

Registered number: 01795794

**GREY COMMUNICATIONS GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



**Registered office address:**

**Rose Court  
2 Southwark Bridge Road  
London  
SE1 9HS  
United Kingdom**

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**GREY COMMUNICATIONS GROUP LIMITED**

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## GREY COMMUNICATIONS GROUP LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The Directors present their Strategic report on Grey Communications Group 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 that of a management company for part of the Grey Global network which in turn continues to provide a range of advertising and marketing services in the United Kingdom and overseas. The Company is also an investment holder.

#### Future developments

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

#### Business review

Revenue has increased by 19.1% during the year, increasing from £1,871,000 to £2,228,000. The Company made a profit for the year ended 31 December 2020 of £1,572,000 which will be transferred to reserves (2019: a loss of £4,712,008 which was transferred from reserves).

The Directors are of the opinion that the current level of activity and performance is sustainable due to continued support from the Group and will remain so for the foreseeable future. Further details are provided in the "Going concern and liquidity risk" 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 either in the current year or prior year. No final dividend has been declared since the balance sheet date.

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 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.

The Directors believe that preparing the financial statements on the going concern basis is appropriate. The Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing 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.

##### *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.

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### Financial risk management and principal risks and uncertainties (continued)

##### *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.

#### Financial key performance indicators

	2020	2019	Change
	£'000	£'000	%
Revenue	2,228	1,871	19.1%
Profit/(loss) before taxation	1,295	(4,712)	(127.5)%
Net assets	67,108	65,235	2.9%

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](http://www.wpp.com/investors).

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**Directors' statement of compliance with duty to promote the success of the Company**

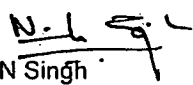
The Directors' of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members.

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](http://wpp.com/investors) for more information on how the Group directors meet their duty.

This report was approved by the board on 14 April 2022 and signed on its behalf.

  
N Singh  
Director

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## GREY COMMUNICATIONS GROUP LIMITED

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

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The Directors present their 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 the signing the financial statements unless otherwise stated were:

J Grudzina  
A Belgaumi (appointed 19 March 2021)  
N Singh (appointed 18 February 2021)  
E Maruri (resigned 18 February 2021)  
I Wood (resigned 1 April 2021)

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.

#### 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 and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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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.

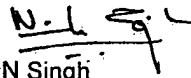
**Post balance sheet events**

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

**Auditor**

Deloitte LLP are deemed to be re-appointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

This report was approved by the board on 14 April 2022 and signed on its behalf.

  
N Singh  
Director



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## GREY COMMUNICATIONS GROUP LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREY COMMUNICATIONS GROUP LIMITED

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#### Opinion

We have audited the financial statements of Grey Communications Group 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, including a summary of significant accounting policies. 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 of the Company:

- 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 including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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 ('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.

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## GREY COMMUNICATIONS GROUP LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREY COMMUNICATIONS GROUP LIMITED (CONTINUED)

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#### 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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## GREY COMMUNICATIONS GROUP LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREY COMMUNICATIONS GROUP LIMITED (CONTINUED)

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#### 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 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. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the UK Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists 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.



Christopher Aylott, FCA (Senior Statutory Auditor)

for and on behalf of  
Deloitte LLP, Statutory Auditor

London  
United Kingdom

14 April 2022

**GREY COMMUNICATIONS GROUP LIMITED**

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

	Notes	2020 £'000	As restated (Note 22) 2019 £'000
Revenue	4	2,228	1,871
Administrative expenses		(4,215)	(4,274)
<b>Operating loss</b>	5	<b>(1,987)</b>	<b>(2,403)</b>
Income from other fixed asset investments	9	3,282	5,334
Impairment and write offs		-	(7,641)
Interest receivable and similar income	10	-	2
Interest payable and similar expenses	11	-	(4)
<b>Profit/(loss) before taxation</b>		<b>1,295</b>	<b>(4,712)</b>
Taxation	12	277	-
<b>Profit/(loss) for the year</b>		<b>1,572</b>	<b>(4,712)</b>

The notes on pages 13 to 33 form part of these financial statements.

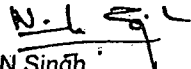
The Company has no other comprehensive income during either the current year or prior year and therefore no separate statement to present other comprehensive income has been prepared.

