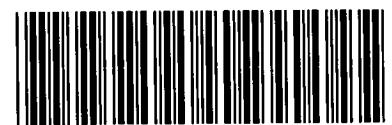


SUPERUNION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Registered office address:

**6 Brewhouse Yard
London
EC1V 4DG
United Kingdom**



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COMPANIES HOUSE

SUPERUNION LIMITED

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SUPERUNION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic report on Superunion Limited (the 'Company') for the year ended 31 December 2020.

Principal activities

The Company is a member of the WPP plc Group (the 'Group'). The Company's principal activity is the provision of strategic branding and design services to a UK and global client base.

Future developments

The Directors do not envisage any major change to the nature of the business in the foreseeable future.

Business review

Revenue has decreased by 29% during the year, decreasing from £29,811,000 to £21,249,000. The Company made a profit for the year ended 31 December 2020 of £277,000 which will be transferred to reserves (2019: loss of £510,000 which was transferred to reserves).

The Directors are of the opinion that the current level of activity and performance is sustainable, due to the positive financial position of the Company and will remain so for the foreseeable future. Further details are provided in the "Going concern" section.

Covid-19

The coronavirus pandemic has touched all our lives. At WPP, and in the Company, our first priority remains 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 any 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.

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.

Dividends

The Company did not pay a dividend in the current year or prior year to its ordinary shareholders.

SUPERUNION LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern and liquidity risk

The Directors have assessed the ongoing business activities and the potential impact that the global outbreak of Covid-19 may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2019.

As at 31 December 2020, the Company has net cash of £17,756,000, net current assets of £18,618,000 and net assets of £39,870,000 and can therefore meet its short- and long- term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing and liquidity arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management and principal risks and uncertainties

The Directors of the Company have considered the principal risks and uncertainties affecting the Company as at 31 December 2020 and up to date of this report. The principal risk(s) for the Company are shown below:

Covid-19 Pandemic

The coronavirus pandemic negatively impacted our business, revenues, results of operations, financial condition and prospects in 2020.

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.

We are continuing to manage the risk by constantly monitoring our working capital position, supported by actions to maintain liquidity including cost reduction and cash conservation.

Credit risk

We are subject to credit risk through the default of a client or other counterparty.

We commit 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.

We are 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.

SUPERUNION LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial risk management and principal risks and uncertainties (continued)

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 Group's treasury function takes out contracts to manage the risk at a Group level.

Loss of clients

We compete 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.

Retention of talented staff

The Company recruits and aims to retain the most talented people by supporting them to expand their skills and capabilities.

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.

SUPERUNION LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

	2020	2019	Change
	£'000	£'000	%
Revenue	21,249	29,811	(28.7)%
Profit/(loss) before tax	313	(402)	177.9%
Net assets	39,870	39,538	0.8%

The Company is a wholly owned subsidiary of WPP plc. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of WPP plc, which includes this Company, is discussed in the Group's annual report, which does not form part of this report. The financial statements of WPP plc are available at www.wpp.com/investors.

Directors' statement of compliance with 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 the Company's partnership with all stakeholders, including employees, members, suppliers, customers and the community, as well as maintaining its high standards of business conduct and reputation.

Further details of the Company's engagement with external stakeholders is given in the Directors' report.

The Directors are of the opinion that the remaining details of how they meet their duty is in line with those reflected by the Directors of WPP plc in their Annual report. Refer to pages 117-118 of the Annual report of WPP plc available at wpp.com/investors for more information on how the Group directors meet their duty.

This report was approved by the board on 29 September 2021 and signed on its behalf.



R Kindred
Director

SUPERUNION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their Annual report and the financial statements for the year ended 31 December 2020.

Results

The Company's results for the financial year are shown in the income statement on page 10.

Directors and their interests

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R Kindred
A Spark
H Maguire

No Director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business.

Directors' indemnity

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.

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations. Refer to the Annual report of WPP plc available at wpp.com/investors for more information on the Group's disclosures in this regard.

