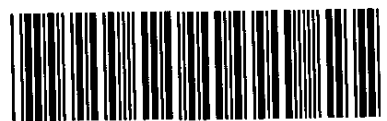


WPP Finance Co. Limited

**Annual report and financial statements
for the year ended 31 December 2019**

Registered number: 03953038

TUESDAY



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WPP Finance Co. Limited

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

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WPP Finance Co. Limited

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 Finance Co. Limited

Directors' report (continued)

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

Company information

WPP Finance Co. Limited (registered number 03953038) is a private company limited by shares. 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 19. The Company made a profit after tax for the year of £77,618,000 (2018: £85,389,000).

No ordinary dividends were proposed and 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 and liquidity risk

The Directors believe that preparing the financial statements on the going concern basis is appropriate. 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 from the date at which the financial statements have been signed. As the Company is primarily an investment holder and does not trade, there is no expected impact to the financial position of the Company as a result of COVID 19.

The Company has net current assets of £664,415,000 and net assets of £1,624,816,000 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 operational existence for the at least next 12 months from the date of signing of the financial statements. Additionally, the Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements. The Directors believe that the principal risks and uncertainties affecting the going concern for the Company are mitigated.

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 Company performance 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 Finance Co. Limited

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.

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

9 October 2020

Sea Containers House
18 Upper Ground
London
SE1 9GL

WPP Finance Co. Limited

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 is a financing company and 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 profit before tax has decreased to £77,618,000 (2018: £85,389,000).

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.

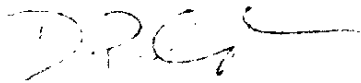
WPP Finance Co. Limited

Directors' report (continued)

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:

A handwritten signature in black ink, appearing to read 'D. Conaghan', with a long horizontal stroke extending to the right.

D. Conaghan
Director
9 October 2020

WPP Finance Co. 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.

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.

Independent auditor's report to the members of WPP Finance Co. Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WPP Finance Co. Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 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 15.

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.

We have nothing to report in respect of these matters.

WPP Finance Co. Limited

Independent auditor's report to the members of WPP Finance Co. Limited

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 Finance Co. Limited

Independent auditor's report to the members of WPP Finance Co. Limited

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 ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
9 October 2020

WPP Finance Co. Limited

Profit and loss account

For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Revenue		-	-
Other operating expenses		(284)	(25)
Operating loss		(284)	(25)
Interest receivable and similar income	3	118,319	128,711
Interest payable and similar charges	4	(43,145)	(39,802)
Foreign exchange loss		(34,937)	(3,113)
Write off of intercompany balance		(7)	-
Revaluation of financial instruments		4,413	(382)
Profit before taxation		44,359	85,389
Taxation	7	33,259	-
Profit for the financial year		<u>77,618</u>	<u>85,389</u>

All results are derived 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 Finance Co. Limited

Balance sheet

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	8	660,076	660,076
Debtors due after one year	9	288,300	296,639
Deferred tax assets	7	33,259	-
		<u>981,635</u>	<u>956,715</u>
Current assets			
Cash and cash equivalents		414,771	717,827
Debtors due within one year	10	2,939,505	1,573,042
		<u>3,354,276</u>	<u>2,290,869</u>
Creditors:			
Creditors: amounts falling due within one year	11	(2,689,861)	(1,692,065)
Net current assets			
		<u>664,415</u>	<u>598,804</u>
Creditors:			
Creditors: amounts falling due after more than one year	12	(21,234)	(8,321)
Net assets			
		<u>1,624,816</u>	<u>1,547,198</u>
Capital and reserves			
Called up share capital	13	853	853
Profit and loss account		1,623,963	1,546,345
Shareholders' funds			
		<u>1,624,816</u>	<u>1,547,198</u>

The financial statements of WPP Finance Co. Limited (registered number 03953038) were approved by the board of directors and authorised for issue on 9 October 2020.

They were signed on its behalf by:



D. Conaghan
Director

WPP Finance Co. Limited

Statement of changes in equity

For the year ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018	853	1,460,956	1,461,809
Profit for the year	-	85,389	85,389
Total comprehensive income for the year	-	85,389	85,389
Balance at 31 December 2018	853	1,546,345	1,547,198
Profit for the year	-	77,618	77,618
Total comprehensive income for the year	-	77,618	77,618
Balance at 31 December 2019	853	1,623,963	1,624,816

WPP Finance Co. Limited

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 Finance Co. Limited is a private company limited by shares, registered in England and Wales, incorporated in the UK under the Companies Act 2006. The address of the registered office is Sea Containers House, 18 Upper Ground, London, SE1 9GL. 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 pounds sterling because that is the currency of the primary economic environment in which the Company operated.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of WPP plc. Details of the parent in whose consolidated financial statements the Company is included are shown in note 15 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 accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 15.

