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# ***Ogilvy Danmark A/S***

Toldbodgade 55 B, DK-1253 Copenhagen K

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

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CVR No 73 19 25 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
7 /6 2017

Lars Petersen  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ogilvy Danmark 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, 1 June 2017

## **Executive Board**

Pia Tandrup Hoelgaard

## **Board of Directors**

Kristian Lauridsen  
Chairman

Paul Simon O'Donnell

Ralph Charles Clementson

# Independent Auditor's Report

To the Shareholder of Ogilvy Danmark A/S

## Opinion

We have audited the Financial Statements of Ogilvy Danmark 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.

## 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.

# 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.
- 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.

# **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, 1 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**

Ogilvy Danmark A/S  
Toldbodgade 55 B  
DK-1253 Copenhagen K

CVR No: 73 19 25 28  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Kristian Lauridsen, Chairman  
Paul Simon O'Donnell  
Ralph Charles Clementson

### **Executive Board**

Pia Tandrup Hoelgaard

### **Auditors**

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
DK-0900 Copenhagen C

# **Management's Review**

## **Main activity**

The Entity's activities consist of advertising agency and related activities.

## **Development in the year**

The income statement of the Company for 2016 shows a profit of DKK 3,843,051, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 13,062,454.

## **Subsequent events**

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

## Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
<b>Revenue</b>		<b>74.730.787</b>	<b>77.325.810</b>
Cost of sales		-24.587.994	-22.337.495
<b>Gross profit/loss</b>		<b>50.142.793</b>	<b>54.988.315</b>
Staff expenses	1	-37.153.951	-37.797.586
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-219.772	-200.342
Other operating expenses		-7.751.910	-7.710.041
<b>Profit/loss before financial income and expenses</b>		<b>5.017.160</b>	<b>9.280.346</b>
Financial income		1.961	28.017
Financial expenses	2	-39.081	-14.931
<b>Profit/loss before tax</b>		<b>4.980.040</b>	<b>9.293.432</b>
Tax on profit/loss for the year	3	-1.136.989	-2.203.204
<b>Net profit/loss for the year</b>		<b>3.843.051</b>	<b>7.090.228</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	2.000.000	5.000.000
Retained earnings	1.843.051	2.090.228
	<b>3.843.051</b>	<b>7.090.228</b>

## Balance Sheet 31 December

### Assets

	Note	2016 DKK	2015 DKK
Other fixtures and fittings, tools and equipment		316.014	315.641
Leasehold improvements		56.983	30.928
<b>Property, plant and equipment</b>	4	<b>372.997</b>	<b>346.569</b>
Other receivables		909.921	886.055
<b>Fixed asset investments</b>		<b>909.921</b>	<b>886.055</b>
<b>Fixed assets</b>		<b>1.282.918</b>	<b>1.232.624</b>
Trade receivables		22.700.294	19.717.068
Contract work in progress	5	595.157	2.172.904
Receivables from group enterprises		9.903.164	10.729.054
Corporation tax		196.621	0
Prepayments		844.287	679.494
<b>Receivables</b>		<b>34.239.523</b>	<b>33.298.520</b>
<b>Cash at bank and in hand</b>		<b>10.142</b>	<b>13.245</b>
<b>Currents assets</b>		<b>34.249.665</b>	<b>33.311.765</b>
<b>Assets</b>		<b>35.532.583</b>	<b>34.544.389</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		1.500.000	1.500.000
Retained earnings		9.562.454	7.719.403
Proposed dividend for the year		2.000.000	5.000.000
<b>Equity</b>	<b>6</b>	<b><u>13.062.454</u></b>	<b><u>14.219.403</u></b>
Provision for deferred tax		4.975.432	4.061.682
<b>Provisions</b>		<b><u>4.975.432</u></b>	<b><u>4.061.682</u></b>
Trade payables		2.653.477	2.635.500
Contract work in progress, liabilities	5	5.908.376	4.087.199
Payables to group enterprises		508.557	718.649
Corporation tax		0	487.704
Other payables		8.424.287	8.334.252
<b>Short-term debt</b>		<b><u>17.494.697</u></b>	<b><u>16.263.304</u></b>
<b>Debt</b>		<b><u>17.494.697</u></b>	<b><u>16.263.304</u></b>
<b>Liabilities and equity</b>		<b><u>35.532.583</u></b>	<b><u>34.544.389</u></b>
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1.500.000	7.719.403	5.000.000	14.219.403
Ordinary dividend paid	0	0	-5.000.000	-5.000.000
Net profit/loss for the year	0	1.843.051	2.000.000	3.843.051
<b>Equity at 31 December</b>	<b>1.500.000</b>	<b>9.562.454</b>	<b>2.000.000</b>	<b>13.062.454</b>

## Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	32.039.890	33.195.093
Pensions	1.842.532	1.800.448
Other social security expenses	327.467	345.152
Other staff expenses	<u>2.944.062</u>	<u>2.456.893</u>
	<b><u>37.153.951</u></b>	<b><u>37.797.586</u></b>
<b>Average number of employees</b>	<b><u>51</u></b>	<b><u>53</u></b>
<b>2 Financial expenses</b>		
Interest paid to group enterprises	28.623	5.267
Other financial expenses	<u>10.458</u>	<u>9.664</u>
	<b><u>39.081</u></b>	<b><u>14.931</u></b>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	1.095.609	2.203.204
Deferred tax for the year	0	1.595.066
Adjustment of tax concerning previous years	<u>41.380</u>	<u>-1.595.066</u>
	<b><u>1.136.989</u></b>	<b><u>2.203.204</u></b>

## Notes to the Financial Statements

### 4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	1.269.610	408.098
Additions for the year	200.463	45.738
Disposals for the year	<u>-119.592</u>	<u>0</u>
Cost at 31 December	<u>1.350.481</u>	<u>453.836</u>
Impairment losses and depreciation at 1 January	953.970	377.170
Depreciation for the year	200.089	19.683
Reversal of impairment and depreciation of sold assets	<u>-119.592</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>1.034.467</u>	<u>396.853</u>
<b>Carrying amount at 31 December</b>	<b><u>316.014</u></b>	<b><u>56.983</u></b>

### 5 Contract work in progress

	2016 DKK	2015 DKK
Selling price of work in progress	17.716.039	25.302.864
On account billings	<u>-23.029.258</u>	<u>-27.217.159</u>
	<b><u>-5.313.219</u></b>	<b><u>-1.914.295</u></b>
Recognised in the balance sheet as follows:		
Contract work in progress (net value), where the sales value exceeds on account billings	595.157	2.172.904
Contract work in progress (net value), where on account billings to customers exceed sales value	<u>-5.908.376</u>	<u>-4.087.199</u>
	<b><u>-5.313.219</u></b>	<b><u>-1.914.295</u></b>

### 6 Equity

The share capital consists of 1,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

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

# Notes to the Financial Statements

	2016 DKK	2015 DKK
<b>7 Contingent assets, liabilities and other financial obligations</b>		
<b>Contingent liabilities</b>		
Commitments under rental agreements or leases until expiry	5.461.738	3.225.917

The Company participates in a Danish joint taxation arrangement with WPP Holding Denmark A/S as the administration company. According to the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding tax on interest, royalties and dividends for the jointly taxed companies.

## 8 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.	27 Farm Street, W17 5RJ, London, England.

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

## **Notes, Accounting Policies**

### **Basis of Preparation**

The Annual Report of Ogilvy Danmark 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

### **Leases**

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **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**

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.

### **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 comprise costs incurred to earn revenue.

#### **Staff expenses**

Staff expenses comprise wages and salaries as well as social security contributions, pension contributions, other staff costs, etc. for the Entity's staff.

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

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise 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 sales of property, plant and equipment.

#### **Other operating expenses**

Other operating expenses comprise expenses for marketing, administration, premises, bad debt losses etc.

#### **Financial income and expenses**

Other financial income and expenses comprise interest income/expense, realized and unrealized losses regarding transactions in foreign currencies, etc.

## Notes, Accounting Policies

### 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 the other WPP entities 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

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and 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.

### 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 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.

## **Notes, Accounting Policies**

### **Contract work in progress**

Contract work in progress is measured at the sales value of the work carried out at the balance sheet date.

The sales value is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

For some projects where the consumption of resources cannot be applied as a basis, stage of completion is determined as the ratio between completed and total sub activities of the individual projects.

Each contract in progress is recognised in the balance sheet under receivables or liabilities, depending on whether the net value, calculated as the selling price less on account billings, is positive or negative.

Costs of securing contracts are recognised in the income statement as incurred.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **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.

### **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.