

## **Cordiant Communications Group Limited**

Annual report and financial statements  
for the year ended 31 December 2012

Registered number 1320869



## Directors' Report

For the year ended 31 December 2012

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2012. This directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption.

### Principal activities and business review

The company acts as an intermediate holding company. The directors do not expect any changes in the company's activities in the foreseeable future.

The subsidiary undertakings held by the company are listed in note 5 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by s400 of the Companies Act 2006.

### Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 5 to 12. The company made a profit on ordinary activities after tax for the year of £15,879,000 (2011 - £604,000).

No ordinary dividends were paid during the year (2011 - £nil).

### Directors

The directors who served throughout the year were as follows:

A. Scott  
C. Sweetland  
P. Delaney

### Going concern

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. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

### Statement of disclosure of information to auditors

So far as the directors currently in office are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

27 Farm Street  
London  
W1J 5RJ

By order of the Board

  
C. Sweetland  
Director

17 September 2013

## 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). 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.

## Independent Auditor's Report

### **Independent Auditor's Report to the members of Cordiant Communications Group Limited**

We have audited the financial statements of Cordiant Communications Group Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

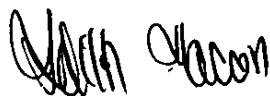
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditor's Report (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



**Judith Tacon (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

London, United Kingdom

27 September 2013

Profit and loss account  
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Turnover</b>		-	-
Other operating expenses		(150)	(194)
<b>Operating loss</b>		(150)	(194)
Income from shares in group undertakings		15,781	575
Interest receivable and similar income	3	-	83
Other (expense)/income		(34)	141
Amounts written off investments		(161)	-
Foreign exchange loss		(1)	(1)
Profit on sale of fixed asset investments		444	-
<b>Profit on ordinary activities before taxation</b>	2	15,879	604
Tax on profit on ordinary activities	4	-	-
<b>Profit on ordinary activities after taxation</b>		15,879	604
<b>Profit for the financial year</b>	9	15,879	604

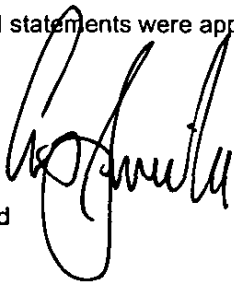
All results are derived from continuing activities

There are no recognised gains or losses in either the year other than those shown above and accordingly no statement of total recognised gains and losses has been prepared

**Balance sheet**  
At 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Investments	5	<u>58,797</u>	<u>56,403</u>
<b>Current assets</b>			
Debtors	6	23	17
Cash at bank		<u>40,205</u>	<u>26,775</u>
		40,228	26,792
<b>Creditors: amounts falling due within one year</b>	7	<u>(23)</u>	<u>(72)</u>
<b>Net current assets</b>		<u>40,205</u>	<u>26,720</u>
<b>Net assets</b>		<u>99,002</u>	<u>83,123</u>
<b>Capital and reserves</b>			
Called-up share capital	8	209,506	209,506
Share premium account	9	174,425	174,425
Other reserves	9	49,089	49,089
Profit and loss account	9	<u>(334,018)</u>	<u>(349,897)</u>
<b>Shareholders' funds</b>	10	<u>99,002</u>	<u>83,123</u>

The financial statements were approved by the Board of directors on ~~27~~ September 2013 and signed on its behalf by



C Sweetland

Director

## Notes to financial statements

For the year ended 31 December 2012

### 1 Accounting policies

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

#### *a) 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 1.

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 accounts.

#### *b) Basis of accounting*

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by s400 of the Companies Act 2006 because it is a wholly owned subsidiary of Lexington International B V which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

#### *c) Investments*

Fixed asset investments are shown at cost less provision for impairment.

#### *d) Taxation*

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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.

#### *e) Translation of foreign currency*

Foreign currency transactions arising from operating activities are translated from local currency to sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.



## Notes to financial statements (continued)

For the year ended 31 December 2012

### 2 Profit on ordinary activities before taxation

The directors received no remuneration during the year (2011 - £nil) for services to the company. The company had no other employees during either the current or preceding year. Administrative expenses, including the auditor's remuneration of £40,000 (2011 - £40,000), were borne by WPP 2005 Limited, a fellow group company.

### 3 Interest receivable and similar income

	2012 £'000	2011 £'000
Other interest receivable	-	83

### 4 Tax on profit on ordinary activities

The corporation tax charge of £nil (2011 - £nil) comprises

	2012 £'000	2011 £'000
Corporation tax at the blended rate of 24.5% (2011 - 26.5%)	(3,095)	(8)
Adjustment in respect of group relief for nil consideration	3,095	8
	-	-

The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	15,879	604
Tax at the blended rate of 24.5% (2011 - 26.5%) thereon	(3,890)	(160)
<i>Factors affecting tax charge for the year</i>		
Non-deductible expenditure	(12)	-
Non-taxable dividend income	737	152
Amounts written off investments	(39)	-
Profit on sale of fixed asset investments	109	-
Adjustment in respect of group relief for nil consideration	3,095	8
Current tax charge for the year	-	-

The company has unrecognised deferred tax assets as at 31 December 2012 in relation to advance corporation tax and capital losses of £846,000 and £9,765,000 respectively (2011 - £846,000 and £10,190,000 respectively). No deferred tax has been recognised on these balances as there is insufficient evidence of their reversal in future periods.