Engagement with suppliers, customers and others

The Company recognises the importance of its continued partnerships with its wider stakeholders, including suppliers and customers, in delivering its business strategy and sustainability goals. The Company aims to have an open and transparent relationship which is based on honesty and respect. The Company engages in constant conversation with clients and suppliers on improving delivery of services and relationships.

A detailed statement on the Group's external stakeholder engagement can be found in the Group's Annual report.

Directors' responsibilities statement

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 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.

SUPERUNION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Matters covered in the strategic report

The following items have been included in the strategic report on pages 1 - 4:

- principal activities and future developments;
- review of business;
- dividends paid or declared;
- going concern statement; and
- financial risk management policies and objectives.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

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

Auditor

Under section 487(2) of the Companies Act 2006, Statutory Auditor will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 29 September 2021 and signed on its behalf.



R Kindred
Director

SUPERUNION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERUNION LIMITED

Opinion

We have audited the financial statements of Superunion Limited (the 'Company') for the year ended 31 December 2020, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 28. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, 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.

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.

SUPERUNION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERUNION LIMITED (CONTINUED)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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
- 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

SUPERUNION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUPERUNION LIMITED (CONTINUED)

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 frameworks 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; 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.

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.

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.

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.



Nicola Barker ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

29 September 2021

SUPERUNION LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £'000	2019 £'000
Revenue	4	21,249	29,811
Cost of sales		(4,605)	(9,328)
Gross profit		16,644	20,483
Administrative expenses		(16,074)	(15,534)
Loss on acquisition	9	-	(2,600)
Operating profit	5	570	2,349
Amounts written off investments		-	(2,508)
Interest income	10	-	15
Interest expense	11	(257)	(258)
Profit/(loss) before tax		313	(402)
Taxation	12	(36)	(108)
Profit/(loss) for the year		277	(510)

The notes on pages 13 to 35 form part of these financial statements.

The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

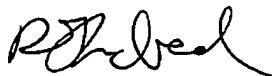
SUPERUNION LIMITED
REGISTERED NUMBER: 01263713

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Tangible assets	13	6,669	9,116
Goodwill	14	20,271	20,271
Intangible assets	15	80	125
Trade and other receivables	17	568	603
		<u>27,588</u>	<u>30,115</u>
Current assets			
Trade and other receivables	17	10,944	10,533
Cash and cash equivalents	18	17,756	18,269
		<u>28,700</u>	<u>28,802</u>
Current liabilities			
Bank overdrafts	18	-	(3,184)
Trade and other payables	19	(10,082)	(8,846)
		<u>18,618</u>	<u>16,772</u>
Net current assets			
		<u>46,206</u>	<u>46,887</u>
Total assets less current liabilities			
Non-current liabilities			
Trade and other payables	20	(5,733)	(6,416)
Other provisions		(603)	(933)
		<u>39,870</u>	<u>39,538</u>
Net assets			
Capital and reserves			
Share capital	24	14,743	14,743
Share premium		22,065	22,065
Other reserves		3,150	3,095
Profit and loss account		(88)	(365)
		<u>39,870</u>	<u>39,538</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2021.

R Kindred
 Director



The notes on pages 13 to 35 form part of these financial statements.

SUPERUNION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
As at 1 January 2019	14,743	22,065	3,030	145	39,983
Loss for the year	-	-	-	(510)	(510)
Non-cash settled share-based incentive plans	-	-	65	-	65
As at 1 January 2020	<u>14,743</u>	<u>22,065</u>	<u>3,095</u>	<u>(365)</u>	<u>39,538</u>
Profit for the year	-	-	-	277	277
Non-cash settled share-based incentive plans	-	-	55	-	55
As at 31 December 2020	<u><u>14,743</u></u>	<u><u>22,065</u></u>	<u><u>3,150</u></u>	<u><u>(88)</u></u>	<u><u>39,870</u></u>

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private Company, limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. The address of the registered office is 6 Brewhouse Yard, , London, EC1V 4DG, United Kingdom.

