

WPP CP Finance plc

Annual report and financial statements

For the year ended 31 December 2019

Registered number: 05785385



WPP CP Finance plc

Annual Report and financial statements for the year ended 31 December 2019

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WPP CP Finance plc

Officers and professional advisers

Directors

D. Conaghan (appointed 21 November 2019)

A. Payne (appointed 21 November 2019)

C. Van der Welle

S. Winters (resigned 6 December 2019)

Company Secretary

WPP Group (Nominees) Limited

Registered Office

Sea Containers House

18 Upper Ground

London

SE1 9GL

Bankers

HSBC Bank plc

Level 2, 8 Canada Square

Canary Wharf

London

E14 5HQ

United Kingdom

Auditor

Deloitte LLP

Statutory Auditor

London

United Kingdom

WPP CP Finance plc

Directors' report (continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Company information

WPP CP Finance plc (registered number 05785385) is a public limited company. The Company is registered in England and Wales and has its registered office at Sea Containers House, 18 Upper Ground, London, SE1 9GL.

Results and dividends

The audited financial statements for the year ended 31 December 2019 are set out on pages 9 to 16. The Company made a loss after tax for the year of \$1,340,000 (2018: \$667,000).

No ordinary dividends were paid during the year (2018: \$nil).

Directors

The directors of the Company who served during the year are set out on page 1.

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.

Going concern

As at 31 December 2019 the liabilities of the Company exceed its total assets by \$2,831,000 (2018: \$1,491,000). The Company is a subsidiary of WPP plc (also referred to as a Group) and is therefore subject to the overall WPP Group financing arrangements.

The Company meets its day to day working capital requirements through participating in Group banking arrangements with its ultimate parent, WPP plc, and has access to a Group cash management facility and is in receipt of a letter of support from WPP plc.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Impact of COVID-19

The Directors have assessed the potential impact that the global outbreak of Covid-19 has had on the liquidity, performance and financial position of the Company for at least the next 12 months. The financial forecasts, budgets, cash flows and liquidity assessments have been re-assessed for at least the next 12 months. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance including, but not limited to possible revenue declines as a result of the impact of Covid-19.

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the strategic report on page 4. This includes a review of the financial risk management objectives and policies of the Company, the development of the business of the Company during the year, of its position at the end of the year and of the likely future developments in its business.

WPP CP Finance plc

Directors' report (continued)

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor (continued)

Deloitte LLP have expressed their willingness to continue in office and appropriate arrangements are being made for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



D. Conaghan
Director

30 June 2020

Sea Containers House
18 Upper Ground
London
SE1 9GL

WPP CP Finance plc

Strategic report

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Principal activities and business review

The Company acts as a financing company and is a wholly owned subsidiary of WPP plc. There have been no changes in the Company's activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the next year.

The Company's loss before tax has increased to \$1,340,000 (2018: \$667,000).

Consolidated financial statements are not presented as the Company takes advantage of the exemption afforded by s400 of the Companies Act 2006.

COVID-19

The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

Due to the non-trading activities of the Company, the Directors do not expect a significant impact on the results of operations or financial condition of the Company in the short term.

Principal risks and uncertainties

The Group has considered the principal risks and uncertainties affecting the Group as at 31 December 2019 and up to the date of this report. These are described in detail in the annual report of WPP plc which is not included in this report, but forms part of this report by reference.

Key performance indicators

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 WPP plc, which includes the Company, is discussed in the WPP plc Annual Report which is not included in this report, but forms part of this report by reference.

Financial risk management objectives and policies

The financial risks faced by the Company as a result of its activities and the management of those risks are described below.

Cash flow and liquidity risk

The directors do not believe that the Company is exposed to any significant cash flow or liquidity risk. The Company currently has sufficient cash to fund its activities. However, in the event that additional liquidity were to be required for ongoing operations and future developments, the Company participates in Group banking arrangements with its ultimate parent, WPP plc, and has access to a Group cash management facility.