**GREY COMMUNICATIONS GROUP LIMITED**  
**REGISTERED NUMBER: 01795794**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £'000	As restated (Note 22) 2019 £'000
<b>Non-current assets</b>			
Tangible assets	13	29	46
Investments	14	76,621	76,621
Trade and other receivables	15	277	-
		<u>76,927</u>	<u>76,667</u>
<b>Current assets</b>			
Trade and other receivables	15	11,677	5,875
Cash at bank and in hand	16	16,222	20,931
		<u>27,899</u>	<u>26,806</u>
<b>Current liabilities</b>			
Trade and other payables	17	(37,292)	(38,238)
<b>Net current liabilities</b>		<u>(9,393)</u>	<u>(11,432)</u>
<b>Total assets less current liabilities</b>		<u>67,534</u>	<u>65,235</u>
<b>Non-current liabilities</b>			
Trade and other payables	18	(426)	-
<b>Net assets</b>		<u><u>67,108</u></u>	<u><u>65,235</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	29,392	29,392
Share premium account		12,000	12,000
Profit and loss account		25,716	23,843
		<u><u>67,108</u></u>	<u><u>65,235</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 April 2022.

  
N Singh  
Director

The notes on pages 13 to 33 form part of these financial statements.

**GREY COMMUNICATIONS GROUP LIMITED**

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

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
<b>At 1 January 2019</b>	<b>29,392</b>	<b>12,000</b>	<b>28,325</b>	<b>69,717</b>
Loss and total comprehensive expense for the year (as restated)	-	-	(4,712)	(4,712)
Non-cash settled share-based incentive plans (Note 21)	-	-	230	230
<b>At 31 December 2019</b>	<b>29,392</b>	<b>12,000</b>	<b>23,843</b>	<b>65,235</b>
Profit and total comprehensive income for the year	-	-	1,572	1,572
Non-cash settled share-based incentive plans (Note 21)	-	-	301	301
<b>At 31 December 2020</b>	<b>29,392</b>	<b>12,000</b>	<b>25,716</b>	<b>67,108</b>

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 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 Rose Court, 2 Southwark Bridge Road, London, SE1 9HS, 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' ("FRS 101") 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.

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## **GREY COMMUNICATIONS GROUP LIMITED**

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

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#### **2. Accounting policies (continued)**

##### **2.3 Exemption from preparing consolidated financial statements**

The Company is a wholly owned subsidiary of its ultimate parent Company and as such has taken advantage of the exemption from preparing group 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](http://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 undertaking is Grey Global Group (UK) 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.

The Directors believe that preparing the financial statements on the going concern basis is appropriate. The Company is a subsidiary of WPP plc and is therefore subject to the overall WPP plc financing 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**

No new accounting standards or IFRIC interpretations have had a material impact on the Company for the year ended 31 December 2020.



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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 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 recognition

Revenue comprises commissions and fees earned in respect of amounts billed and is stated exclusive of VAT, sales taxes and trade discounts. Pass-through costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients, predominantly media 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 and per the requirements of IFRS 15 Revenue from Contracts with Customers.

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 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

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.7 Revenue recognition (continued)

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 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.

##### 2.9 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.

##### 2.10 Interest income

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

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.11 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.

##### 2.12 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.

##### 2.13 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.

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.13 Tangible fixed assets (continued)

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 improvements	- 5-10 years
Fixtures, fittings and equipment	- 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.

##### 2.14 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.15 Associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates and Joint Ventures are held at cost less impairment.

##### 2.16 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.

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**2. Accounting policies (continued)**

**2.16 Trade and other receivables (continued)**

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

**2.17 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.18 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.

Preference shares, which include a coupon and are mandatorily redeemable by the issuer only on a specific date, are classified as liabilities. The dividends on these preference shares are taken to the income statement as finance expense.

**2.19 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.

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## GREY COMMUNICATIONS GROUP LIMITED

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

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#### 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:

##### *Revenue recognition*

Revenue arising from the provision of management services to the Grey network of companies is subject to estimates made taking into account information available. These estimates are reviewed by management on a regular basis.

##### *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.

##### *Recognition of share-based payment charge*

As disclosed in Note 22, certain employees of the Company provide services to other entities in the Group. Management has assessed if it is appropriate for the Company to recognise the share-based payment charge for all employees in the Company, or if part of the share-based payment charge should be recognised by the entities receiving services from the employees of the Company.

Factors that have led to this conclusion include (i) all employees are contracted with the Company (ii) no secondment arrangements are in place where employees provide services to other members of the Group (iii) employees can provide service to a number of other entities in the Group without the need for new contracts of employment (iv) review of salaries and awarding of bonuses for all UK employees is the responsibility of the UK Human Resource function.