The Company's principal business activities, future development and a review of its performance and position are set out in the Strategic report on pages 1 - 4.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

WPP plc, a Company incorporated in Jersey, is the Company's ultimate parent undertaking and controlling party. The largest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP plc. The registered address of WPP plc is 13 Castle Street, St Helier, Jersey, JE1 1ES. Copies of the consolidated financial statements can be obtained from www.wpp.com/investors. The smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of WPP Jubilee Limited, registered in the England and Wales. The registered address of WPP Jubilee Limited is Sea Containers House, 18 Upper Ground, London, SE1 9GL, United Kingdom. The immediate parent undertakings are The Partners (Design Consultants) Limited, Addison Corporate Marketing Limited and Lambie-Nairn & Company Limited. These financial statements are separate financial statements.

2.4 Going concern

The Directors have assessed the ongoing business activities and the potential impact that the global outbreak of Covid-19 may have on the liquidity, performance and financial position of the Company for at least the next 12 months.

In line with the Group approach, the Company's forecasts and projections take account of (i) reasonably possible declines in revenue less pass-through costs; and (ii) remote declines in revenue less pass-through costs for stress-testing purposes as a consequence of the Covid-19 pandemic compared to 2020.

As at 31 December 2020, the Company has net cash of £17,756,000, net current assets of £18,618,000 and net assets of £39,870,000 and can therefore meet its short- and long- term obligations as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing the financial statements. Additionally, the Company is a subsidiary of WPP plc and is supported by the overall WPP plc financing and liquidity arrangements.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Impact of new international reporting standards, amendments and interpretations

In the current year, the following Standards and Interpretations became effective:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Impact of Covid-19 Related Rent Concessions (Amendment to IFRS 16).

The Company does not consider that these and other standards or amendments to standards adopted during the year have a significant impact on the financial statements.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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 and data collection 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. However, where there are contracts with services that are capable of being distinct, are distinct within the context of the contract, and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on relative standalone selling prices.

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.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance.

For our retainer arrangements, we have a stand ready obligation to perform services on an ongoing

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Revenue (continued)

basis over the life of the contract. The scope of these arrangements are broad and generally are not reconcilable to another 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. Certain 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 production costs and media suppliers) are excluded from revenue and recorded as work in progress until billed. The Company acts as principal when we control the specified good or service prior to transfer.

When the Company acts as a principal (such as in-house production services, events, data investment management and branding), the revenue recorded is the gross amount billed. Billings related to out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as an expense.

2.8 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Leases (continued)

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.14.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property and improvements	- The shorter of lease term or 50 years
Fixtures, fittings and equipment	- 3 to 10 years
Office equipment	- 3 to 5 years
Computer equipment	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Goodwill

Goodwill is stated at cost less impairments. Goodwill is deemed to have an indefinite useful life and is tested for impairment at least annually. Where the fair value of the interest acquired in an entity's assets, liabilities and contingent liabilities exceeds the consideration paid, this excess is recognised immediately as a gain in the income statement.

2.16 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Trade and other receivables are carried at original invoice amount less any provisions for doubtful debts.

Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade or other receivable is determined to be uncollectable it is written off, firstly against any provisions available and then to the income statement.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

2.20 Cash and cash equivalents

Cash and cash equivalent comprise cash in hand, current balances with banks and similar institutions, highly liquid investments with maturities of three months or less. Cash equivalents and liquid investments are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

Bank overdrafts are shown separately within current liabilities in the balance sheet.