Environment

The WPP plc 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 WPP plc Group policies, which are described in the Group's Corporate Responsibility report which does not form part of this Report. Initiatives designed to minimise the Company's impact on the environment include improving our energy use efficiency, paper use and recycling.

WPP CP Finance plc

Strategic report

Future developments

The directors expect the general level of activity to be maintained in the forthcoming year and anticipate a similar financial result in 2020.

Approved by the Board and signed on its behalf by:



D. Conaghan
Director

30 June 2020

WPP CP Finance plc

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WPP CP Finance plc

Independent auditor's report to the members of WPP CP Finance plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WPP CP Finance plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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 of the company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

WPP CP Finance plc

Independent auditor's report to the members of WPP CP Finance plc (continued)

Other information (continued)

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.

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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or 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.

WPP CP Finance plc

Independent auditor's report to the members of WPP CP Finance plc (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.

Edward Salter

Edward Salter FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
30 June 2020

WPP CP Finance plc

Profit and loss account

For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Administrative expenses		(114)	(248)
Operating loss		<u>(114)</u>	<u>(248)</u>
Interest receivable and similar income	3	2,965	3,157
Interest payable and similar charges	4	(32)	(1,882)
Foreign exchange loss		(4,159)	(1,694)
Loss before taxation		<u>(1,340)</u>	<u>(667)</u>
Taxation	7	-	-
Loss for the financial year		<u><u>(1,340)</u></u>	<u><u>(667)</u></u>

All results are from continuing operations.

There are no recognised gains or losses in either year, other than those shown above, and accordingly no statement of comprehensive income has been prepared.

WPP CP Finance plc

Balance sheet

As at 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Current assets			
Debtors due within one year	8	9	83
		<u>9</u>	<u>83</u>
Creditors: amounts falling due within one year	9	(2,840)	(1,574)
		<u>(2,831)</u>	<u>(1,491)</u>
Net current liabilities		<u>(2,831)</u>	<u>(1,491)</u>
Net liabilities		<u>(2,831)</u>	<u>(1,491)</u>
Capital and reserves			
Called-up share capital	10	197	197
Profit and loss account		(3,028)	(1,688)
		<u>197</u>	<u>(1,688)</u>
Total shareholders' deficit		<u>(2,831)</u>	<u>(1,491)</u>

The financial statements of WPP CP Finance plc (registered number 05785385) were approved by the board of directors and authorised for issue on 30 June 2020.

They were signed on its behalf by:



D. Conaghan
Director

WPP CP Finance plc

Statement of changes in equity

For the year ended 31 December 2019

	Called-up share capital	Profit and loss account	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2018	197	(1,021)	(824)
Loss for the year	-	(667)	(667)
Total comprehensive loss for the year	-	(667)	(667)
Balance at 31 December 2018	197	(1,688)	(1,491)
Loss for the year	-	(1,340)	(1,340)
Total comprehensive loss for the year	-	(1,340)	(1,340)
Balance at 31 December 2019	197	(3,028)	(2,831)

WPP CP Finance plc

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies

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

Basis of accounting

WPP CP Finance plc is a public limited company, registered in England and Wales, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Sea Containers House, 18 Upper Ground, London, SE1 9GI. The nature of the Company's operations and its principal activities are set out in the strategic report on page 4.

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

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operated.

These financial statements are separate financial statements. Details of the parent in whose consolidated financial statements the Company is included are shown in note 13 to the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to: capital management, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group financial statements of WPP plc. The Group financial statements of WPP plc are available to the public and can be obtained as set out in note 13.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WPP CP Finance plc

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 4.

As at 31 December 2019 the liabilities of the Company exceed its total assets by \$2,831,000 (2018: \$1,491,000). The Company is a subsidiary of WPP plc (also referred to as a Group) and is therefore subject to the overall WPP Group financing arrangements.