Based on these factors, and in light of the function of the Company within the Group, management has concluded that it is appropriate that the Company recognised the share-based payment charge for all of the employees of the Company.

In the opinion of the Directors there are no critical judgements that have been made in the process of applying the accounting policies.

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GREY COMMUNICATIONS GROUP LIMITED

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

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4. Revenue

Analysis of revenue by geography:

	2020 £'000	2019 £'000
United Kingdom	694	630
Rest of Europe	1,359	1,180
Rest of the world	175	61
	<u>2,228</u>	<u>1,871</u>

5. Operating loss

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

	2020 £'000	2019 £'000
Depreciation of owned tangible fixed assets	27	39
Exchange differences	(5)	(4)
	<u></u>	<u></u>

6. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	41	27
	<u></u>	<u></u>

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

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**7. Employees**

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

	2020 £'000	2019 £'000
Wages and salaries	2,235	1,589
Social security costs	425	403
Cost of defined contribution pension scheme	175	94
Share based payments	301	230
Severance and redundancy costs	(685)	798
Benefits and other employee costs	86	161
	<u>2,537</u>	<u>3,275</u>

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

	2020 Number	2019 Number
General management	1	1
Administration and finance	12	10
Creative and IT	5	4
	<u>18</u>	<u>15</u>

**8. Directors' remuneration**

	2020 £'000	2019 £'000
Directors' emoluments	1,065	808
Company contributions to defined contribution pension schemes	8	7
	<u>1,073</u>	<u>815</u>

During the year retirement benefits were accruing to one Director (2019 - 1 Director) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £665,000 (2019 - £523,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2019 - £NIL).

During the year one Director of the Company was remunerated as executives of the Group by a fellow Group company (2019: one Director).



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GREY COMMUNICATIONS GROUP LIMITED

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

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9. Income from investments

	2020 £'000	2019 £'000
Dividend from subsidiaries	3,282	5,334

10. Interest receivable

	2020 £'000	2019 £'000
Bank interest income	-	2

11. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank interest payable	-	4

12. Taxation

	2020 £'000	2019 £'000
Income tax charge		
Current tax on profit/(loss) for the year	-	-
Deferred tax		
Current year	21	-
Adjustment for prior years	(298)	-
Taxation on profit/(loss) on ordinary activities	(277)	-

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GREY COMMUNICATIONS GROUP LIMITED

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

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12. Taxation (continued)

Factors affecting tax charge for the year

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

	2020 £'000	As restated 2019 £'000
Profit/(loss) on ordinary activities before tax	1,295	(4,712)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	246	(895)
Effects of:		
Expenses not deductible for tax purposes	17	1,462
Capital allowances for year in excess of depreciation	57	(18)
Adjustments to tax charge in respect of prior periods	(298)	-
Deferred tax asset not recognised	-	(28)
Impact of rate change on deferred tax balances	(35)	-
Non-taxable income	(624)	(1,013)
Group relief	360	492
Total tax charge for the year	(277)	-

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.

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**13. Tangible fixed assets**

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2020	34	837	871
Additions	-	10	10
At 31 December 2020	<u>34</u>	<u>847</u>	<u>881</u>
<b>Depreciation</b>			
At 1 January 2020	24	801	825
Charge for the year on owned assets	3	24	27
At 31 December 2020	<u>27</u>	<u>825</u>	<u>852</u>
<b>Net book value</b>			
At 31 December 2020	<u>7</u>	<u>22</u>	<u>29</u>
At 31 December 2019	<u>10</u>	<u>36</u>	<u>46</u>

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GREY COMMUNICATIONS GROUP LIMITED

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

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14. Fixed asset investments

	Investments in subsidiaries £'000	Investments in associates £'000	Other investments £'000	Total £'000
<b>Cost</b>				
At 1 January 2020 and 31 December 2020	39,471	6,192	33,318	78,981
<b>Accumulated impairment</b>				
At 1 January 2020 and 31 December 2020	2,360	-	-	2,360
<b>Net book value</b>				
At 1 January 2020 and 31 December 2020	37,111	6,192	33,318	76,621

Other investments relate to the company's investment of cumulative redeemable preference shares in Garrott Dorland Crawford Holdings Limited. The cumulative redeemable preference shares carry an entitlement to a dividend at the rate of 6.784% (which is based on the company estimate was representative of the market rate at the issue date) of the share issue price per annum, payable in arrears on the 31 December annually. If the company fails to pay a preference dividend in full on its due date, interest shall accrue at 8% on the amount of such unpaid preference dividends from the due date to the date of payment.

