

WPP Finance 2010

Annual report and financial statements

For the year ended 31 December 2019

Registered number: 07419716

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

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Officers and professional advisers

Directors

S. Winters (resigned 6 December 2019)
D. Conaghan (appointed 21 November 2019)
A. Payne (appointed 21 November 2019)
C. Welle

Company Secretary

WPP Group (Nominees) Limited

Registered Office

Sea Containers House
18 Upper Ground
London
SE1 9GL
United Kingdom

Bankers

HSBC Bank plc
Level 2, 8 Canada Square
Canary Wharf
London
E14 5HQ
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

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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 2010 (registered number 07419716) is a private unlimited company. The Company is registered in England and Wales and has its registered office at Sea Containers House, 18 Upper Ground London, SE1 9GL, United Kingdom.

Results and dividends

The audited financial statements for the year ended 31 December 2019 are set out from page 16 to 25. The Company made a loss after tax for the year of \$12,578,000 (2018: \$1,558,000).

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 total current liabilities of the company exceed its total current assets by \$135,029,000 (2018: \$18,408,000). 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.

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.

Auditor

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

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

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

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Directors' report (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
United Kingdom

WPP Finance 2010

Strategic report (continued)

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.

In 2011, the Company issued \$812,387,000 of 4.75% corporate bonds due 2021, which are listed on the London stock exchange and repaid in 2019. The bonds are co-guaranteed by WPP plc, WPP 2008 Limited, WPP 2005 Limited and WPP Air 1 Limited, fellow subsidiary undertakings in the WPP Group.

In 2012, the Company issued \$500,000,000 of 3.625% corporate bonds due 2022 and \$300,000,000 of 5.125% corporate bonds due 2042, \$28,422,000 of which was repaid in 2018 and \$178,744,000 in 2019. The bonds are listed on the London stock exchange and are co-guaranteed by WPP plc, WPP 2008 Limited, WPP 2005 Limited and WPP Air 1 Limited, fellow subsidiary undertakings in the WPP Group.

In 2013, the Company issued \$500,000,000 of 5.625% corporate bonds due 2043, \$49,690,000 of which was repaid in 2018 and \$230,465,000 in 2019. The bonds are listed on the Irish stock exchange and co-guaranteed by WPP plc, WPP Jubilee Limited and WPP 2005 Limited, fellow subsidiary undertakings in the WPP Group.

In 2014, the Company issued \$750,000,000 of 3.75% corporate bonds due 2024, which are listed on the Irish stock exchange. The bonds are co-guaranteed by WPP plc, WPP Jubilee Limited and WPP 2005 Limited, fellow subsidiary undertakings in the WPP Group.

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. As the Company only undertakes intercompany transactions and is subject to the overall WPP financing arrangements, the Directors believe that the Company has no principal risks and uncertainties other than going concern and liquidity. Going concern and liquidity risk are discussed above. 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

WPP Finance 2010

Strategic report (continued)

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.

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

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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 judgments 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 AUDITORS' REPORT TO THE MEMBERS OF WPP FINANCE 2010

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of WPP Finance 2010 (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 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).

2. 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Accounting for Corporate Bonds; and
- Going Concern.

Within this report, key audit matters are identified as follows:

- ⓘ Newly identified
- ⬆ Increased level of risk
- ↔ Similar level of risk
- ⬇ Decreased level of risk

Materiality	The materiality that we used in the current year was \$28.7m which was determined on the basis of 1.8% of the company's bond liability.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	<p>In the current year, we have identified going concern as a key audit matter, given the economic disruption likely to occur because of the Covid-19 pandemic, which is expected to adversely affect the ability of the company to meet their liabilities as they fall due.</p> <p>For the prior year, we identified management override of control as a key audit matter. We no longer consider management override of control as a key audit matter following reassessment of the related fraud risks.</p>

4. 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accounting for Corporate Bonds ↔

Key audit matter description	The company is a wholly owned subsidiary of WPP plc and acts as a financing company to other entities within the WPP plc group (the 'Group').
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Corporate bonds issued by the company in previous periods total \$1,562,679k (2018: \$2,749,777k). These are shown net of bond issue costs of \$19,745k (2018 \$33,657k) which are being amortised over the life of the bonds using the effective interest rate method. These balances are disclosed within note 10 to the financial statements.

Interest accrued during the year on the bond balance was \$17,536k (2018 \$25,773k), as disclosed within note 11 to the financial statements.

