
Burson-Marsteller A/S

Kronprinsessegade 54, 4. th, DK-1306 København K

Annual Report for 1 January - 31 December 2016

CVR No 24 21 35 87

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/5 2017

Tina Brøgger Sørensen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Burson-Marsteller A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 24 May 2017

Executive Board

Nikolaj Buchardt
Chief Executive Officer

Board of Directors

Howard Clayden
Chairman

Morten Erik Pettersen

Nikolaj Buchardt

Independent Auditor's Report

To the Shareholder of Burson-Marsteller A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Burson-Marsteller A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 24 May 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant

Morten Jarlbo
State Authorised Public Accountant

Company Information

The Company

Burson-Marsteller A/S
Kronprinsessegade 54, 4. th
DK-1306 København K

CVR No: 24 21 35 87

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Howard Clayden, Chairman
Morten Erik Pettersen
Nikolaj Buchardt

Executive Board

Nikolaj Buchardt

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 Copenhagen C

Management's Review

Financial Statements of Burson-Marsteller A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

Main activity

The Company's primary activity consists of consultancy and advisory services within PR and communication and work related to the subsequent production.

Development in the year

The income statement of the Company for 2016 shows a loss of DKK 1,483,912, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 7,954,701.

In the past financial year, Burson-Marsteller A/S made a settlement with the former CEO, Maria Sennels, related to breach of contractual obligations. The company has received a compensation in 2016 which has been booked in the financial statement partly as revenue, staff expenses and other external expenses.

Subsequent events

In March 2017, Burson-Marsteller A/S entered into a joint venture with the sister company in the WPP Group, Hill+Knowlton Strategies A/S. The purpose of the joint operations is to create an enhanced competitive position in the market.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Revenue		6.202.174	5.706.687
Expenses for raw materials and consumables		-1.221.757	-835.532
Other external expenses		-2.738.390	-3.518.528
Gross profit/loss		2.242.027	1.352.627
Staff expenses	1	-3.882.594	-6.901.457
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-247.616	-284.865
Profit/loss before financial income and expenses		-1.888.183	-5.833.695
Financial expenses		-10.209	-14.546
Profit/loss before tax		-1.898.392	-5.848.241
Tax on profit/loss for the year		414.480	1.346.899
Net profit/loss for the year		-1.483.912	-4.501.342

Distribution of profit

Proposed distribution of profit

Retained earnings		-1.483.912	-4.501.342
		-1.483.912	-4.501.342

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Other fixtures and fittings, tools and equipment		223.834	389.750
Leasehold improvements		21.584	65.011
Property, plant and equipment		<u>245.418</u>	<u>454.761</u>
Deposits		293.986	286.714
Fixed asset investments		<u>293.986</u>	<u>286.714</u>
Fixed assets		<u>539.404</u>	<u>741.475</u>
Trade receivables		649.721	592.371
Contract work in progress		92.233	12.242
Receivables from group enterprises		7.860.622	8.771.651
Deferred tax asset		53.194	36.465
Corporation tax		397.751	1.342.544
Prepayments		314.482	329.875
Receivables		<u>9.368.003</u>	<u>11.085.148</u>
Cash at bank and in hand		<u>0</u>	<u>4.030</u>
Currents assets		<u>9.368.003</u>	<u>11.089.178</u>
Assets		<u>9.907.407</u>	<u>11.830.653</u>

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		501.000	501.000
Retained earnings		<u>7.453.701</u>	<u>8.937.613</u>
Equity	2	<u>7.954.701</u>	<u>9.438.613</u>
Credit institutions		0	15.751
Trade payables		409.622	310.629
Contract work in progress, liabilities		560.209	352.869
Payables to group enterprises		32.586	537.800
Other payables		<u>950.289</u>	<u>1.174.991</u>
Short-term debt		<u>1.952.706</u>	<u>2.392.040</u>
Debt		<u>1.952.706</u>	<u>2.392.040</u>
Liabilities and equity		<u>9.907.407</u>	<u>11.830.653</u>
Contingent assets, liabilities and other financial obligations	3		
Related parties	4		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	501.000	8.937.613	9.438.613
Net profit/loss for the year	0	-1.483.912	-1.483.912
Equity at 31 December	501.000	7.453.701	7.954.701

Notes to the Financial Statements

	2016	2015
	DKK	DKK
1 Staff expenses		
Wages and salaries	4.707.173	6.288.761
Pensions	486.018	527.514
Other social security expenses	49.403	85.182
	5.242.594	6.901.457
Settlement with former CEO	-1.360.000	0
	3.882.594	6.901.457
Average number of employees	8	9

2 Equity

The share capital consists of 5,010 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2016	2015
	DKK	DKK
3 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Commitments under rental agreements or leases until expiry	527.000	1.380.000

Notes to the Financial Statements

4 Related parties

Name and registered office of the parent preparing consolidated financial statements:

Name	Place of registered office
WPP plc.	27 Farm Street, W1J 5RJ London, England

The Group Annual Report of Burson-Marsteller A/S is included in the consolidated financial statements of the ultimate parent WPP Group plc. may be obtained at the following address: www.wpp.com

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Burson-Marsteller A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes, Accounting Policies

Income Statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise cost regarding projects used to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and marketing as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish companies within the WPP Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes, Accounting Policies

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Notes, Accounting Policies

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.