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# NOTICE OF THE ANNUAL GENERAL MEETING 2017

NOTICE IS HEREBY GIVEN THAT THE 2017 ANNUAL GENERAL MEETING OF WPP SCANGROUP LIMITED WILL BE HELD AT BOMAS OF KENYA, LANG'ATA ROAD, NAIROBI, KENYA ON FRIDAY 26 MAY 2017 AT 11.00 AM TO TRANSACT THE FOLLOWING BUSINESS:

## ORDINARY BUSINESS

1. To read the notice convening the meeting.
2. To receive, consider and adopt the Financial Statements for the year ended 31 December 2016 together with the reports of the Directors and the Auditors thereon.
3. To consider and approve a first and final dividend totaling Ksh 189,432,551 being Ksh 0.50 per share for the year ended 31 December 2016 payable on or about 30 June 2017 to shareholders on the Register of Members at the close of business on 31 May 2017.
4. To approve the remuneration of the Directors as provided in the accounts for the year ended 31 December 2016.
5. To elect Directors:
  - 5.1 Mr. Richard Omwela retires by rotation under the provisions of Article 93 of the Articles of Association and being eligible offers himself for re-election as a director.
  - 5.2 Mr. David Hutchison, having attained the age of seventy years on 9 October 2014 retires in accordance with the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election.
  - 5.3 To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“That Pursuant to the provisions of Article 95 of the Company’s Memorandum and Articles of Association and any applicable provisions of the Companies Act, 2015 of the Laws of Kenya and any rules made thereunder, Mr. Scott Spirit, who was appointed as a Nominee Director of the Company by the Board of Directors with effect from the 15th day of March 2017 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mr. Scott Spirit for the office of Non-executive Director of the Company be and is hereby elected and appointed a Non-executive Director, whose period of office shall not be liable to determination by retirement of directors by rotation.”
  - 5.4 To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“That Pursuant to the provisions of Article 95 of the Company’s Memorandum and Articles of Association and any applicable provisions of the Companies Act, 2015 of the Laws of Kenya and any rules made thereunder, Mrs. Patricia Ithau, who was appointed as a Nominee Director of the Company by the Board of Directors with effect from the 15th day of March 2017 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Mrs. Patricia Ithau for the office of Non-executive Director of the Company be and is hereby elected and appointed a Non-executive Director for a period of three (3) years from the date of appointment and whose period of office shall be liable to determination by retirement of directors by rotation.”
6. To note that Deloitte & Touche continue in office as auditors of the Company in accordance with the provisions of Sec.721(2) of the Companies Act 2015 and to authorize the Directors to set their remuneration for the ensuing financial year.

## SPECIAL BUSINESS

### 1. Amendment of the Articles of Association of the Company:

#### **Special Resolution**

To consider and if thought fit to pass the following Special Resolution:

“That Article 141 of the Articles of Association of the Company be and is hereby amended by inserting the words “or remitted through electronic funds transfer, including but not limited to, real time gross settlement, and mobile money transfer” immediately following the word “direct” in the sixth line and further by inserting the words “or remittance” immediately following the words “or warrant” in the sixth line.”

#### **Notes:**

A Member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company. A Proxy Form may be downloaded from the Company’s website, [www.wpp-scangroup.com](http://www.wpp-scangroup.com), or obtained from the Registrar, Comp-rite Kenya Limited, The Crescent, off Parklands Road, Crescent Business Centre, 2nd floor, Nairobi – P.O. Box 63428-00619 Nairobi.

To be valid, a Proxy Form must be duly completed by a Member and must either be lodged with the Registrar at the above given address or posted so as to reach the Registrar not later than 11.00 am on Tuesday 23 May 2017.

In accordance with Articles 152 & 148 of the Company’s Articles of Association, a copy of the Annual Report may be viewed on our website, [www.wpp-scangroup.com](http://www.wpp-scangroup.com), or obtained from the Registrar’s office at the address given above. Registration of Members and proxies attending the Annual General Meeting will commence at 8.00 am on Friday 26th May 2017 and will close at the conclusion of the meeting.

Members and proxies will be required to produce a national identity card, a passport or other acceptable means of identification. CDS account numbers or Member number will also be required for ease of the registration process. Courtesy transport will be provided for Members between 7.30 am to 10.00 am from town (pick-up and drop-off points: behind Kencom House – Moi Avenue, Nairobi) to the venue of the meeting and back to town at the conclusion of the meeting.

