

Cordiant Communications Group Limited

Annual report and financial statements

For the year ended 31 December 2015

Registered number: 01320869

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Cordiant Communications Group Limited

Contents

	Page
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Cordiant Communications Group Limited

Directors' report

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 2015. This directors' report has been prepared in accordance with the provisions under s415 of the Companies Act 2006 applicable to companies entitled to the small companies exemption. The directors have taken advantage of the small companies exemption from preparing a strategic report.

Principal activities and business review

The Company acts as a financing company. The directors do not expect any changes in the Company's activities in the foreseeable future.

Principal risks and uncertainties

The Group has considered the principal risks and uncertainties affecting the Group as at 31 December 2015 and up to the date of this report. These are described in detail in the annual report of WPP plc which does not form part of this report.

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 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.

Results and dividends

The audited financial statements for the year ended 31 December 2015 are set out on pages 7 to 16. The Company made a loss on ordinary activities after tax for the year of £695,000 (2014 profit: £1,218,000).

No ordinary dividends were paid during the year (2014: £nil).

Directors

The directors who served throughout the year, except as noted, were as follows:

C Sweetland	(resigned 1 st July 2016)
C Van der Welle	
S Winters	(appointed 6 th July 2016)
A Scott	

Cordiant Communications Group 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/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.

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:



S Winters
Director

30th September 2016

27 Farm Street
London
W1J 5RJ

Cordiant Communications Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report including 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; 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 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 2015 which comprise the profit and loss account, the balance sheet, statement of changes in equity 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) including FRS 101 *Reduced Disclosure Framework*.

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 auditor

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its loss 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 matter 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.

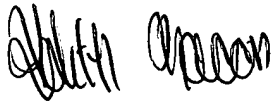
Independent auditor's report to the members of

Cordiant Communications Group Limited (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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report or from the requirement to prepare a strategic report; or
- we have not received all the information and explanations we require for our audit.



Judith Tacon (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 September 2016

Cordiant Communications Group Limited

Profit and loss account

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover		-	-
Other operating expenses		(202)	(125)
Operating loss		<u>(202)</u>	<u>(125)</u>
Other income		-	1,345
Foreign exchange loss		-	(2)
Amounts written off investments		(493)	-
(Loss)/profit on ordinary activities before taxation		<u>(695)</u>	<u>1,218</u>
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit for the financial year		<u><u>(695)</u></u>	<u><u>1,218</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.

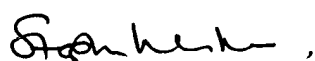
Cordiant Communications Group Limited

Balance sheet

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	6	56,885	61,544
Current assets			
Cash		41,749	41,987
Debtors :amounts falling due within one year	7	4,231	32
		45,980	42,019
Creditors : amounts falling due within one year	8	-	(2)
Net assets		102,865	103,561
Capital and reserves			
Called-up share capital	9	383,930	209,506
Share premium account		-	174,425
Capital Contribution reserves		49,089	49,089
Profit and loss account	10	(330,154)	(329,459)
Shareholders' funds		102,865	103,561

The financial statements of Cordiant Communications Group Limited (registered number 01320869) were approved by the board of directors and authorised for issue on 30 September 2016. They were signed on its behalf by:



S Winters
Director

Cordiant Communications Group Limited

Statement of changes in equity

For the year ended 31 December 2015

	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
As at 31 December 2013	209,506	174,425	49,089	(330,677)	102,343
Profit for the year	-	-	-	1,218	1,218
Total comprehensive income for the year	-	-	-	1,218	1,218
As at 31 December 2014	209,506	174,425	49,089	(329,459)	103,561
Loss for the year	-	-	-	(695)	(695)
Total comprehensive loss for the year	-	-	-	(695)	(695)
Issue of share capital	174,424	(174,425)	-	-	(1)
As at 31 December 2015	383,930	-	49,089	(330,154)	102,865

Cordiant Communications Group Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies

The principal accounting policies are summarised below.

Basis of accounting

Cordiant Communications Group Limited is a company incorporated in the United Kingdom, England and Wales, under the Companies Act. The address of the registered office is 27 Farm Street, London, W1J 5RJ. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016. There are no material adjustments on adoption of FRS 101 for the Company. Consequently no note presenting a reconciliation of transitional adjustments has been prepared.