The directors have assessed the underlying accounting of the bonds at year-end in accordance with the amortised cost accounting policy adopted by the company as disclosed within note 1 to the financial statements. The bond accounts for 89% of the company's total liabilities and is a key balance in the financial statement. A small error in the calculation of the amortised cost of the bonds could have a material impact on the financial statements. Therefore the risk of inconsistent or inaccurate calculation of the amortised cost of the bonds was identified as a key audit matter.

How the scope of our audit responded to the key audit matter	<p>In addressing the key audit matter we performed the following procedures in relation to amortised cost calculations:</p> <ul style="list-style-type: none">• Performed recalculations of interest incurred on the bonds;• Recalculated the associated amortisation of the bond issue costs; and• Obtained and inspected relevant agreements and assessed whether any changes to the agreements have occurred.
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Key observations	Based on our procedures, we determined that the valuation of the bond liability and associated issue costs are appropriate.
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5.2. Going Concern

Key audit matter description	<p>The ability of the company to continue as a going concern is reliant on the WPP plc group (the "Group"), and therefore, the key audit matter focusses on the ability of the wider Group to meet their covenant compliance and liabilities as they fall due.</p> <p>In approving the financial statements, the directors are required to make an assessment of the company's ability to continue as a going concern for a period of at least 12 months from approval of the financial statements. This is disclosed in note 1 to the financial statements. There is a greater level of judgement in the going concern assessment of the Group and therefore the company in the current year. The economic disruption likely to occur as a result of the Covid-19 pandemic is expected to adversely affect the cash generation of the business.</p> <p>In establishing the assumptions adopted as part of the Group's going concern assessment, given the inherent uncertainty associated with Covid-19, it is currently difficult to determine a reasonable worst case scenario. Accordingly, management modelled a range of scenarios. These included a scenario which assumed a year-on-year decline of over 35% in revenue less pass through costs as defined in Note 2 Segment Information of the Group's financial statements. The directors determined that the likelihood of the Group breaching its banking covenants as at 31 December 2020 and not having access to sufficient liquidity</p>
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for at least twelve months from the date of signing the financial statements is remote considering the decline in revenue less pass through costs required and the mitigating actions available to management, including the suspension of share buy-backs and the final dividend. As a result of the uncertainty as to the impact of Covid-19 on the Group, we identified a key audit matter related to going concern due to the significant judgement required to conclude that there is not a material uncertainty related to going concern, in particular the judgement that the likelihood of the Group experiencing a decline in revenue less pass through costs that would result in a breach of its banking covenants at 31 December 2020 is remote.

How the scope of our audit responded to the key audit matter

In addressing the key audit matter we performed the following procedures:

- Assessed management's intentions for the company and its role within the Group going forward;
- Assessed the adequacy of resources to continue to operate for the foreseeable future by reviewing the forecasts, future cashflow projections and net asset position of the group;
- Updated our year-end procedures on the Group going concern assessment for events that have occurred since signing the Group financial statements in April by obtaining subsequent financial information and comparing actual EBITDA generated compared to the forecasts included in the initial going concern assessment; and
- Made enquiries of management regarding each of the Group's and the company's going concern position in relation to assumptions on which they have based their going concern assessment and about their plans for future actions.

Key observations

Based on our procedures, we determined that the adoption of the going concern basis of accounting and the disclosures related to the potential impact of Covid-19 and in respect of the company's ability to continue as a going concern are appropriate.

6. Our application of materiality

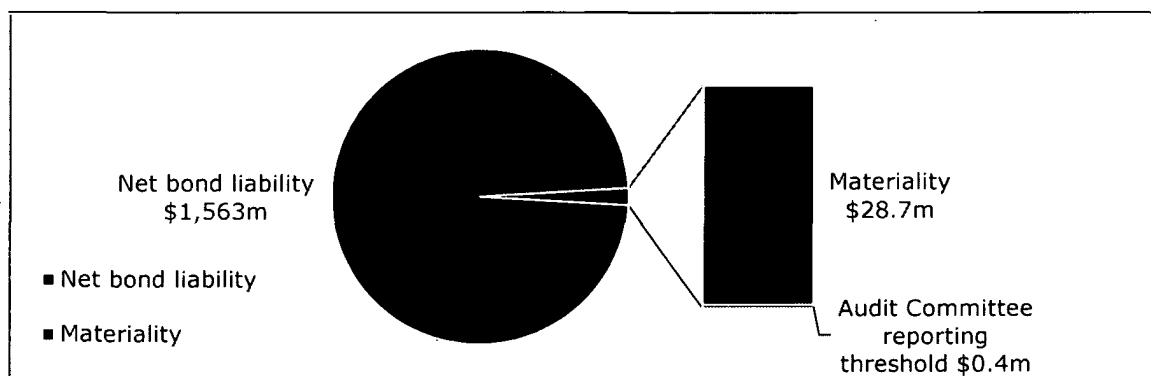
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality \$28.7m (2018: \$40.8m)