By Order of the Board

Reuben Mwangi

Company Secretary

27 April 2017

Nairobi

# BOARD OF DIRECTORS

## DAVID HUTCHISON

### Chairman and Independent Non-Executive Director

David, age 72, is a Certified Public Accountant and formerly Senior Partner of Ernst & Young Eastern Africa. He has many years' experience in audit, tax advice, financial management, reconstruction and consulting covering many sectors across various countries. David is a Non-Executive Director of ICEA Lion General and Life companies, East Africa Reinsurance Company Limited, East African Packaging Industries Limited (Chairman), Prime Bank Limited, Synresins Limited and is a Chairman of a number of companies within The Banda educational and property groups.

## BHARAT THAKRAR

### Chief Executive Officer

Bharat, age 65, is the founder shareholder of WPP Scangroup. He has over 40 years working experience in the Advertising and Communications industry. He holds a Diploma in Advertising and Marketing from the Communications and Marketing Foundation - UK. He has undergone various Executive Management Courses including at the Harvard Business School. He is a former Chairman of the Advertising Practitioners Association (APA) in Kenya, and is a member of the Advertising Standards Board. In 2012, Mr. Thakrar was awarded the Forbes Africa Advertising Leader of the Year. In 2015 he was honored by the Marketing Society of Kenya- MSK for his strong contribution in marketing within the industry. Mr. Thakrar was also a finalist for the EY entrepreneur of the year Master Category Award. 2015.

## RICHARD OMWELA, OGW

### Independent Non-Executive Director

Richard, age 61, holds a Bachelor of Honours Degree in Law (LLB) Upper Class Division from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is an advocate of the High Court of Kenya. Richard is a Partner at Hamilton Harrison and Matthews Advocates. He is a Member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. He is the Chairman of Nairobi Airport Services Limited (NAS) Chairman of African Banking Corporation Limited (ABC Bank) Chairman of The Monarch Insurance Company Limited, Chairman of Octagon Pension Services Limited and Chairman of the Kenya Rugby Union.

## ANDREW SCOTT

### Non-Executive Director

Andrew, age 48, is Chief Operating Officer for WPP in Europe and is also WPP's Director of Corporate Development leading the Group's global Mergers & Acquisitions activity. Prior to joining WPP, Andrew was a strategy consultant at LEK Consulting. He holds an MBA with distinction from INSEAD.



## LAURENCE MELLMAN

### Non-Executive Director

Laurence, age 51, is Chief Operating Officer, International Specialist Communications at WPP. He has worked at WPP since 1996 and has undertaken a number of roles in both the parent company and in the operating companies. Prior to joining WPP, Laurence trained as a Chartered Accountant with Pricewaterhouse Coopers in London and Manchester, qualifying in 1991. Laurence holds a degree in Commerce and Accounting from the University of Birmingham in the UK.

## MUCHIRI WAHOME

### Independent Non-Executive Director

Muchiri, age 54, has over 28 years of retail experience. He is a Non-Executive Director of Tea Brokers E.A, East African Packaging Industries limited and East African Packaging Limited. He is also the Chairman of the Retail Trade Association of Kenya and Board of Governors of Othaya Girls Secondary School. Muchiri is a holder of a BA-(Economics) from the University of Nairobi, a Higher National Diploma in management from Strathmore University, a Fellow of the Aspen Leadership Centre and was awarded the Head of State commendation medal for implementing performance contracts with public bodies.

## JONATHAN NEIL EGGAR

### Finance Director

Jonathan, age 41, joined WPP Scangroup in January 2014. Prior to this, he spent twelve years with WPP in a number of roles, both in the parent company and operating companies. Prior to joining WPP, he trained as a Chartered Accountant with Ernst & Young, qualifying in 2001. He holds a degree from Southampton University in the UK.

## REUBEN MWANGI

### Company Secretary

Reuben, age 52, is Head of Legal and Company Secretary at WPP Scangroup Limited and its subsidiaries in Kenya. He holds a Bachelors of Laws (LLB) degree from the University of Nairobi, a Diploma in Legal Practice from the Kenya School of Law and a member of the Law Society of Kenya. He is also a Certified Public Secretary and a life member of the Institute of Certified Public Secretaries of Kenya and a Certified Corporate Governance Auditor. Prior to joining WPP Scangroup Limited, Reuben worked in various capacities at Kenya Wildlife Service, CFC Bank Limited and Bollore Africa Logistics.





