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***J. Walter Thompson***  
***Copenhagen A/S***

Toldbodgade 55, DK-1253 Copenhagen K

**Annual Report for 1 January - 31  
December 2016**

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CVR No 25 79 92 91

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
8 /6 2017

Lars Petersen  
Chairman

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Notes, Accounting Policies	16

# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of J. Walter Thompson Copenhagen 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.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 8 June 2017

## **Executive Board**

Torben Snowman  
CEO

## **Board of Directors**

Sally Sharon Bird Spensley  
Chairman

Christopher Henry St John  
Hoare

Carsten Kaag

Torben Snowman

# Independent Auditor's Report

To the Shareholder of J. Walter Thompson Copenhagen A/S

## Opinion

We have audited the Financial Statements of J. Walter Thompson Copenhagen 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. The Financial Statements are 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 of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

## 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.

## Emphasis of Matter

Please refer to the Management Review and the description in accounting policies stating that the Executive Board is planning to close down the Company during 2017. The accounting policies are therefore changed compared to last year, so that the financial statements are prepared in accordance with the net realizable principles.

## 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.

# Independent Auditor's Report

## **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 judgement and maintain professional scepticism 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.
- 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.

# **Independent Auditor's Report**

## **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 Statements Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 8 June 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**

J. Walter Thompson Copenhagen A/S  
Toldbodgade 55  
DK-1253 Copenhagen K

Telephone: + 45 33326031  
Facsimile: + 45 33326041

CVR No: 25 79 92 91  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Sally Sharon Bird Spensley, Chairman  
Christopher Henry St John Hoare  
Carsten Kaag  
Torben Snowman

### **Executive Board**

Torben Snowman

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-0900 Copenhagen C

# **Management's Review**

## **Key activities**

The company's activity is serving as an advertising agency. The customers are Danish as well as International.

## **Development in the year**

The income statement for the Company for 2016 shows a loss of t.DKK 3.752. The result is considered unsatisfactory and it has been decided to close the Company, and costs and obligations related to the closing have been provided at 31 December.

At 31 December, the balance sheet of the Company shows negative equity of t.DKK 541. The Company is part of WPP Group and hence included in the WPP Group financing arrangement which allows access to a Danish cash pooling, administrated by WPP Holding Denmark A/S.

WPP Holding Denmark A/S has agreed to accept to pay all costs related to the closing in case the Company does not have sufficient own funds.

Because of the support from WPP Holding Denmark A/S, it is expected that the closing will take place as a solvent liquidation.



## Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
<b>Revenue</b>		<b>24.040.543</b>	<b>42.400.073</b>
Cost of sales		-10.174.607	-24.561.226
Other external expenses		-4.989.330	-6.042.193
<b>Gross profit/loss</b>		<b>8.876.606</b>	<b>11.796.654</b>
Staff expenses	1	-13.890.741	-15.595.372
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-120.629	-133.499
<b>Profit/loss before financial income and expenses</b>		<b>-5.134.764</b>	<b>-3.932.217</b>
Income from investments in subsidiaries		428.372	340.070
Financial expenses	2	-54.759	-91.229
<b>Profit/loss before tax</b>		<b>-4.761.151</b>	<b>-3.683.376</b>
Tax on profit/loss for the year	3	1.008.838	897.507
<b>Net profit/loss for the year</b>		<b>-3.752.313</b>	<b>-2.785.869</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-3.752.313	-2.785.869
		<b>-3.752.313</b>	<b>-2.785.869</b>

## Balance Sheet 31 December

### Assets

	Note	2016 DKK	2015 DKK
Other fixtures and fittings, tools and equipment		87.339	120.614
Leasehold improvements		7.251	29.072
<b>Property, plant and equipment</b>		<b>94.590</b>	<b>149.686</b>
Investments in subsidiaries	4	3.245.095	2.816.723
Deposits		636.708	620.494
<b>Fixed asset investments</b>		<b>3.881.803</b>	<b>3.437.217</b>
<b>Fixed assets</b>		<b>3.976.393</b>	<b>3.586.903</b>
Trade receivables		2.443.289	6.693.537
Contract work in progress	5	614.347	499.356
Receivables from group enterprises		2.375.064	0
Deferred tax asset		606.095	192.764
Corporation tax		522.000	861.914
Prepayments		19.166	26.182
<b>Receivables</b>		<b>6.579.961</b>	<b>8.273.753</b>
<b>Cash at bank and in hand</b>		<b>5.328</b>	<b>3.673</b>
<b>Currents assets</b>		<b>6.585.289</b>	<b>8.277.426</b>
<b>Assets</b>		<b>10.561.682</b>	<b>11.864.329</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		750.000	713.658
Retained earnings		<u>-1.291.175</u>	<u>-1.256.703</u>
<b>Equity</b>	<b>6</b>	<b><u>-541.175</u></b>	<b><u>-543.045</u></b>
Trade payables		245.185	505.702
Contract work in progress, liabilities	5	518.311	1.489.245
Payables to group enterprises		5.807.636	8.532.097
Other payables	7	<u>4.531.725</u>	<u>1.880.330</u>
<b>Short-term debt</b>		<b><u>11.102.857</u></b>	<b><u>12.407.374</u></b>
<b>Debt</b>		<b><u>11.102.857</u></b>	<b><u>12.407.374</u></b>
<b>Liabilities and equity</b>		<b><u>10.561.682</u></b>	<b><u>11.864.329</u></b>
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		

## Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	713.658	0	-1.256.703	-543.045
Cash capital increase	36.342	3.717.841	0	3.754.183
Net profit/loss for the year	0	0	-3.752.313	-3.752.313
Transfer from share premium account	0	-3.717.841	3.717.841	0
<b>Equity at 31 December</b>	<b>750.000</b>	<b>0</b>	<b>-1.291.175</b>	<b>-541.175</b>

# Notes to the Financial Statements

	2016	2015
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	11.677.078	15.000.826
Pensions	382.349	482.920
Other social security expenses	50.556	111.626
Other staff expenses	1.780.758	0
	<b>13.890.741</b>	<b>15.595.372</b>
<b>Average number of employees</b>	<b>23</b>	<b>22</b>
 Other staff expenses comprise expenses related to the closedown of the company.		
<b>2 Financial expenses</b>		
Interest paid to group enterprises	42.225	58.668
Other financial expenses	3.543	10.501
Exchange loss	8.991	22.060
	<b>54.759</b>	<b>91.229</b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-522.000	-861.914
Deferred tax for the year	-413.331	0
Adjustment of tax concerning previous years	-73.507	-35.593
	<b>-1.008.838</b>	<b>-897.507</b>
<b>4 Investments in subsidiaries</b>		
Cost at 1 January	4.421.153	4.421.153
Cost at 31 December	4.421.153	4.421.153
Value adjustments at 1 January	-1.604.430	-1.944.500
Net profit/loss for the year	428.372	340.070
Value adjustments at 31 December	-1.176.058	-1.604.430
	<b>3.245.095</b>	<b>2.816.723</b>

## Notes to the Financial Statements

### 4 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Friendly Content A/S	Danmark	100%

### 5 Contract work in progress

	2016 DKK	2015 DKK
Selling price of work in progress	796.858	1.128.800
Invoices on account	-700.822	-2.118.689
	<b>96.036</b>	<b>-989.889</b>

Recognised in the balance sheet as follows:

Contract work in progress (net value), where the sales value exceeds on accounts billings	614.347	499.356
Contract work in progress (net value), where the billings on account exceeds sales value	-518.311	-1.489.245
	<b>96.036</b>	<b>-989.889</b>

## Notes to the Financial Statements

### 6 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	678.570	678.570
B-shares	71.430	<u>71.430</u>
		<b><u>750.000</u></b>

The share capital has developed as follows:

	<u>2016</u> DKK	<u>2015</u> DKK	<u>2014</u> DKK	<u>2013</u> DKK	<u>2012</u> DKK
Share capital at 1 January	713.658	713.658	713.658	713.658	713.658
Capital increase	36.342	0	0	0	0
Capital decrease	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Share capital at 31</b>					
<b>December</b>	<b><u>750.000</u></b>	<b><u>713.658</u></b>	<b><u>713.658</u></b>	<b><u>713.658</u></b>	<b><u>713.658</u></b>

At 31 December, the balance sheet of the Company shows negative equity of t.DKK 541. The Company is part of WPP Group and hence included in the WPP Group financing arrangement which allows access to a Danish cash pooling, administrated by WPP Holding Denmark A/S.

WPP Holding Denmark A/S has agreed to accept to pay all costs related to the closing in case the Company does not have sufficient own funds.

Because of the support from WPP Holding Denmark A/S, it is expected that the closing will take place as a solvent liquidation.

## Notes to the Financial Statements

	2016	2015
	DKK	DKK
<b>7 Other payables</b>		
Value added tax etc	244.001	177.576
Labour Market Supplementary Pension (ATP)	15.336	18.360
Holiday pay obligation	1.269.071	1.227.797
Settlement costs	2.861.160	0
Other debt	142.157	456.597
	<b>4.531.725</b>	<b>1.880.330</b>

## 8 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Commitments under rental agreements or leases until expiry	0	626.466
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### Other contingent liabilities

Other contingent liabilities	0	29.239
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The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of WPP Holding Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.



# Notes to the Financial Statements

## 9 Related parties

### Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Name	Place of registered office
WPP Plc.	Queensway House, Hilgrove Street, St Helier, Jersey, JE1 IES

The Group Annual Report of WPP plc. may be obtained at: [www.wppinvestor.com](http://www.wppinvestor.com)

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of J. Walter Thompson Copenhagen 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 as well as selected rules applying to reporting class C.

Due to the management decision of closing the company, assets and liabilities are recognised at expected realisable values if lower than the booked value, and provision has been made for costs to settle the company in the debt in the Annual Report. Comparative figures for previous years have not been restated.

Financial Statements for 2016 are presented in DKK.

### **Consolidated financial statements**

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### **Recognition and measurement**

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### **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.

# **Notes, Accounting Policies**

## **Income Statement**

### **Revenue**

Revenue from the sale of advertising services etc. is recognised in the income statement as work is performed. Revenue is recognised net of VAT, duties and sale discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the sales value of work performed.

### **Cost of sales**

Cost of sales comprises costs incurred to earn revenue.

### **Other external expenses**

Other external expenses comprise expenses for premises, stationery and office supplies, marketing costs and services provided by group related companies etc. This item also includes write-downs of receivables recognised in current assets.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses including social security contributions, pension contributions etc.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### **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.

## **Notes, Accounting Policies**

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

### **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

#### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### **Cash pool**

The Company is part of a cash pool scheme with other Danish WPP companies. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from and payables to group enterprises, respectively.

#### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## **Notes, Accounting Policies**

### **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.

Invoices 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.

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.

## **Notes, Accounting Policies**

### **Financial debts**

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