2.21 Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

3. Judgements in applying accounting policies 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 estimate are recognised in the period in which the estimate is revised if the revision only affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Goodwill and intangible asset impairments and useful lives

Impairment tests on other intangible assets are undertaken if events occur which call into question the carrying values of the assets. Where other intangible assets which are not yet available for use are not amortised, they are subject to annual impairment tests. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Critical accounting estimates and assumptions (continued)

Impairment of investments

Investments in subsidiaries and associates are held at cost less accumulated impairment losses. Annual impairment tests are carried out to ascertain if the carrying value of investments are impaired. These tests comprise a comparison between the carrying value of investment in subsidiary and associates and the net asset value of the subsidiary and associates. In some instances, valuations of subsidiary companies and associates are prepared. Valuations for impairment tests are based on established market multiples or risk-adjusted future cash flows over the estimated useful life of the asset, where limited, discounted using appropriate interest rates.

The assumptions relating to future cash flows, estimated useful lives and discount rates are based on business forecasts and are therefore inherently judgemental. Future events could cause the assumptions used in these impairment tests to change with a consequent adverse effect on the future results of the Company.

4. Turnover

The whole of the turnover is attributable to the provision of strategic branding and design services to a UK and global client base in the current and prior year.

Analysis of turnover by country of destination:

	2020 £'000	2019 £'000
United Kingdom	11,132	20,952
Rest of Europe	7,533	5,145
Rest of the world	2,584	3,714
	<u>21,249</u>	<u>29,811</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of owned tangible fixed assets	713	609
Depreciation of right-of-use tangible fixed assets	520	390
Impairment of tangible fixed assets	(1,318)	-
Amortisation of intangible assets, including goodwill	(45)	(40)
Exchange differences	21	20
	<u>21</u>	<u>20</u>

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Auditor's remuneration

	2020	2019
	£'000	£'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>85</u>	<u>95</u>

There were no non-audit services provided by the Company's auditors in the current year or prior year.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	7,616	8,268
Social security costs	891	1,097
Cost of defined contribution scheme	325	374
Severance and redundancy costs	358	184
Share based incentive plans	55	65
Benefits and other employee costs	80	159
	<u>9,325</u>	<u>10,147</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020	2019
	No.	No.
Production	93	106
Sales and marketing	3	4
Administration	23	28
	<u>119</u>	<u>138</u>

The average number of Company employees excludes temporary and contract staff.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments	320	331
Company contributions to money purchase pension schemes	28	32
	<u>348</u>	<u>363</u>

During the year retirement benefits were accruing to 2 Directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £193,000 (2019: £160,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £16,500 (2019: £16,000).

9. Loss on acquisition

	2020 £'000	2019 £'000
Loss on acquisition	-	2,600

On 1 April 2019, the Company purchased the trade and assets of its 100% subsidiary, SJS Management Services Limited, for cash consideration of £1. The Company acquired net liabilities resulting in a loss on acquisition of £2,600,000.

10. Interest income

	2020 £'000	2019 £'000
Bank interest	-	15

11. Interest expense

	2020 £'000	2019 £'000
Bank interest	22	39
Interest on lease liabilities	235	214
Bank charges	-	5
	<u>257</u>	<u>258</u>

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation

	2020	2019
	£'000	£'000
Corporation tax		
Current tax on (losses)/profits for the year	1	11
Deferred tax		
Deferred tax	35	81
Adjustments in respect of prior years	-	16
Total deferred tax	<u>35</u>	<u>97</u>
Taxation on profit	<u>36</u>	<u>108</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit/(loss) before tax	<u>313</u>	<u>(402)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	59	(76)
Effects of:		
Expenses not deductible for tax purposes	337	80
Capital allowances for year in excess of depreciation	31	-
Non-deductible loss on acquisition	-	494
Adjustments to tax charge in respect of prior periods	-	16
Rate change on temporary difference	(71)	(32)
Withholding tax payable	1	11
Group relief received for nil consideration	(321)	(385)
Total tax charge for the year	<u>36</u>	<u>108</u>

SUPERUNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Taxation (continued)

Factors that may affect future tax charges

The UK tax rate for the year ended 31 December 2020 is 19%. The reversal of a planned reduction to 17% was enacted in 2020, and therefore the rate used for deferred tax balances for 2020 is 19% (2019: 17%). In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end.