Dear Shareholder,

We are pleased to present the annual report for WPP Scangroup Limited for the year ended 31 December 2016.

## Economy

The economic environment in the countries in which the Group operates were relatively stable. However, the overall level of GDP growth across Sub-Sahara dropped from 3.8% in 2015 to 1.4%. It was for the first time in over a decade that growth in the region fell below the global GDP growth (2.2% in 2016). This suggests that the Africa-rising narrative has taken a knock, but the view is that this is likely to be only temporary. The region is large and there are still some countries within it that are growing strongly. In 2017 nine African countries are expected to be among the twenty fastest growing economies in the world. Kenya, Nigeria and South Africa are still the three largest economies in the region and this is expected to remain the same for the coming years, but with Nigeria continuing to push South Africa for the top spot.

The Kenyan business environment was relatively stable in 2016 and delivered GDP growth of 5.7% vs 5.6% in 2015. As in 2015, the growth was buoyed in parts by lower oil prices and large scale infrastructure projects which do not have a direct impact on our sector. As the infrastructure projects complete and our clients are able to leverage them to their benefit then we should start to see a direct impact on our business. The local currency was stable against the major international currencies and as a result inflation was contained in the 5-6% range. However, this has spiked up to 9%+ in Q1 2017 due to the extended period of drought pushing food prices up. The impact of the introduction of interest rate caps in August 2016 is still flowing through into the economy, but there is no doubt that it has impacted on the credit flows to the SME sector in particular. 2017 is scheduled to be an election year and we expect a level of caution from clients in the run up to the election.

Neighbouring countries of Uganda, Tanzania and Rwanda saw their economies expand by 1.8%, 6.2% and 2.3% respectively. Zambia saw growth of 3.6%<sup>2</sup>. Ghana, where the company now has four businesses in operation, saw its economy expand by 4.0% in 2016. The company set up a new operation in Gabon at the end of 2015 and delivered a strong first year. Economic conditions in South Africa were challenging in 2016 and we scaled back one of our operations in this market.

Nigeria remained challenging with the low oil prices continuing to impact the level of export earnings. The currency devaluation in June 2016 further hampered businesses, restricted flow of capital and inflation increased. Our Research and PR business interests in Nigeria were affected by the currency depreciation and higher costs of operations, but continued to deliver strong growth.

Not deterred by the immediate challenges, the long term view of the market participants for the region remains positive. The Board of Directors continues to believe in the long term prospects of the countries in which the Group has business interests and the Company will continue its efforts to grow the businesses there, particularly in Nigeria.

# LETTER TO THE SHAREHOLDERS

## Industry Performance

Whilst growth across the region has slowed, the Marketing and Advertising industry in Sub-Saharan Africa continues to grow as the number of global clients wishing to either enter Sub-Saharan Africa or to increase their marketing investments in the region continues to increase. Increasing disposable income of consumers, especially in the middle-income group, adds to the importance of the continent to our clients. As marketing communication is necessary to reach consumers, investment in marketing services is likely to increase.

Clients increasing expectation of better return on media investment has continued to challenge the industry to improve its effectiveness. In a bid to meet client expectations, agencies operating in this region continue to evolve and become more innovative. Association of local or regional players with global agencies who are looking to diversify into emerging and frontier markets reflects the growing demand for global practices. Our alignment with WPP and the renaming of our business to WPP Scangroup Limited during 2015, is an example of this and further supports the fact that global clients are looking for partners who are able to offer a cohesive service offering across all continents.

The industry phenomenon in other markets where your company has operations is similar to that of Kenya. As African economies start working as blocs, companies are increasingly starting to seek agencies that can operate across markets and across disciplines. Our long term objective is aligned to this expectation.

## Update on introduction of new services and markets

Our growth strategy continues to be based on delivering "Integrated Marketing Communication" (IMC) to our clients across all marketing disciplines and across all geographies in Sub-Saharan Africa. We believe that delivering global best practice across multiple markets to our clients will cement our relationships with them. In line with this strategy, during the year the Company continued to develop its services in countries outside of Kenya and as a result our dependency on the Kenya market continued to reduce. The largest change vs 2015 came from the successful launch of an entity in Gabon.