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.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments

Except as stated below, fixed asset investments, including investments in subsidiaries, are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign 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.

WPP Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Taxation (continued)

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

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.

Translation of foreign currency

Foreign currency transactions arising from operating activities are translated from local currency into sterling 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 period end exchange rate. Foreign currency gains or losses are credited or charged to the profit and loss account as they arise.

Foreign currency and interest rate hedging

The Company's policy on interest rate and foreign exchange rate management sets out the instruments and methods available to hedge interest and currency risk exposures and the control procedures in place to ensure effectiveness.

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow or net investment hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

WPP Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

Foreign currency and interest rate hedging (continued)

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the profit and loss account.

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.

3. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from group companies	60,950	53,942
Bank and other interest receivable	57,369	74,769
	<u>118,319</u>	<u>128,711</u>

4. Interest payable and similar charges

	2019 £'000	2018 £'000
Bank loans and overdrafts	23,447	23,419
Interest payable to group companies	10,998	11,526
Interest receivable on financial instruments	8,700	4,857
	<u>43,145</u>	<u>39,802</u>

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts 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 Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

7. Tax on profit

The tax credit comprises:

	2019 £'000	2018 £'000
Current tax		
UK corporation tax at rate of 19% (2018: 19%)	-	-
Deferred Tax		
Deferred tax recognised on losses	33,259	-

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

	2019 £'000	2018 £'000
Profit before tax	44,359	85,389
Tax on profit at UK corporation tax rate of 19% (2018: 19%)	(8,429)	(16,224)
Effects of:		
Imputed interest	211	236
Imputed guarantee fee	94	107
Adjustment in respect of group relief for nil consideration	8,124	15,881
Deferred tax asset recognised on losses	33,259	-
Total tax credit for year	33,259	-

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%.

A deferred tax asset of £33m (2018: £25m) relates to tax losses.. The asset will be recovered as and when the Company makes sufficient profits in the future.

WPP Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

8. Investments

Subsidiary and associate undertakings

	£'000
Cost	
At 1 January 2018	660,076
Additions	-
At 31 December 2018	660,076
Additions	-
At 31 December 2019	660,076
Provisions for impairment	
At 1 January 2018, 31 December 2018 and 31 December 2019	-
Net book value at 31 December 2019	660,076
Net book value at 31 December 2018	660,076

Details of the Company's subsidiaries and associates at 31 December 2019 are as follows. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Company	Country of Incorporation/ Registration	Holding	Type
Flexible Organisation* ¹	England and Wales	54%	Ordinary
WPP Finance One Limited* ¹	England and Wales	19.72%	Ordinary

*Held directly by WPP Finance Co. Limited

¹ Sea Containers House, 18 Upper Ground, London, SE1 9GL

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2019 impairment review was undertaken as at 31 December 2019. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 8.56% has been assumed.

WPP Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

9. Debtors – amounts falling due after one year

	2019 £'000	2018 £'000
Fair value of derivatives	-	8,339
Amounts owed by group undertakings	288,300	288,300
	<u>288,300</u>	<u>296,639</u>

The interest rates applied on the Company's loans owed by other group undertakings is 1.4560%.

10. Debtors – amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed by group undertakings	2,919,161	1,553,301
Other debtors	18,547	13,766
Accrued interest	1,797	5,975
	<u>2,939,505</u>	<u>1,573,042</u>

The interest rates applied on the Company's loans owed by other group undertakings are 4.19%, 8%, 10%, 5.00%, 5.50%, 12%, 1.75%, 2.31%, 1.37%, 12%, 2.61% and 8.59%. The intercompany loans are repayable on demand.

11. Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	1,680,735	823,947
Amounts owed to group undertakings	1,006,096	863,150
Accrued interest	3,030	4,968
	<u>2,689,861</u>	<u>1,692,065</u>

The interest rates applied on the company's loans owed to other group undertakings are 1.52%, 1.36%, 1.43%, 0.98%, 1.38% and 1.41%. The intercompany loans are repayable on demand.

12. Creditors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Fair value of derivatives	<u>21,204</u>	<u>8,321</u>

WPP Finance Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

13. Called up share capital

	2019	2018
Allotted, called up and fully paid		
853,308,851 ordinary shares of £0.001 each	<u>853,308</u>	<u>853,308</u>

14. Related party transactions

As a wholly owned subsidiary of WPP Jubilee Limited, the Company has taken advantage of the exemption in "FRS 101:8(k)" from disclosing transactions with other members of the group headed by WPP Jubilee Limited.

15. Controlling party

In the opinion of the directors, the Company's immediate controlling party 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, UK, its registered address.

16. 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. The impact of Covid-19 was treated as a non-adjusting subsequent event and was not reflected within the 31 December 2019 financial statements.