, including benefits in kind | - | 153 |
| Defined contribution scheme – company contributions | - | 3 |
| Share option expense | - | - |
| | - | 156 |

Retirement benefits are accruing to no directors under a defined contribution scheme (2017: None).

During the year no directors exercised share options (2017: None).

101 Projects Limited

Notes to the financial statements for the year ended 31 December 2018 (Continued)

9 Tax on profit on ordinary activities

| | 2018 £000's | 2017 £000's |
|--|----------------|----------------|
| Current taxation | | |
| UK corporation tax on profits for the period | - | (77) |
| - Adjustment in respect of prior periods | - | (46) |
| Total current taxation | - | (123) |
| Deferred taxation | | |
| Origination & reversal of timing differences | - | - |
| Effect of change in the tax rate | - | - |
| Adjustment in respect of prior period | - | - |
| Total deferred taxation | - | - |
| Tax on profit on ordinary activities | - | (123) |

Factors affecting the tax charge for the year

The tax assessed for the year is equal to (2017 =lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

The difference is explained below:

| | 2018 £000's | 2017 £000's |
|---|----------------|----------------|
| Loss on ordinary activities before taxation | - | (327) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%) | - | (63) |
| Effects of: | | |
| Income exempt from corporation tax | - | - |
| Expenses not deductible for taxation purposes | - | (67) |
| Group relief for nil consideration | - | 44 |
| Capital allowances in excess of depreciation | - | - |
| Other short term timing differences | - | - |
| Utilised/unutilised losses | - | - |
| Double tax relief | - | - |
| Foreign taxation | - | - |
| Adjustments in respect of prior years | - | (46) |
| Unrecognised deferred tax | - | 9 |
| Effect of change in tax rate | - | - |
| Other change in tax rate for loss carry back | - | - |
| Total tax for the year | - | (123) |

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

101 Projects Limited

Notes to the financial statements for the year ended 31 December 2018 (Continued)

10 Debtors: amounts falling due within one year

| | 2018 £000's | 2017 £000's |
|------------------------------------|----------------|----------------|
| Trade debtors | - | 948 |
| Amounts owed by group undertakings | 938 | - |
| Other debtors | - | 32 |
| Prepayments and accrued income | - | - |
| Corporation tax | - | 80 |
| | <u>938</u> | <u>1,060</u> |

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

11 Creditors: amounts falling due within one year

| | 2018 £000's | 2017 £000's |
|--|----------------|----------------|
| Trade creditors | - | 46 |
| Corporation tax | - | - |
| Other creditors including taxation and social security | - | 215 |
| Accruals and deferred income | - | 133 |
| Amounts due to Group undertakings | - | 68 |
| | <u>-</u> | <u>462</u> |

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

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

12 Called up share capital

| | 2018 Number (000's) | 2017 Number (000's) | 2018 £000's | 2017 £000's |
|---------------------------------|---------------------------|---------------------------|----------------|----------------|
| Allotted and fully paid: | | | | |
| Ordinary shares of £1 each | 1 | 1 | 1 | 1 |

101 Projects Limited

Notes to the financial statements for the year ended 31 December 2018 (Continued)

13 Capital and other commitments

| | 2018 £000's | 2017 £000's |
|---|----------------|----------------|
| Capital commitments | | |
| At 31 December, the Company had the following total capital commitments: | | |
| Contracts for future capital expenditure not provided in the financial statements – property, plant and equipment | - | - |
| Operating lease commitments | | |
| As at 31 December, the Company had the following total future minimum lease payment commitments under non-cancellable operating leases for each of the following periods: | - | - |
| Payments due: | | |
| - Not later than one year | - | - |
| - Later than one year and not later than five years | - | - |
| - Later than five years | - | - |
| Total minimum lease commitments | - | - |

14 Company information

The Company is registered in England and Wales and its registered office is at C-Space, 37-45 City Road, London, EC1Y 1AT.

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is MullenLowe London Ltd, a company incorporated in the United Kingdom. Copies of its financial statements are available at C-Space, 37-45 City Road, London, EC1Y 1AT.

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

The Interpublic Group of Companies, Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018, and the smallest group of undertakings to consolidate these financial statements at 31 December 2018 is IPG Holdings (UK) Limited.

The consolidated financial statements for the Interpublic Group of Companies, Inc. can be obtained from 909 Third Avenue, New York, NY 10022, United States, and the consolidated financial statements for IPG Holdings (UK) Limited can be obtained from 3 Grosvenor Gardens, London, United Kingdom, SW1W 0BD.