As previously disclosed, our Scanad Nigeria operation encountered a legal challenge early in its operations regarding a dispute with an Ogilvy affiliate. The matter is still before the Courts in Nigeria. On a positive note, our research unit, Millward Brown continues to show strong growth in the Nigerian market, and our Public

Relations business, Hill+Knowlton Strategies is gaining good traction having launched in early 2015.

## Company's Financial Performance

In 2016, the Group's billings were down 2.9% and Revenues declined by 3.7%. In our business, billings do not necessarily have a correlation with revenues because more than 50% of our revenues are from retainer fees which are not directly correlated to the level of client spend on media advertising.

Kenya is still our primary market. As the Group continues to expand and strengthen its operations outside of Kenya, dependence on Kenya will continue to decrease. In 2016 Kenya contributed 60% of the total revenue, down from 66% in 2015. The reduction was a combination of a tough trading environment in Kenya, and strong growth in markets outside of Kenya. As a result, the Group's revenue decline was contained at 3.7%.

In terms of marketing discipline diversification, we continue to look at ways to reduce the Group's concentration in Advertising and Media services. This has evolved from 84% in 2012 to 60% in 2016 as a result of investments in Digital Marketing, Public Relations and Research, which are now starting to bear fruit. We expect this trend to continue in 2017.

Whilst we continued to invest in service disciplines and in markets outside of Kenya, we also took actions to reduce costs in our Kenyan operations given the tough trading conditions and the uncertainties going into 2017. As a result our overall operating costs reduced 4.2%, and with the full year impact of changes implemented in 2016 we will see further reductions in 2017. These changes will help bring our EBIT margin back up to 12-13% and will help deliver our long term target of 15-20%.

Profit before tax (PBT) continued to be boosted by strong interest income which remained in excess of Ksh400m, however was down 6.8% vs 2015 as a result of interest rates in Kenya becoming subject to capping under the amended Banking Act in August 2016. 2015 benefitted from foreign exchange gains on the back of strong dollar inflows and a weakening of the Kenyan Shilling. 2016 however, suffered from foreign exchange losses as a result of the devaluation of the Naira. Overall PBT declined by 17%. The Group's effective tax rate decreased from an unusually high 45% in 2015 (due to deferred tax adjustments) to 37%. This led to Profit after Tax being down only 3.8% and Earnings Per Share (EPS) was flat at Ksh1.12 due to lower minority interests.

## Proposed Dividend

Your Board has recommended for approval at the Annual General Meeting the payment of the first and final dividend of Ksh 0.50 per share for 378,865,102 shares amounting to Ksh 189,432,551 for the year ended 31 December 2016 (2015: Ksh 0.50 per share for 378,865,102 shares amounting to Ksh 189,432,551). The EPS in 2016 remained in line with 2015. The Board has gradually increased the dividend payout ratio to 45% of EPS over the last three years and feel that this is a sustainable level, and hence the decision to hold the dividend in line with 2015. This is consistent with the Group's target dividend distribution ratio, a minimum of 30%

## Board

The Directors who held office in 2016 and up to the date of this report are listed on page 4.

## Corporate Governance

The Board and its committees, the Audit & Risk Management Committee, the Board IT Oversight Committee and the Nominating and Remuneration Committee continue to discharge their oversight mandates on the Group's financial activities, internal controls, technology infrastructure, risk management practices and human resource management. A statement on corporate governance is set out on page 10.

## Corporate Social Responsibility

In 2016, the Company continued to support the Kenya Society of Anaesthesiologists and Lifebox Foundation, by providing funding for Pulse Oximeter package to enhance surgical safety in Kenya. A Pulse Oximeter package monitors the level of oxygen in a patient's bloodstream during surgery and sounds an alarm if it detects an unsafe change in oxygen levels thus making it one of the most critical tools for performing safe surgery.

## Appreciation

We would like to thank our clients in all the countries we operate in for their continued support without which our vision to be the leading marketing services company in Sub-Saharan Africa would not be achievable. We would also like to thank our shareholders for their confidence in the management and the leadership of the Group. Last but not least, our dedicated and committed staff for their pursuit of excellence in service delivery that has helped achieve the results.