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: business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of WPP plc. The group financial statements of WPP plc are available to the public and can be obtained as set out in note 13.

Adoption of new and revised Standards

As explained above, the Company has adopted FRS 101 for the first time in the current year.

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.

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2.

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.

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 loss for the year. Taxable loss differs from net profit as reported in the income statement 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.

Investments

Fixed asset investments are shown at cost less provision for impairment

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.

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. Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the Company's annual financial statements were £1,000 (2014: £1,000). These were borne by WPP 2005 Limited, a fellow group company.

4. Staff costs

The directors received no remuneration during the year (2014: £nil) for services to the Company. The Company had no employees during either the current or preceding year.

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

5. Tax on (loss)/profit on ordinary activities

The tax credit comprises:

	2015 £'000	2014 £'000
Current tax		
UK corporation tax at the blended rate of 20.25% (2014: 21.5%)	41	(249)
Adjustment in respect of group relief for nil consideration	(41)	249
Total tax on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

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

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before tax	<u>(695)</u>	<u>1,218</u>
Tax on (loss)/profit on ordinary activities at blended UK corporation tax rate of 20.25% (2014: 21.5%)	141	(262)
Factors affecting tax charge for the year:		
Non-taxable expenditure	-	13
Adjustment in respect of group relief for nil consideration	(141)	249
Total tax credit/(charge) for year	<u>-</u>	<u>-</u>

The main rate of corporation tax was reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The rate of 20.25% was substantively enacted at the balance sheet date.

Further reductions to the main rate of corporation tax were announced in the Finance (No. 2) Act 2015, reducing the rate to 19% from 1 April 2017 and 18% from 1 April 2020. Subsequently, in Budget 2016, the Government announced a further reduction to the main rate of corporation tax to 17% with effect from 1 April 2020. As these reductions were not substantively enacted at the balance sheet date, they are not reflected in these financial statements.

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

6. Subsidiaries

Subsidiary undertakings

	£'000
Cost	
At 1 January 2014	556,254
Additions	-
Disposals	-
	<hr/>
At 31 December 2014	556,254
Additions	-
Disposals	-
	<hr/>
At 31 December 2015	<u>556,254</u>
Provisions for impairment	
At 1 January 2014	494,710
Written off	-
	<hr/>
At 31 December 2014	494,710
Written off	4,660
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At 31 December 2015	<u>499,370</u>
Net book value	<u>56,885</u>

Details of the Company's subsidiaries at 31 December 2015 are as follows. To avoid a statement of excessive length, details of investments which are not significant have been omitted. Unless otherwise indicated, all ownership interests are in the ordinary share capital of the investee.

Company	Country of Incorporation/Registration	Holding	Type
aha puttner red cell Werbeagentur GmbH*	Austria	60%	Ordinary
141 Austria Werbeagentur GmbH	Austria	94%	Ordinary
Bates (Malaysia) Sdn Bhd*	Malaysia	0%	Ordinary; Preference
Art & Magic Sdn Bhd	Malaysia	100%	Ordinary
Equinox Communications Sdn Bhd	Malaysia	100%	Ordinary
Kobs & Draft Asia Sdn Bhd	Malaysia	100%	Ordinary
One Four One (Malaysia) Sdn Bhd	Malaysia	100%	Ordinary
Underline Design Group (M) Sdn Bhd	Malaysia	100%	Ordinary
XM Expanded Media Sdn Bhd	Malaysia	100%	Ordinary
Zenith Media Sdn Bhd	Malaysia	100%	Ordinary
Bates India Private Ltd*	India	15%	Ordinary
Atlas Advertising Private Ltd	India	100%	Ordinary
Bates Bangladesh Private Limited	Bangladesh	100%	Ordinary
Bates Overseas Holdings Limited*	England and Wales	100%	Ordinary

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

6. Subsidiaries (continued)

Company	Country of Incorporation/Registration	Holding	Type
Bates India Private Ltd	India	43%	Ordinary
Bates Red Cell Portugal - Publicidade e Marketing S.A.	Portugal	3%	Ordinary
Bates/Red Cell Gruppen A/S	Denmark	100%	Ordinary
Bates-Gruppen AS	Norway	100%	Ordinary
Cordiant (US) Holdings Limited	England and Wales	100%	Ordinary
Dr. Puttner And Bates Limited	England and Wales	100%	Ordinary
Softmedia Limited	England and Wales	60%	Ordinary
Bates Red Cell Portugal - Publicidade e Marketing S.A.*	Portugal	71%	Ordinary
BatesAsia Limited*	Hong Kong	100%	Ordinary
Bates China Limited	Hong Kong	0%	Ordinary
Bates Hong Kong Limited	Hong Kong	100%	Ordinary
Bulletin International Limited*	England and Wales	100%	Ordinary
Bulletin International UK Limited	England and Wales	100%	Ordinary
Colwood Healthworld Limited*	England and Wales	100%	Ordinary
Connect One Limited*	England and Wales	0%	Ordinary; Preference
Connect Five Limited	England and Wales	100%	Ordinary
Connect Six Limited	England and Wales	100%	Ordinary
Cordiant Communications Group Trustees Limited*	England and Wales	100%	Ordinary
Cordiant Group Limited*	England and Wales	100%	Ordinary; Preference
Cordiant Overseas Holdings Limited*	England and Wales	100%	Ordinary
Cordiant Property Holdings Limited*	England and Wales	100%	Ordinary
Deckchair Studio Limited*	England and Wales	0%	Ordinary
Garrott Dorland Crawford Holdings Limited	England and Wales	0%	Ordinary
Fitch Design Consultants Limited*	England and Wales	100%	Ordinary
Fitch Live Limited*	England and Wales	0%	Ordinary
Fitch Worldwide Limited*	England and Wales	100%	Ordinary
Garrott Dorland Crawford Holdings Limited*	England and Wales	0%	Ordinary
G2 London Limited	England and Wales	100%	Ordinary
Geometry Global (UK) Limited	England and Wales	0%	Ordinary
Team Life Global Limited	England and Wales	100%	Ordinary
Interstar Holdings Limited*	England and Wales	100%	Ordinary
Softmedia Limited	England and Wales	40%	Ordinary
Lighthouse Holdings (UK) Limited*	England and Wales	100%	Ordinary
Ogilvy CommonHealth SL*	Spain	100%	Ordinary
Propose Two Limited*	England and Wales	100%	Ordinary

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

6. Subsidiaries (continued)

Company	Country of Incorporation/Registration	Holding	Type
Connect One Limited	England and Wales	50%	Ordinary; Preference
Secure Two Limited*	England and Wales	100%	Ordinary
Connect One Limited	England and Wales	50%	Ordinary; Preference
Sonic Sun Limited*	England and Wales	100%	Ordinary
Ted Bates Holdings Limited*	England and Wales	0%	Ordinary
WG Access Limited*	England and Wales	100%	Ordinary
WPP DC Pension Trustee Company Limited*	England and Wales	100%	Ordinary

*Held directly by Cordiant Communications Group Limited

In accordance with the Company's accounting policy, the Company annually tests the carrying value of investments for impairment. The 2015 impairment review was undertaken as at 31 December 2015. 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 7.16% has been assumed.

7. Debtors: amounts falling due within one year

	2015 £'000	2014 £'000
Other debtors	4,163	32
	<u>4,163</u>	<u>32</u>

The amount due within one year is an interest free loan payable in 2016.

8. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Other creditors	-	2
	<u>-</u>	<u>2</u>

9. Called up share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
767,860,766 (2014 : 419,011,573) ordinary shares of £0.50 each	383,930,383	209,505,786
	<u>383,930,383</u>	<u>209,505,786</u>

348,848 amount of ordinary shares have been issued for £174,424 consideration.

Cordiant Communications Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2015

10. Profit and loss account

	£'000
Balance at 1 January 2014	(330,677)
Effect of change in accounting framework	-
Restated balance at 1 January 2014	(330,677)
Profit for the year	1,218
Balance at 1 January 2015	(329,459)
Loss for the year	(695)
Balance at 31 December 2015	(330,154)

11. 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.

12. 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.

13. Controlling party

In the opinion of the directors, the Company's immediate parent company is WPP Dutch Holdings Limited, a company incorporated in England and Wales. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is WPP plc, a company incorporated in Jersey. 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 27 Farm Street, London, W1J 5RJ, UK.