13. Tangible fixed assets

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Office equipment £'000	Right of use buildings £'000	Total £'000
Cost						
At 1 January 2020	4,341	142	1,546	20	4,950	10,999
Additions	11	5	117	-	45	178
Disposals	(69)	(84)	(1,148)	-	-	(1,301)
At 31 December 2020	<u>4,283</u>	<u>63</u>	<u>515</u>	<u>20</u>	<u>4,995</u>	<u>9,876</u>
Depreciation						
At 1 January 2020	365	131	977	20	390	1,883
Charge for the year on owned assets	454	5	254	-	-	713
Charge for the year on right-of-use asset	-	-	-	-	520	520
Disposals	(69)	(84)	(1,074)	-	-	(1,227)
Impairment charge	1,318	-	-	-	-	1,318
At 31 December 2020	<u>2,068</u>	<u>52</u>	<u>157</u>	<u>20</u>	<u>910</u>	<u>3,207</u>
Net book value						
At 31 December 2020	<u>2,215</u>	<u>11</u>	<u>358</u>	<u>-</u>	<u>4,085</u>	<u>6,669</u>
At 31 December 2019	<u>3,976</u>	<u>11</u>	<u>569</u>	<u>-</u>	<u>4,560</u>	<u>9,116</u>

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Goodwill

	2020 £'000
Cost	
At 1 January 2020	20,271
At 31 December 2020	<u>20,271</u>
Amortisation	
At 1 January 2020	-
At 31 December 2020	<u>-</u>
Net book value	
At 31 December 2020	<u><u>20,271</u></u>
<i>At 31 December 2019</i>	<u><u>20,271</u></u>

The brought forward goodwill of £20,271,000 arose on the acquisition of the trade and assets from The Partners (Design Consultants) Limited, Addison Corporate Marketing Limited and part of Lambie-Nairn & Company Limited during 2018.

All goodwill is allocated to a single cash generating unit, being the total trade of the Company. This represents the lowest level within the Company at which goodwill is monitored for internal management purposes. For this reason, the impairment review has been undertaken based on the operating cash flows of the Company.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on approved budgets. These forecasts cover a three year period, after which the cash flows are extrapolated for a further 7 years using a growth rate of 2%, being the long term growth rate for the Company. The resulting cash flows are discounted to present value using a discount rate of 9.5%.

The calculation of value in use is most sensitive to the following assumptions:

- Profit levels
- Discount rate
- Terminal growth rate.

The profit levels are internal forecasts based on both internal and external market information, past experience and adjusted for expected changes. The discount rate used is based on the WPP Group calculated weighted average cost of capital for the market that most closely reflects the activities of the Company. The terminal growth rates are based on WPP Group terminal growth rates for the market that most closely reflects the activities of the Company.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Intangible assets

	Computer software £'000	Total £'000
Cost		
At 1 January 2020	212	212
Disposals	(29)	(29)
At 31 December 2020	<u>183</u>	<u>183</u>
Amortisation		
At 1 January 2020	87	87
Charge for the year	45	45
Disposals	(29)	(29)
At 31 December 2020	<u>103</u>	<u>103</u>
Net book value		
At 31 December 2020	<u>80</u>	<u>80</u>
At 31 December 2019	<u>125</u>	<u>125</u>

Intangible asset amortisation is recorded within operating expenses in the income statement.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Fixed asset investments

	Investments in subsidiary companies £'000
Cost	
At 1 January 2020	2,508
Disposals	(2,508)
At 31 December 2020	-
Accumulated impairment	
At 1 January 2020	2,508
Disposals	(2,508)
At 31 December 2020	-
Net book value	
At 31 December 2020	-
At 31 December 2019	-

17. Trade and other receivables

	2020 £'000	2019 £'000
Due after more than one year		
Deferred tax asset	568	603
	568	603
Due within one year		
Trade receivables	4,106	2,836
Amounts owed by group undertakings	4,307	5,035
Other receivables	423	83
Prepayments and accrued income	2,108	2,579
	10,944	10,533