David Hutchison  
Chairman

Bharat Thakrar  
CEO

27 April 2017



# CORPORATE GOVERNANCE

## Corporate governance statement

The Board of Directors is responsible for good corporate governance of the Group and attaches great importance to the need to conduct business and operations of the Group with integrity, transparency and accountability. The Board is committed to complying with legislation, regulation and best practice, it has in particular adopted the Capital Markets Authority guidelines on corporate governance practices by public listed companies in Kenya. The Board is also committed to the consideration and implementation of initiatives to improve corporate governance for the benefit of all shareholders.

## Board and directors

During the year 2016, the Board comprised two executive directors - Mr. Thakrar and Mr. Eggar - and five Non-executive directors, three of whom, Mr. Hutchison, Mr. Omwela and Mr. Wahome are Independent Directors. The independent directors ensure that independent thoughts are brought to bear on Board decisions. Independent directors have no management or business relationships with the Company that could influence their independence. Mr. Scott and Mr. Mellman are appointed by Cavendish Square Holding B.V. in accordance with the Company's Articles of Association.

All the directors except the executive directors and the directors appointed by Cavendish Square Holding B.V. are required to retire at regular intervals and may offer themselves for re-election.

The Directors who held office during the year under review and to the date of this report are listed on page 4.

The Board retains effective control over the Company's operations and has established a number of committees to assist in providing detailed attention to specific areas. The Board and committees are supplied with relevant, accurate and timely information to enable them to discharge their responsibilities. In addition, their mandates ensure unrestricted access to company information and the ability to obtain expert advice, at the Company's expense, whenever necessary. The Committees of the Board are as follows:

## Audit & Risk Management Committee

Membership of the Audit & Risk Committee includes, three Non-executive directors: Mr. Hutchison (Chairman), Mr. Omwela and Mr. Scott. The Chief Executive Officer, and the Finance Director are regular invitees to the Committee's meetings. In addition, the external auditor may be invited to attend as necessary, but at least once a year. The Committee's responsibilities include; review of financial statements, compliance with accounting standards, oversight on internal control systems and the internal audit function, identification, assessment and effectiveness of business risk management processes and liaison with the external auditor.

## Nominating & Remuneration Committee

The Nominating & Remuneration Committee comprises of Mr. Hutchison (Chairman), Mr. Wahome, Mr. Scott and the CEO, Mr. Thakrar. The Committee meets as required but at least once a year. The Committee is responsible

for identifying and nominating for approval by the Board, candidates to fill the Board vacancies as and when the need arises and in particular, gives consideration to succession planning taking into account the challenges and opportunities facing the Company and ensures that the necessary skills and expertise are available on the Board in the future. The Committee is responsible for; monitoring and appraising the performance of senior management, reviewing human resources policies and determining the Group's remuneration and incentive programmes. Executive Directors and / or management are not present when their remuneration is discussed.

### Board IT Oversight Committee

Board IT Oversight Committee was constituted to oversee systems development and implementation in the Group. The members of the Committee are, Mr. Hutchison and Mr. Thakrar. The Chief Information Officer who heads the management IT Steering Committee is invited to the meetings.

The committees report to the Board at each meeting highlighting matters discussed at their respective meetings and recommended actions.

### Chairman and chief executive officer

The roles of the Chairman and the CEO are separate and distinct.

### Directors emoluments and loans

The aggregate amount of emoluments paid to Directors during 2016 are disclosed on page 37. No loan was given to the Executive Director and Non-Executive Directors during the year. Directors' interest in the shareholding of the Company is set out on page 15.

### Dealing in company's shares

The Company complies with CMA's rules on Insider Trading and has formulated a policy that governs the trading of Company's shares by Directors and staff. Subject to compliance with the CMA rules on Insider Trading, Directors and staff are only permitted to deal in the Company's shares between 3rd and 30th days after the announcement of half yearly results and final results and from 3 days after the release of the annual report until 30 days after the Annual General Meeting. In addition to the restrictions, permission of a sub-committee of the Board is required before trading in the Company's shares.