Basis for determining materiality	When determining materiality for the current year, as the company is part of WPP plc group, we also considered its appropriateness for the consolidation of this set of financial statements to the group results. The materiality applied in the audit of the financial statements for the company equates to approximately 1.8% (2018: 1.5%) of bond liability.
Rationale for the benchmark applied	We consider the bond liability to be the most appropriate benchmark as it is the key balance in relation to the Company's principal activity as a financing entity within the group. Materiality was capped at \$28,7m as this is the materiality level applied to this entity when carrying out audit procedures for the ultimate holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the company's overall control environment; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the directors that we would report to them all audit differences in excess of \$0.4m (2018: \$2.0m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

The scope of our audit was determined by obtaining an understanding of the company, its environment, the risks of material misstatement at the company level. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. 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.

9. 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.

10. 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists including tax specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

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

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters

14.1. Auditor tenure

We were appointed by the directors on 26 October 2010 to audit the financial statements of the company for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted

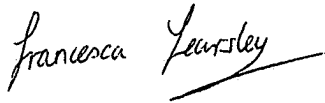
engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2011 to 31 December 2019.

14.2. Consistency of the audit report with the additional report to the directors

Our audit opinion is consistent with the additional report to the directors we are required to provide in accordance with ISAs (UK).

15. 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.

A handwritten signature in black ink that reads "Francesca Yearsley". The signature is written in a cursive style with a long horizontal stroke at the end.

Francesca Yearsley FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 June 2020

WPP Finance 2010

Profit and loss account

For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Other expenses		(1)	(12)
Operating loss		<u>(1)</u>	<u>(12)</u>
Interest receivable and similar income	3	117,519	136,554
Interest payable and similar charges	4	(131,532)	(136,205)
Revaluation of financial instruments	5	1,516	(1,847)
Foreign exchange loss		(80)	(48)
Loss before taxation		<u>(12,578)</u>	<u>(1,558)</u>
Taxation	8	-	-
Loss for the year		<u><u>(12,578)</u></u>	<u><u>(1,558)</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.

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Balance sheet

As at 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Non-current assets			
Investment in subsidiaries	9	162,800	-
Current assets			
Cash and cash equivalents		24,457	52,781
Debtors due within one year	10	18,081	70,433
Debtors due after one year	10	1,516,724	2,782,324
		<u>1,559,262</u>	<u>2,905,538</u>
Creditors: amounts falling due within one year	11	<u>(177,567)</u>	<u>(141,622)</u>
Net current liabilities		<u>(135,029)</u>	<u>(18,408)</u>
Creditors: amounts falling due after more than one year	11	<u>(1,542,934)</u>	<u>(2,749,777)</u>
Net assets		<u>1,561</u>	<u>14,139</u>
Capital and reserves			
Called-up share capital	12	-	-
Profit and loss account		<u>1,561</u>	<u>14,139</u>
Total shareholders' funds		<u>1,561</u>	<u>14,139</u>

The financial statements of WPP Finance 2010 (registered number 07419716) 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 Finance 2010

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	-	15,697	15,697
Loss for the year	-	(1,558)	(1,558)
Total comprehensive loss for the year	-	(1,558)	(1,558)
Balance at 31 December 2018	-	14,139	14,139
Loss for the year	-	(12,578)	(12,578)
Total comprehensive loss for the year	-	(12,578)	(12,578)
Balance at 31 December 2019	-	1,561	1,561

WPP Finance 2010

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 2010 is a private unlimited 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 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 separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of WPP plc. 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 accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 13.

Adoption of new and revised Standards

There are no new and revised standards and interpretations that are effective for the first time this financial year which have had a material impact on the Company.

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 Statement of comprehensive income.

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 reporting 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 Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Interest rate hedging

The Company's policy on interest 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 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.

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 2.

As at 31 December 2019 the total current liabilities of the company exceed its total current assets by \$135,029,000 (2018: \$18,408,000). The Company is a subsidiary of WPP plc 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, 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 accounts.

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.

WPP Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

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.

Debt

Interest-bearing debt is recorded at the proceeds received, net of direct issue costs.

Borrowing costs

Finance costs of borrowing are recognised in the profit and loss account over the term of these borrowings.