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Trade and other receivables (continued)

Trade receivables as disclosed above includes a provision for impairment of £39,057 (2019: provision of £100,000)

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	17,756	18,269
Less: bank overdrafts	-	(3,184)
	<u>17,756</u>	<u>15,085</u>

The Company participates in group banking arrangements with its ultimate parent Company, WPP plc, and has access to a group cash management facility. The Company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The Company, together with its ultimate parent Company, WPP plc, and certain other subsidiary undertakings, is a party to the group's syndicated banking arrangements. The Company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP plc.

19. Trade and other payables falling due within one year

	2020 £'000	2019 £'000
Trade payables	444	759
Amounts owed to group undertakings	3,707	3,019
Other taxation and social security	285	534
Lease liabilities	758	733
Accruals and deferred income	4,888	3,801
	<u>10,082</u>	<u>8,846</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Trade and other payables falling due after more than one year

	2020 £'000	2019 £'000
Lease liabilities	5,733	6,416

21. Leases

Company as a lessee

The Company leases a building.

Lease liabilities are due as follows:

	2020 £'000	2019 £'000
Not later than one year	758	733
Between one and two years	788	761
Between two and three years	818	791
Between three and four years	849	821
Between four and five years	882	852
Later than five years	2,396	3,191
	<u>6,491</u>	<u>7,149</u>

22. Deferred taxation

	2020 £'000	2019 £'000
At beginning of year	603	700
Charged to profit or loss	(35)	(97)
At end of year	<u>568</u>	<u>603</u>

The deferred tax asset is made up as follows:

	2020 £'000	2019 £'000
Unclaimed capital allowances	568	603

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23. Provisions

	Property £'000
At 1 January 2020	933
Charged to profit or loss	76
Utilised in year	(265)
Released in year	(141)
At 31 December 2020	603

The Company acquired a property lease from SJS Management Services Limited on 1 April 2019. This includes the requirement for a dilapidation payment at the end of the term in the year 2023.

A final settlement of £265,000 was made during the year for dilapidations due to the landlord of 11-33 St John's Street. The remaining provision of £141,000 was released to the income statement during the year.

In December 2020, a provision was made for sunk costs related to the space within 6 Brewhouse Yard that was expected to be vacant for the period from 1 January 2021 to 30 September 2021.

The Company assesses the outstanding provisions on at least an annual basis.

24. Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
14,743,118 (2019 - 14,743,118) Ordinary shares of £1.00 each	14,743	14,743

SUPERUNION LIMITED

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25. Share based payments

WPP Share Option Plan

The WPP Share option plan grants options to employees who have worked at a Company owned by WPP plc for at least two years which are not subject to performance conditions or on a discretionary basis subject to the satisfaction of performance conditions.

Stock options have a life of ten years, including the vesting period. The terms of stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. Stock options are satisfied out of newly issued shares in WPP plc.

Restricted stock scheme

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:

Leaders, Partners and High Potential Group

This scheme provides annual grants of restricted stock for key executives. Performance conditions include continued employment over a three-year vesting period.

The average share price of WPP plc for the year ended 31 December 2020 was £6.96 (2019: £9.39).

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Leaders, Partners and High Potential Group	755	13,804	960	11,931
WPP Share Option Plan	128	5,875	960	9,750
Total options granted		19,679		21,681

	2020 £'000	2019 £'000
Share based compensation charge included in administrative expenses	55	65

SUPERUNION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of £325,000 (2019: £374,000 represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There are £54,000 of outstanding contributions at the balance sheet date (2019: £17,000).

27. Related party transactions

As a wholly owned subsidiary of the ultimate parent Company, WPP plc, advantage has been taken of the exemption afforded by FRS 101 'Reduced Disclosure Framework' not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel.

28. Post balance sheet events

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