The cumulative preference shares may be redeemed at the share issue price at any time at the option of the holders and in any event will be redeemed at the share issue price on 31 December 2063.

Holders of cumulative redeemable preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of the cumulative redeemable preference shares at issue price, together with any arrears of dividend, in preference of the ordinary shareholders and the deferred shareholders.

Directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the subsidiary and associate undertakings of the Company as at 31 December 2020 are given in Note 26.

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**15. Trade and other receivables**

	2020 £'000	2019 £'000
<b>Due after more than one year</b>		
Deferred tax asset	277	-
	<u>277</u>	<u>-</u>
<b>Due within one year</b>		
Trade receivables	20	-
Amounts owed by group undertakings	11,150	5,572
Other receivables	507	303
	<u>11,677</u>	<u>5,875</u>

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

**16. Cash and cash equivalents**

	2020 £'000	2019 £'000
Cash at bank and in hand	16,222	20,931
	<u>16,222</u>	<u>20,931</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.

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GREY COMMUNICATIONS GROUP LIMITED

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

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17. Trade and other payables falling due within one year

	2020 £'000	As restated (Note 22) 2019 £'000
Trade payables	25	200
Amounts owed to group undertakings	34,878	34,257
Other taxation and social security	1,052	1,360
Accruals and deferred income	1,337	2,421
	<u>37,292</u>	<u>38,238</u>

Amounts due to Group undertakings includes non-cumulative redeemable preference shares of £30,000,000. They carry an entitlement to a dividend at the rate of 0.0001% of the total value of the issued preference shares, payable in arrears on the 31 March (or following business day) annually.

The non-cumulative redeemable preference shares may be redeemed at the share issue price at any time at the option of the holder given 3 months' written notice to the Company.

Holders of the non-cumulative redeemable preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of the non-cumulative redeemable preference shares at issue price, in preference of the ordinary shareholders and the deferred shareholders.

The non-cumulative redeemable preference shares are presented as a liability as they are redeemable at the option of the holder.

The non-cumulative redeemable preference shareholders are entitled to receive notice of, but not vote at, general meetings.

Other amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

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

	2020 £'000	2019 £'000
Other payables	<u>426</u>	<u>-</u>

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GREY COMMUNICATIONS GROUP LIMITED

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

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19. Deferred taxation

	2020 £'000
At beginning of year	-
Charge to profit or loss	277
At end of year	<u>277</u>

The deferred tax asset is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	<u>277</u>	<u>-</u>

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
29,392,192 (2019 - 29,392,192) Ordinary shares of £1.00 each	<u>29,392,192</u>	<u>29,392,192</u>

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**21. 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.

*Special Share Awards / STIP Bonus Awards*

From time to time, one-off awards are made to individuals in the form of restricted stock. Performance conditions include continued employment over the vesting period. As these are one-off awards the vesting period will differ for each award granted.

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	1,534	950	8,352
STIP Bonus	558	16,350	0	-
Special Share Awards	0	-	958	32,010
<b>Total options granted</b>		<b>17,884</b>		<b>40,362</b>

	2020 £'000	2019 £'000
Share based compensation charge included in administrative expenses	<b>301</b>	<b>230</b>



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GREY COMMUNICATIONS GROUP LIMITED

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

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**22. Prior year adjustment**

After financial statements for the year ended 31 December 2019 were issued, it was determined that an intercompany payable write off amounting to £1,913,603 should be reinstated as there was no formal agreement between the parties to write off the intercompany balance.

Therefore, there has been a restatement for the year ended 31 December 2019. The impact of this change is to increase other expenses by £1,913,603 and to increase trade and other payables by £1,913,603.

**23. 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 £175,000 (2019: £94,000) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. There are £11,093 outstanding contributions at the balance sheet date (2019: £7,464).