Investments

Fixed asset investments are shown at cost less provision for impairment

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 other group undertakings	116,031	136,209
Bank interest	1,488	345
	<u>117,519</u>	<u>136,554</u>

4. Interest payable and similar charges

	2019 \$'000	2018 \$'000
Bank loans and overdrafts	4,904	2,029
Interest payable on corporate bonds	125,056	132,979
Interest payable to group undertakings	1,572	1,197
	<u>131,532</u>	<u>136,205</u>

WPP Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

5. Revaluation of financial instruments

	2019 \$'000	2018 \$'000
Premium on the early repayment of a loan with other group undertakings	62,122	-
Premium on early repayment of bonds	(60,606)	(1,847)
	<u>1,516</u>	<u>(1,847)</u>

6. 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.

7. 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.

8. 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	<u>(12,578)</u>	<u>(1,558)</u>
Tax at UK corporation tax rate of 19% (2018: 19%)	2,283	296
Effects of:		
Adjustment in respect of group relief for nil consideration	<u>(2,283)</u>	<u>(296)</u>
Total tax charge for year	<u>-</u>	<u>-</u>

The main rate of corporation tax was reduced to 19% with effect from 1 April 2018.

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 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%.

WPP Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

9. Investments

Subsidiary undertakings

	\$'000
Cost	
At 31 December 2018	-
Additions	162,800
	<hr/>
At 31 December 2019	162,800
	<hr/> <hr/>
Provisions for impairment	
At 1 January 2019 and 31 December 2019	-
	<hr/> <hr/>
Net book value at 31 December 2019	162,800
	<hr/> <hr/>

Details of the Company's subsidiaries 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
WPP Finance One Ltd ¹	England and Wales	5.47%	Ordinary

*Held directly by WPP Finance 2010

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

10. Debtors

	2019 \$'000	2018 \$'000
Amounts falling due within one year		
Amounts owed by group undertakings	17,839	70,296
Other debtors	242	137
	<hr/>	<hr/>
	18,081	70,433
	<hr/> <hr/>	<hr/> <hr/>

WPP Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Debtors (continued)

	2019 \$'000	2018 \$'000
Amounts falling due after more than one year		
Amounts owed by other group undertakings	1,516,724	2,782,324

The interest rates applied on the company's loans owed by other group undertakings are 4.8750%, 5.0000%, 5.2500%, 3.7500%, 4.2200% and 6.1000% (2018: 4.8750%, 5.0000%, 5.2500%, 3.7500%, 4.2200%, and 6.1000%).

11. Creditors

	2019 \$'000	2018 \$'000
Amounts falling due within one year		
Bank loans and overdrafts	160,031	114,239
Interest payable on corporate bonds	17,536	25,773
Amounts owed to other group undertakings	-	1,197
Fair value of financial instruments	-	413
	<u>177,567</u>	<u>141,622</u>
Amounts falling due after more than one year		
Corporate bonds	1,542,934	2,749,777

In 2011, the Company issued \$812,387,000 of 4.75% corporate bonds due 2021, which are listed on the London stock exchange and settled in 2019. The bonds are co-guaranteed by WPP plc, WPP 2008 Limited, WPP 2005 Limited and WPP Air 1 Limited, fellow subsidiary undertakings in the WPP Group.

In 2012, the Company issued \$500,000,000 of 3.625% corporate bonds due 2022 and \$300,000,000 of 5.125% corporate bonds due 2042, \$28,422,000 of which was repaid in 2018 and \$178,744,000 in 2019. The bonds are listed on the London stock exchange and are co-guaranteed by WPP plc, WPP 2008 Limited, WPP 2005 Limited and WPP Air 1 Limited, fellow subsidiary undertakings in the WPP Group.

In 2013, the Company issued \$500,000,000 of 5.625% corporate bonds due 2043, \$49,690,000 of which was repaid in 2018 and \$230,465,000 in 2019. The bonds are listed on the Irish stock exchange and co-guaranteed by WPP plc, WPP Jubilee Limited and WPP 2005 Limited, fellow subsidiary undertakings in the WPP Group.

In 2014, the Company issued \$750,000,000 of 3.75% corporate bonds due 2024, which are listed on the Irish stock exchange. The bonds are co-guaranteed by WPP plc, WPP Jubilee Limited and WPP 2005 Limited, fellow subsidiary undertakings in the WPP Group.

The bonds are shown net of bond issue costs of \$19,745,000 which are being amortised over the life of the bonds.

WPP Finance 2010

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Called-up share capital

	2019	2018
	\$	\$
Allotted, called up and fully paid		
2 ordinary shares of £1 each	3	3

13. Controlling party

In the opinion of the directors, the Company's immediate parent company is WPP Finance (UK), 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.

14. 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.