The Company meets its day to day working capital requirements through participating in Group banking arrangements with its ultimate parent, WPP plc, and has access to a Group cash management facility.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Interest income

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. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currency

The financial statements are presented in US dollars. The purpose of this entity is a financing company, which has been created within the WPP Group to issue US dollar denominated debt. Therefore, the directors have determined that the US dollar is the functional currency and the designated presentational currency for this Company's financial statements.

Foreign currency transactions arising from operating activities are translated from local currency to US dollars at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the year-end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

2. Critical accounting judgements and key sources of estimation uncertainty

Given the nature of transactions within this financing company there are no critical accounting judgements or key sources of estimation uncertainty within these financial statements.

WPP CP Finance plc

Notes to the financial statements (continued)

For the year ended 31 December 2019

3. Interest receivable and similar income

	2019	2018
	\$'000	\$'000
Bank and other interest receivable	2,965	3,157

4. Interest payable and similar charges

	2019	2018
	\$'000	\$'000
Bank loans and overdrafts	32	1,882

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were \$1,000 (2018: \$1,000). These were borne by WPP 2005 Limited, a fellow group company.

6 Staff costs

The directors received no remuneration during the year (2018: \$nil) for services to the Company. The Company had no employees during either the current or preceding year.

WPP CP Finance plc

Notes to the financial statements (continued)

For the year ended 31 December 2019

7. Tax on loss

The tax credit comprises:

	2019 \$'000	2018 \$'000
Current tax		
UK corporation tax at the rate of 19% (2018: 19%)	-	-

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

	2019 \$'000	2018 \$'000
Loss before tax	(1,340)	(667)
Tax on loss at UK corporation tax rate of 19% (2018: 19%)	(255)	(127)
Effects of:		
Adjustment in respect of group relief for nil consideration	255	127
Total tax credit for year	-	-

The UK tax rate for the year ended 31 December 2019 is 19%. Further reductions to 17% to be effective 1 April 2020 were enacted as part of the Finance Act 2017 on 27 April 2017. A further change to the UK tax rate was substantively enacted on 17 March 2020 reversing the reductions to 17% meaning the applicable rate now remains at 19%. However, as this change was substantively enacted after the balance sheet date the tax rate used for deferred tax purposes is 17%.

8. Debtors: amounts falling due within one year

	2019 \$'000	2018 \$'000
Accrued bank interest	9	83

WPP CP Finance plc

Notes to the financial statements (continued)

For the year ended 31 December 2019

9. Creditors: amounts falling due within one year

	2019 \$'000	2018 \$'000
Bank overdrafts	2,837	1,572
Other creditors	3	2
	<u>2,840</u>	<u>1,574</u>

10. Called-up share capital

	2019 \$'000	2018 \$'000
Allotted, called-up and fully paid		
100,000 (2018: 100,000) ordinary shares of £1 each	197	197
	<u>197</u>	<u>197</u>

The preferred ordinary shares do not carry voting rights, but rank pari passu with the ordinary shares with regard to rights on a return of capital on liquidation or otherwise, and any right to participate in the profits of the Company.

11. Controlling party

In the opinion of the directors, the Company's immediate parent company is WPP LN Limited, a company incorporated in England and Wales. The parent undertaking of the largest group, which includes the Company and for which group financial statements are prepared, is WPP plc, a company incorporated in Jersey. The registered office of WPP plc is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES. The parent undertaking of the smallest such group is WPP Jubilee Limited, a company incorporated in England and Wales. Copies of the group financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of WPP Jubilee Limited can be obtained from Sea Containers House, 18 Upper Ground, London, SE1 9GL, its registered address.

12. Post balance sheet event

In the period since 31 December 2019, the emergence and spread of Covid-19 has impacted the Group and its clients. The coronavirus pandemic is adversely affecting and is expected to continue to adversely affect our business, revenues, results of operations, financial condition and prospects. The Company is continuing to monitor and review its liquidity and working capital. It is clear that the impact of Covid-19 on the business will be significant, but it is not possible at this stage to quantify the depth or duration of the impact.