## Notes to financial statements (continued)

For the year ended 31 December 2012

### 5 Fixed asset investments

Investments at 31 December 2012 represent interests in the ordinary share capital of the following companies

Company	Country of incorporation	Activity	Holding	Type
AHA Puttner Red Cell Werbeagentur GMBH	Austria	Advertising	60%	ATS Partnership Interest
Bamber Forsyth Limited	England and Wales	Dormant	100%	Ordinary "A"
Bates (Malaysia) Sdn Bhd	Malaysia	Advertising	100%	Preference
BatesAsia Limited	Hong Kong	Advertising	100%	Ordinary
Bates Hellas Advertising S A	Greece	Advertising	100%	Ordinary
Bates India Private Limited	India	Advertising, Marketing and Media	17%	Ordinary "A"
Bates Overseas Holdings Limited	England and Wales	Intermediate Holding Company	100%	Ordinary
Bates Red Cell Portugal- Publicidade	Portugal	Advertising	71%	Ordinary
E Marketing S A				
Bulletin International Limited	England and Wales	Dormant	100%	Ordinary
CCG XM Holdings Limited	England and Wales	Dormant	100%	Ordinary
Colwood Healthworld Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%	Ordinary
Connect One Limited	England and Wales	Dormant	100%	Cumulative Preference Shares
Cordiant Communications Group Trustees Limited	England and Wales	Dormant	100%	Ordinary
Cordiant Group Limited	England and Wales	Intermediate Holding Company	100%	Ordinary "A"
Cordiant Overseas Holdings Limited	England and Wales	Dormant	100%	Ordinary
Cordiant Property Holdings Limited	England and Wales	Property Holdings and Letting	100%	Ordinary
Cordiant Pension Trustee Company Limited	England and Wales	Dormant	100%	Ordinary
Deckchair Studio Limited	England and Wales	Dormant	100%	Ordinary
Fitch Design Consultants Limited	England and Wales	Intermediate Holding Company	100%	Ordinary
Garrott Dorland Crawford Holdings Limited	England and Wales	Intermediate Holding Company	100%	Ordinary
Ogilvy CommonHealth SL	Spain	Healthcare	100%	Ordinary
Interstar Holdings Limited	England and Wales	Dormant	100%	Ordinary
Lighthouse Holdings (UK) Limited	England and Wales	Intermediate Holding Company	100%	Ordinary
Fitch Live Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%	Ordinary
Propose Two Limited	England and Wales	Dormant	100%	Ordinary

## Notes to financial statements (continued)

For the year ended 31 December 2012

### 5 Fixed asset investments (continued)

P S D Associates Limited	England and Wales	Dormant	100%	Ordinary "A"
Young & Rubicam Brands Ireland Limited	Ireland	Intermediate Holding Company	100%	Ordinary
Secure Two Limited	England and Wales	Dormant	100%	Ordinary
Sonic Sun Limited	England and Wales	Dormant	100%	Ordinary
Ted Bates Holdings Limited	England and Wales	Intermediate Holding Company	100%	Ordinary
WG Consulting Healthcare Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%	Ordinary

	£'000
<b>Cost</b>	
At 1 January 2012	550,952
Additions	7,785
Disposals	(5,230)
At 31 December 2012	<u>553,507</u>
<b>Provisions for impairment</b>	
At 1 January 2011	494,549
Written off	161
At 31 December 2012	<u>494,710</u>
<b>Net book value at 31 December 2012</b>	<u>58,797</u>
<b>Net book value at 31 December 2011</b>	<u>56,403</u>

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2012 impairment review was undertaken as at 31 December 2012. 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 8.81% has been assumed.

On the 31 July 2012, the company disposed of its investment in XM Asia Pacific Pte Limited for cash consideration to another group company. A profit of £5,674,000 was realised.

## Notes to financial statements (continued)

For the year ended 31 December 2012

### 6 Debtors

	2012 £'000	2011 £'000
Other debtors	<u>23</u>	<u>17</u>

### 7 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to other group undertakings	<u>23</u>	<u>72</u>

### 8 Called-up share capital

	2012 £	2011 £
<i>Allotted, called-up and fully-paid</i>		
419,011,573 (2011 - 419,011,573) ordinary shares of 50p each	<u>209,505,787</u>	<u>209,505,787</u>

### 9 Reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	174,425	49,089	(349,897)	(126,383)
Profit for the financial year	<u>-</u>	<u>-</u>	<u>15,879</u>	<u>15,879</u>
At 31 December 2012	<u>174,425</u>	<u>49,089</u>	<u>(334,018)</u>	<u>(110,504)</u>

### 10 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	<u>15,879</u>	<u>604</u>
Net addition to shareholders' funds	15,879	604
Opening shareholders' funds	<u>83,123</u>	<u>82,519</u>
Closing shareholders' funds	<u>99,002</u>	<u>83,123</u>

### 11 Guarantees and other financial commitments

The company participates in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank.

## Notes to financial statements (continued)

For the year ended 31 December 2012

### **12 Related party transactions**

As a wholly owned subsidiary of WPP plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by WPP plc

### **13 Ultimate parent company and controlling party**

The directors regard WPP Dutch Holdings Ltd, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is Lexington International B V, incorporated in the Netherlands

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com). Copies of the financial statements of Lexington International B V can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK