

**Company Registration No. 04078556**

**Wavemaker Global Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2020**



# **Wavemaker Global Limited**

**Company Registration No. 04078556**

## **Annual report and financial statements Year ended 31 December 2020**

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## **Wavemaker Global Limited**

**Company Registration No. 04078556**

**Annual report and financial statements  
Year ended 31 December 2020**

### **Officers and professional advisers**

#### **Directors**

A Altman  
M Lock  
P Keeble

#### **Registered office**

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

#### **Bankers**

National Westminster Bank Plc  
130 Commercial Road  
Portsmouth  
Hampshire  
PO1 1EJ  
United Kingdom

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

#### **Solicitors**

Squire Sanders (UK) LLP  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH  
United Kingdom

## Wavemaker Global Limited

Company Registration No. 04078556

### Strategic report

#### Principal activities and business review

The strategic report for the year ended 31 December 2020 has been prepared in terms of Section 414 (C) of the Companies Act 2006.

The principal activities of the company relate to the planning and buying of media as well as performing a centralised role supporting and delivering strategic insight to the global Wavemaker network.

Business activity continues to be impacted by the global economy and a competitive marketplace. Billings have increased to £85,076,000 (2019: £70,856,453) with a revenue increase to £12,907,000 (2019: £12,096,000). The loss for the year is £4,825,000 (2019: £2,117,000).

The company's position at the year-end is consistent with its centralised role to the wider Wavemaker network.

#### Future developments

The directors expect 2021 to continue to be a challenging year, driven by pressure on consumer spending which in turn impacts our clients' businesses although there are signs of improved trading conditions.

#### Key performance indicators

The key financial performance indicators are as follows:

	2020 £'000	2019 £'000	Change %
Revenue	12,907	12,096	7%
Loss before taxation	(4,766)	(2,301)	107%
Net liabilities	(56,550)	(52,862)	7%

The WPP group manages its operations on a network basis. For this reason, the company's directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the GroupM global network of WPP plc, which includes the company, is discussed in the WPP group's annual report.

#### Principal risks and uncertainties

The principal risks faced by the company are loss of major international clients and margin pressure, borne out of competition for key global accounts. These risks are mitigated by actively pitching for new business, focusing on maintaining a diversified client base and delivering a value adding service.

#### *Covid-19*

The coronavirus pandemic has touched all our lives. At WPP, and in the company, the first priority is the wellbeing of our people and doing what we can to limit the impact of the virus on society. The second priority has been the continuity of service for our clients. We have thrown ourselves into achieving both objectives.

Despite the negative impact of the pandemic on the financial performance of the company during the year, the company did not access any financial support measures made available by the UK and other governments.

The directors will continue to monitor, review and take the appropriate steps to respond to the impact of the Covid-19 pandemic in the company, as well as recognise and address the other current and emerging risks and uncertainties we face as a business.

## **Wavemaker Global Limited**

**Company Registration No. 04078556**

### **Strategic report (continued)**

#### *Covid-19 (continued)*

The extent of the continued impact of the Covid-19 pandemic on our business will depend on numerous factors that we are not able to accurately predict, including the duration and scope of the pandemic, government actions to mitigate the effects of the pandemic and the intermediate and long-term impact of the pandemic on our clients' spending plans.

The company is continuing to manage the risk by constantly monitoring its working capital position, supported by actions to maintain liquidity including cost reduction and cash conservation.

#### *Loss of clients*

The company competes for clients in a highly-competitive industry which has been evolving and undergoing structural change, now accelerated by the Covid-19 pandemic.

There are a range of impacts on our clients globally as a consequence of the Covid-19 pandemic. In the past, clients have responded to weak economic and financial conditions by reducing or shifting their marketing budgets which are easier to reduce in the short term than their other operating expenses.

The company manages the risk of client loss by placing an emphasis on providing faster, more agile and more effectively integrated solutions and continuously improving our creative capability and reputation of our business.

There is management focus on the importance of a positive and inclusive culture across our business to attract and retain talent and clients. There are regular updates to the management team on the status of client losses and upcoming pitches for new clients.

There is continuous engagement with our clients and suppliers through this period of uncertainty and reduction in economic activity.

#### *Cyber security and IT staff*

The company is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.

A cyber-attack could result in disruption to our business or compromise the security of data.

With a majority of our people working remotely as a consequence of the Covid-19 pandemic, there is the potential of an increased risk of compromised data security and cyber-attacks. These could all have a legal, financial or reputational consequence on the company.

The company mitigates the risk of cyber security and IT breaches by adhering to strict information security protocol and by monitoring and logging our network and systems. We are also raising our people's security awareness through our training.

#### *Brexit*

The company, in common with others, is exposed to risks arising from general changes in the economic environment – including the decision for the UK to exit the European Union – to the extent that it affects its clients' propensity to commission projects from the company. The directors manage the risk by ensuring that the company continues to provide high quality service and actively seeks to attract new business.

#### **Going concern**

The company is loss-making in the year and in a net liability position at the year end. The company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing arrangements.

The directors, having assessed the company's financial position and responses of the directors of the company's ultimate parent to their enquiries, have a reasonable expectation that the company will be able 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.

## **Wavemaker Global Limited**

**Company Registration No. 04078556**

### **Strategic report (continued)**

#### **Directors' duty to promote the success of the company**

The directors of the company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The directors are of the opinion that they have acted fairly and in good faith to promote the success of the company for the benefits of its members.

The directors have carried out these duties and have made decisions and undertaken short- and long-term strategies to maintain its financial performance and position. The directors continue to recognise the importance of maintaining the company's high standards of business conduct and reputation.

The directors are of the opinion that the remaining details of how they meet their duties is in line with those reflected by the directors of WPP plc in their annual report. Refer to pages 104-105 of the annual report of WPP plc available at [wpp.com](http://wpp.com) for more information on how the WPP plc directors meet their duties.

Approved by the Board of Directors  
and signed on behalf of the Board

*Paul Keeble*

P Keeble  
Director

24 May 2022

## **Wavemaker Global Limited**

**Company Registration No. 04078556**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Details of the following can be found in the strategic report on pages 2 - 3 and form part of this report by cross reference:

- Principal activities
- Future developments
- Going concern

#### **Directors**

The directors of the company who served throughout the year and up to the date of this report are listed below:

A Altman  
M Lock  
P Keeble

Each of the directors benefit from a third party qualifying indemnity given by the company in respect of liabilities incurred by the director in the execution and discharge of their duties. The provision remains in force throughout the financial year and up until the date of this report.

#### **Dividends**

The directors do not recommend the payment of an ordinary or preference share dividend in 2020 (2019: £nil). Furthermore, the directors of WPP Group (UK) Limited agreed to permanently waive any entitlement to the preference dividend on the company's euro preference shares relating to the years ended 31 December 2020 and 2019. Accordingly, no preference share dividend in relation to 2020 is proposed or provided for (2019: £nil).

#### **Financial risk management**

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks the directors consider relevant to this company are credit risk and currency risk. These risks are mitigated by regular monitoring throughout the year.

#### **Credit risk**

The company is subject to credit risk through the default of a client or other counterparty.

The company commits to media and production purchases on behalf of some of our clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look at us to pay those amounts and there could be an adverse effect on our working capital and operating cash flow.

The company is working closely with our clients during this period of economic uncertainty to ensure timely payment of services in line with contractual commitments and with vendors to maintain the settlement flow on media.

There are increased management processes to manage working capital and review cash outflows and receipts during the Covid-19 pandemic.

#### **Currency risk**

The company's activities expose it to the financial risks of changes in foreign exchange rates. Overall, the company has minimal exposure to currency risks due to it mainly transacting in Pounds sterling. The WPP group's treasury function takes out contracts to manage the risk at a group level.

## **Wavemaker Global Limited**

**Company Registration No. 04078556**

### **Directors' report**

#### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

#### **Auditor**

Each of the persons who is a director at the date 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 the 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting pursuant to s487 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board

*Paul Keeble*

P Keeble  
Director  
24 May 2022

## **Wavemaker Global Limited**

**Company Registration No. 04078556**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS'101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 Wavemaker Global Limited Company Registration No. 04078556**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Wavemaker Global Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2020 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 income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

# **Independent auditor's report to the members of Wavemaker Global Limited Company Registration No. 04078556**

## **Report on the audit of the financial statements (continued)**

### **Other information (continued)**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; pension legislation and
- 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 UK Bribery act and UK General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

# **Independent auditor's report to the members of Wavemaker Global Limited Company Registration No. 04078556**

## **Report on the audit of the financial statements (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

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

## **Report on other legal and regulatory requirements**

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

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

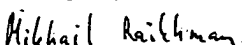
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **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.

DocuSigned by:

  
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Mikhail Raikhman, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

24 May 2022

## Wavemaker Global Limited

Company Registration No. 04078556

### Income statement For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Billings<sup>1</sup></b>		85,076	70,856
Revenue		12,907	12,096
		<u>12,907</u>	<u>12,096</u>
Administrative expenses		(16,743)	(13,534)
<b>Operating loss</b>	3	(3,836)	(1,438)
Interest receivable and similar income	4	209	261
Interest payable and similar expenses	5	(1,139)	(1,124)
		<u>(4,766)</u>	<u>(2,301)</u>
<b>Loss before taxation</b>		(4,766)	(2,301)
Tax on loss	11	(59)	184
		<u>(4,825)</u>	<u>(2,117)</u>
<b>Loss for the financial year</b>		<u>(4,825)</u>	<u>(2,117)</u>

The results for 2020 and 2019 were derived entirely from continuing operations.

There are no gains or losses other than disclosed above in either year and therefore no separate statement of other comprehensive income has been presented.

Notes:

1. Billings is a management alternative performance measure and comprises the gross amounts billed to clients in respect of commission-based/fee-based revenue together with the total of other fees earned.

## Wavemaker Global Limited

Company Registration No. 04078556

### Balance sheet As at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Deferred tax assets	11	305	364
<b>Current assets</b>			
Debtors	12	48,621	27,312
Cash at bank and in hand		13,609	14,627
		<u>62,230</u>	<u>41,939</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(97,623)</u>	<u>(74,800)</u>
<b>Net current liabilities</b>		<u>(35,393)</u>	<u>(32,861)</u>
<b>Total assets less current liabilities</b>		<u>(35,088)</u>	<u>(32,497)</u>
<b>Creditors: amounts falling due in more than one year</b>	14	<u>(21,462)</u>	<u>(20,365)</u>
<b>Net liabilities</b>		<u>(56,550)</u>	<u>(52,862)</u>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Other reserves		(10,871)	(10,871)
Retained earnings		<u>(45,679)</u>	<u>(41,991)</u>
<b>Shareholders' deficit</b>		<u>(56,550)</u>	<u>(52,862)</u>

These financial statements of Wavemaker Global Limited (Company Registration 04078556) were approved by the Board of Directors on 24 May 2022.

Signed on behalf of the Board of Directors

*Paul Keeble*

P Keeble  
Director

## Wavemaker Global Limited

Company Registration No. 04078556

### Statement of changes in equity For the year ended 31 December 2020

	Notes	Called-up share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2019</b>		-	(10,871)	(40,788)	(51,659)
Loss for the year		-	-	(2,117)	(2,117)
<b>Total comprehensive loss for the year</b>		-	-	(2,117)	(2,117)
Capital contribution for equity-settled share-based payments	9	-	-	914	914
<b>Balance at 31 December 2019</b>		-	(10,871)	(41,991)	(52,862)
Loss for the year		-	-	(4,825)	(4,825)
<b>Total comprehensive loss for the year</b>		-	-	(4,825)	(4,825)
Capital contribution for equity-settled share-based payments	9	-	-	1,137	1,137
<b>Balance at 31 December 2020</b>		-	(10,871)	(45,679)	(56,550)

## Wavemaker Global Limited

Company Registration No. 04078556

### Notes to the financial statements (continued) Year ended 31 December 2020

#### 1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are described below.

##### Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and directors' report.

The company has a net current liability position of £35,393,000 and a net liability position of £56,491,000.

The company meets its day-to-day working capital requirements through participating in group banking arrangements with WPP plc and has access to a group cash management facility.

The directors having assessed the company's financial position and the responses of the directors of the company's ultimate parent to their enquiries, have a reasonable expectation that the company will be able 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.

##### Basis of accounting

Wavemaker Global Limited is a private company limited by shares incorporated in the United Kingdom and registered in England under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations is set out in Principal activities and 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. 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 are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The principal accounting policies adopted are set out below.

The functional and presentation currency of the company is pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The group accounts of WPP plc are available to the public and can be obtained as set out in note 17.

As permitted by FRS 101, the company, as a qualifying entity, has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, 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.

## Wavemaker Global Limited

Company Registration No. 04078556

### Notes to the financial statements (continued) Year ended 31 December 2020

#### 1. Accounting policies (continued)

##### Impact of initial application of new and revised standards

No new accounting standards or IFRIC interpretations have had a material impact on the company's financial statements for the current year.

##### Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Trade receivables are stated net of provisions for bad and doubtful debts.

##### Revenue recognition

Revenue comprises commissions and fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media costs. Costs to obtain a contract are typically expensed as incurred as the contracts are generally short-term in nature.

In most instances, promised services in a contract are not considered distinct or represent a series of services that are substantially the same with the same pattern of transfer to the customer and, as such, are accounted for as a single performance obligation.

Revenue is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over time as services are rendered.

For our retainer arrangements, we have a stand-ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements is broad and generally not reconcilable to any input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

The amount of revenue recognised depends on whether we act as an agent or as a principal. Most arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases we are acting as an agent as we do not control the relevant good or service before it is transferred to the client. When we act as an agent, the revenue recorded is the net amount retained. Costs incurred with external suppliers (such as media suppliers) are excluded from revenue and recorded as accrued income until billed.

##### Taxation

Current UK corporation 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.

Deferred taxation is provided 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 laws. 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 are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## Wavemaker Global Limited

Company Registration No. 04078556

### Notes to the financial statements (continued) Year ended 31 December 2020

#### 1. Accounting policies (continued)

##### Pension costs

Pension costs represent contributions made to defined contribution pension schemes on behalf of certain directors and employees of the company. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company participates in a group defined benefit scheme which is the legal responsibility of the ultimate parent as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost to the participating entities; therefore the company recognises a cost equal to its contribution payable for the period, which is presented within administrative expenses in the profit and loss account.

##### Foreign currencies

Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Any gain or loss subsequent to the date of the transaction is dealt with in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date.

##### Share-based payments

Certain employees of the company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non-market based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black-Scholes model, depending on the characteristics of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

##### Critical accounting judgments and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the directors' opinion there were no critical accounting judgments applied or key sources of estimation uncertainty in the reporting year.

#### 2. Revenue

The activities of the company during the year were principally related to the provision of media planning, buying and research services in the United Kingdom.

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 3. Operating loss

Operating loss is stated after charging / (crediting):

	2020 £'000	2019 £'000
Foreign exchange loss / (gain) on revaluation of preference shares	673	(713)
Foreign exchange loss / (gain) on revaluation of working capital	95	(69)
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	27	31
	<u>27</u>	<u>31</u>

#### 4. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest receivable	209	261
	<u>209</u>	<u>261</u>

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 5. Interest payable and similar charges

	2020 £'000	2019 £'000
Interest on overdrafts payable	1,139	1,124
	<u>1,139</u>	<u>1,124</u>

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

The company, together with WPP plc and certain other subsidiary undertakings of WPP plc, is party to the group's syndicated banking arrangements. The company has jointly and severally guaranteed the borrowings under these arrangements, details of which are included in the financial statements of WPP plc.

#### 6. Staff costs

	2020 No.	2019 No.
The average monthly number of persons (including directors) employed by the company during the year was:	217	201
	<u>217</u>	<u>201</u>
	2020 £'000	2019 £'000
Wages and salaries	15,977	14,752
Bonuses	1,774	1,925
Social security costs	2,043	1,894
Pension costs	670	541
	<u>20,464</u>	<u>19,112</u>

The above table excludes amounts relating to share-based payments, which are disclosed in note 9.

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 7. Directors' remuneration

	2020 £'000	2019 £'000
<b>Directors' remuneration</b>		
Emoluments	606	566
Amounts payable (other than shares and share options) under long-term incentive schemes	52	58
Company contributions to money purchase pension schemes	27	21
	<u>685</u>	<u>709</u>

	No.	No.
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	3	4
Exercised options over shares in the company or its ultimate parent	2	2
Had awards receivable in the form of shares under a long-term incentive scheme.	<u>2</u>	<u>2</u>

	2020 £'000	2019 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	312	298
Amounts payable (other than shares and share options) under long-term incentive schemes	38	34
Company contributions to money purchase pension schemes	<u>12</u>	<u>10</u>

#### 8. Pension costs

The amount charged in the profit and loss account for the year for pension costs of the company was £ 670,000 (2019: £541,000). Pension amounts of £96,506 were accrued as at 31 December 2020 (2019: £59,903).

#### 9. Share-based payments

The company charged £1,137,000 to the profit and loss account in the year ended 31 December 2020 (2019: £913,712) in relation to equity-settled share-based payments.

##### *Stock option plans*

Certain employees participate in WPP plc stock option plans. However, the number and value of options are immaterial to the statutory accounts.

##### *Restricted stock schemes*

Certain employees participate in restricted stock schemes, which are in most cases satisfied by the delivery of stock from one of the WPP plc ESOP Trusts. The most significant schemes are:

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 9. Share-based payments (continued)

##### Performance Share Awards (PSA)

Grants of stock under PSA are dependent upon annual performance targets, typically based on one or more of: operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and will vest two years after grant provided the individual concerned is continually employed by a WPP company throughout this time.

##### Leaders, Partners and High Potential Group

Since 2005, restricted stock grants under this plan have effectively replaced executive stock options. Performance conditions include continued employment over a three-year vesting period.

Further details on the share based payment schemes are available in the financial statements of WPP plc.

##### Special Grants

Grants of stock under Special Grants are issued by WPP plc on an ad hoc basis. They can be issued as retention awards or special awards. The vesting period can vary across individual grants. The current vesting periods range from 9 months to 21 months.

##### Deferred Bonus

Grants issued under this plan are issued when senior employees elect to receive this share grant instead of a monetary annual bonus. The grants vest 4 years after they are granted.

##### Executive Performance Share Plan (EPSP)

The first grant of restricted stock under the EPSP was made in 2013. This scheme is intended to reward and incentivise the most senior executives of the Group and has effectively replaced LEAP (Leadership Equity Acquisition Plan, a long-term incentive plan used to grant awards until the end of 2012). The performance period is five complete financial years, commencing with the financial year in which the award is granted. Grant date will usually be in the first half of the first performance year, with vest date in the March following the end of the five year performance period. Vesting is conditional on continued employment throughout the vesting period.

There are three performance criteria, each constituting one third of the vesting value, and each measured over this five year period:

- (i) TSR against a comparator group of companies. Threshold performance (equating to ranking in the 50th percentile of the comparator group) will result in 20% vesting of the part of the award dependent on TSR. The maximum vest of 100% will arise if performance ranks in the 90th percentile, with a sliding scale of vesting for performance between threshold and maximum.
- (ii) Headline diluted earnings per share. Threshold performance (7% compound annual growth) will again result in a 20% vest. Maximum performance of 14% compound annual growth will give rise to a 100% vest, with a sliding vesting scale for performance between threshold and maximum.
- (iii) Return on equity (ROE). Average annual ROE defined as headline diluted EPS divided by the balance sheet value per share of share owners' equity. Threshold of 10% average annual ROE, maximum of 14%, with a sliding scale for performance in between. Threshold again gives rise to a 20% vest, with 100% for maximum.

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 9. Share-based payments (continued)

Details of movements in share-based awards during the year are as follows:

	2020		2019	
	Number of share awards	Weighted average exercise price (£)	Number of share awards	Weighted average exercise price (£)
<b>PSA</b>				
Outstanding at beginning of period	101,749		95,381	
Granted during the period	76,922	5.58	39,895	17.21
Vested during the period	(79,752)		(33,527)	
Outstanding at the end of the period	<u>98,919</u>		<u>101,749</u>	
<b>Leaders, Partners and High Potential Group</b>				
Outstanding at beginning of the year	90,034		106,427	
Granted during the year	28,123	7.55	33,013	17.06
Vested during the year	(26,659)		(49,406)	
Outstanding at the end of the year	<u>91,498</u>		<u>90,034</u>	
<b>Special Grants Group</b>				
Outstanding at beginning of the year	53,395		40,397	
Granted during the year	28,226	5.58	22,155	17.21
Vested during the year	(31,240)		(9,157)	
Outstanding at the end of the year	<u>50,381</u>		<u>53,395</u>	
<b>DEF Bonus</b>				
Outstanding at beginning of the year	8,495		-	
Granted during the year	2,448	5.58	8,495	9.48
Outstanding at the end of the year	<u>10,943</u>		<u>8,495</u>	
<b>EPSP</b>				
Outstanding at beginning of the year	83,790		140,889	
Granted during the year	141,681	7.55	83,790	12.91
Vested during the year	-		(140,889)	
Outstanding at the end of the year	<u>225,471</u>		<u>83,790</u>	

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 10. Dividends

The directors do not recommend the payment of a dividend on ordinary shares in 2020 (2019: £nil).