**24. 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.

**25. Post balance sheet events**

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

**26. Subsidiary and associate undertakings**

The following were subsidiary and associate undertakings of the Company:

Name	Registered office	Class of shares	Holding
Euroclearing Limited	(h)	Ordinary	100%
G2 Data Dynamics Limited	(a)	Ordinary	100%
Garrot Dorland Crawford Holdings Limited	(b)	Ordinary	50.1%
G2 London Limited	(b)	Ordinary	50.1%
G2 Branding and Design Limited	(c)	Ordinary	50.1%
Geometry Global Limited	(d)	Ordinary	50.1%
Geometry Global (UK) Limited	(b)	Ordinary	0%
Team Life Global Limited	(e)	Ordinary	100%
GCI London Limited	(c)	Ordinary	100%
GCI Financial (Holdings) Limited	(c)	Ordinary	100%

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**GREY COMMUNICATIONS GROUP LIMITED**

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**26. Subsidiary and associate undertakings (continued)**

(continued)

Name	Registered office	Class of shares	Holding
GCI Financial Group Limited	(c)	Ordinary	100%
GCI Healthcare Limited	(c)	Ordinary	100%
GCI Jane Howard Limited	(c)	Ordinary	100%
Grey Advertising Limited	(c)	Ordinary	68.7%
Grey Direct Limited	(c)	Ordinary	100%
Grey Europe Limited	(c)	Ordinary	100%
Grey Healthcare London Limited	(f)	Ordinary	100%
Darwin-Grey Limited	(g)	Ordinary	100%
Grey NT Limited	(c)	Ordinary	100%
The Art Company ( Creative Services Limited)	(h)	Ordinary	100%
Beaumont-Bennett Limited	(h)	Ordinary	100%
Creative Strategy Limited	(h)	Ordinary	100%
GCI Group Limited	(c)	Ordinary	100%
Chelsea Market Research Limited	(h)	Ordinary	100%
GHG Access Limited	(c)	Ordinary	100%
Grey Entertainment and Media Limited	(h)	Ordinary	100%
Grey GB Limited	(c)	Ordinary	100%
Grey London Limited	(c)	Ordinary	100%
Grey Midlands Limited	(h)	Ordinary	100%
Grey Network Limited	(h)	Ordinary	100%
Grey North Limited	(c)	Ordinary	100%
Grey Technology Services Limited	(c)	Ordinary	100%
Greycom Limited	(c)	Ordinary	100%
Hilton Advertising Limited	(c)	Ordinary	100%
Module Communications Group Limited	(c)	Ordinary	100%
G2 Interactive Limited	(a)	Ordinary	100%
Moonraid Limited	(c)	Ordinary	100%
Telebingo Limited	(c)	Ordinary	100%
The Brand Futures Consultancy Limited	(c)	Ordinary	100%
TWW Group Limited	(h)	Ordinary	100%
Grey PTK Advertising Limited	(c)	Ordinary	100%
Grey Worldwide Limited	(c)	Ordinary	100%
MediaCom Holdings Limited	(i)	Ordinary	69.9%
MediaCom Group Limited	(i)	Ordinary	69.9%
MediaCom North Limited	(i)	Ordinary	13.2%
MediaCom Scotland Limited	(i)	Ordinary	69.9%
MediaCom UK Limited	(i)	Ordinary	69.9%
Outdoor MediaCom Limited	(i)	Ordinary	69.9%
MediaCom Italia Srl	(k)	Ordinary	56%
The Media Business Limited	(i)	Ordinary	69.9%
WPP Finance 2015 Limited	(b)	Ordinary	69.9%
Mellors Reay & Partners Limited	(c)	Ordinary	100%
Mind Over Media Limited	(h)	Ordinary	100%
RWG Limited	(c)	Ordinary	100%
Grey Group Services Limited	(c)	Ordinary	100%
Grey Limited	(c)	Ordinary	100%

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**GREY COMMUNICATIONS GROUP LIMITED**

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

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**26. Subsidiary and associate undertakings (continued)**

**(continued)**

- (a) 121-141 Westbourne Terrace, Paddington, London, England and Wales, W2 6JR, United Kingdom
- (b) Sea Containers House, 18 Upper Ground, London, SE1 9GL, United Kingdom
- (c) 65-66 Frith Street, London, England, W1D 3JR, United Kingdom
- (d) Sea Containers, 18 Upper Ground, London, SE1 9GL, England, United Kingdom
- (e) Greater London House, Hampstead Road, London, NW1 7QP, United Kingdom
- (f) Alphabeta 5th Floor, 14 - 18 Finsbury Square, London, EC2A 2AH, England & Wales
- (g) 6 Dock Place, Leith, Edinburgh, Scotland, EH6 6LU, United Kingdom
- (h) The Johnson Building, 77 Hatton Garden, London, England, EC1N 8JS, United Kingdom
- (i) 124 Theobalds Road, London, England, WC1X 8RX, United Kingdom
- (j) 1 Hardman Street, Manchester, M3 3HF, England & Wales
- (k) Via Tortona No 37, Milan, 20144, Italy