The preference shares provide for a floating rate cumulative preferential dividend calculated at the one year Euribor rate prevailing on the last business day of the year, adjusted for the company's credit margin and net of the prevailing UK corporation tax rate.

The company is in a net liability position and is anticipated to remain in such position for the foreseeable future. As a result, the directors of WPP Samson Limited have resolved to permanently waive their entitlement to any preference dividend on the company's Euro preference shares relating to the years ended 31 December 2020 and 2019. Accordingly, no preference share dividend in relation to 2020 is proposed or provided for (2019: £nil).

#### 11. Tax on loss

(a) Analysis of tax credit for the year is as follows:

	2020 £'000	2019 £'000
Current tax	-	27
Deferred tax	59	(211)
Tax on loss	<u>59</u>	<u>(184)</u>

(b) Factors affecting tax credit for the year

The differences between the tax credit charged to the profit and loss account and the amount calculated by applying the standard rate of UK corporation tax of 19% (2019: 19%) to the loss before tax are as follows:

	2020 £'000	2019 £'000
Loss before tax	(4,766)	(2,301)
Tax credit at 19% (2019: 19%) thereon	(906)	(437)
Effects of:		
Impact of rate change	(43)	(51)
Group relief surrendered for nil consideration	451	399
Foreign tax paid	-	27
Non-deductible expenses	143	(122)
Other	414	-
Tax credit for the year	<u>59</u>	<u>(184)</u>

A deferred tax asset of £305,000 (2019: £364,000) has been recognised in respect of timing differences relating to share options.

In May 2021, the UK corporation tax rate has been increased to 25% effective from 1 April 2023 and applying to profits above £250,000. This change was substantively enacted after the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end.

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 12. Debtors

	2020 £'000	2019 £'000
Trade debtors	21,418	9,284
Amounts owed by group undertakings	2,254	7,621
Other debtors	3,982	619
Prepayments and accrued income	20,967	9,788
	<u>48,621</u>	<u>27,312</u>

All amounts owed by group undertakings are unsecured, repayable on demand and do not accrue interest.

#### 13. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank overdrafts	41,633	28,274
Trade creditors	7,237	2,994
Other taxes and social security	684	789
Accruals and deferred income	48,069	42,743
	<u>97,623</u>	<u>74,800</u>

#### 14. Creditors: amounts falling due in more than one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	9,168	8,745
Redeemable preference shares owed to group undertakings	12,294	11,620
	<u>21,462</u>	<u>20,365</u>

All amounts owed to group undertakings are unsecured, repayable on demand and do not accrue interest.

The preference shares are redeemable at par by the company.

## Wavemaker Global Limited

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### Notes to the financial statements (continued) Year ended 31 December 2020

#### 15. Called-up share capital

Each share carries full dividend rights and full distribution rights.

	2020 £'000	2019 £'000
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>
<b>Called-up, allotted and fully paid:</b>		
1 ordinary share of £1	-	-
	<u>-</u>	<u>-</u>

#### 16. Related parties

The company is a wholly-owned subsidiary and therefore in accordance with IAS 24 is exempt from the disclosure of information regarding related party transactions with its parent company and wholly-owned subsidiary undertakings of the parent company. Details of the ultimate parent company are shown in note 17.

#### 17. Ultimate parent undertaking and controlling party

The directors regard WPP Samson Limited, 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. The registered address of WPP plc is Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES.

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. The parent undertaking of the smallest such group is WPP Jubilee Limited, registered in England and Wales.

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com). Copies of the financial statements of WPP Jubilee Limited can be obtained from the registered address Sea Containers House, 18 Upper Ground, London, SE1 9GL.