### Internal controls

The Group has defined financial and operational performance measurement indicators and has implemented a series of financial controls to ensure complete and accurate reporting of financial and operational information. It periodically upgrades its management information reporting system to strengthen the controls and to provide information more efficiently. Procedures are in place to ensure adequate physical controls over the Company's assets and that the organisation remains structured to ensure appropriate segregation of duties. In reviewing the effectiveness of the internal control systems, the Board takes into account the results of all the work carried out by the Internal Auditor or any other audit on the activities of the Group.

### Business ethics

Honesty, integrity and respect for all stakeholders are the core values of the Group. These values determine the way in which the Group conducts business and are epitomised in the Code of Conduct. The Code of Conduct also emphasises the Group's zero tolerance to bribery and corrupt practices. All employees are required to undergo ethics and anti-bribery training to reaffirm these values.

### Investor relations

Information on the Company's shareholding is provided on page 15. The Company values its relationship with the shareholders and the investment community and ensures regular and reliable communication through publication of its financial performance, publication of the Annual Report, holding of the Annual General Meeting and other general meetings prescribed by law. The Company's primary communication channel remains the Nairobi Securities Exchange and media releases consistent with legal and regulatory requirements.

# CORPORATE INFORMATION

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<b>DIRECTORS</b>	David Hutchison* Bharat Thakrar Jonathan Neil Eggar* Richard Omwela Muchiri Wahome Andrew Scott* Laurence Mellman*	Chairman Chief Executive Officer Finance Director     * Nationality : British
<b>SECRETARY</b>	Reuben Mwangi Certified Public Secretary (Kenya) The Chancery, 5th Floor Valley Road, Upper Hill P. O. Box 34537- 00100 Nairobi	
<b>REGISTERED OFFICE</b>	The Chancery, 5th Floor Valley Road, Upper Hill P. O. Box 34537- 00100 Nairobi Telephone: +254 (20) 2710021, 2799000	
<b>AUDITORS</b>	Deloitte & Touche Certified Public Accountants (Kenya) Deloitte Place Waiyaki Way, Muthangari P. O. Box 40092 – 00100 Nairobi	
<b>PRINCIPAL BANKERS</b>	Stanbic Bank Kenya Limited Upper Hill Medical Centre Branch P .O. Box 2492 – 00200 Nairobi	
<b>LEGAL ADVISERS</b>	Daly & Inamdar Advocates ABC Place, 6th Floor Waiyaki Way P. O. Box 40034 – 00100 Nairobi	
<b>SHARE REGISTRARS</b>	Comp-rite Kenya Limited 2nd Floor, Crescent Business Center The Crescent, off Parklands Road P.O. Box 64328 – 00619 Nairobi, Kenya	

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## GROUP COMPANIES, BUSINESS ACTIVITIES AND GEOGRAPHIC PRESENCE

<b>Advertising</b>		<b>Media investment management</b>	
Scanad Ghana Ltd.	Ghana	GroupM Africa Ltd.	Kenya
Ogilvy Ghana Ltd.	Ghana	MEC Africa Ltd.	Kenya
Scanad Kenya Ltd.	Kenya	Media Compete East Africa Ltd.	Kenya
J. Walter Thompson Kenya Ltd.	Kenya	Mindshare Kenya Ltd.	Kenya
Scanad Africa Ltd.	Kenya	Ogilvy Africa Media Ltd.	Kenya
Grey East Africa Ltd.	Kenya	Scangroup (Malawi) Ltd.	Malawi
Ogilvy & Mather (Eastern Africa) Ltd.	Kenya	Scangroup (Mauritius) Ltd.	Mauritius
Geometry Global Ltd.	Kenya	Scangroup Mozambique Limitada	Mozambique
Ogilvy Africa Ltd.	Kenya	Scangroup (Zambia) Ltd.	Zambia
Ogilvy Kenya Ltd.	Kenya		
Scanad Nigeria Ltd.	Nigeria	<b>Public relations</b>	
Scanad Rwanda Ltd.	Rwanda	Hill & Knowlton East Africa Ltd.	Kenya
O&M Africa B.V. (Branch Office)	South Africa	Ogilvy Public Relations Ltd.	Kenya
Scanad Tanzania Ltd.	Tanzania	Hill & Knowlton Strategies Nigeria Ltd.	Nigeria
J.Walter Thompson Tanzania Ltd.	Tanzania	Hill & Knowlton Strategies Uganda Ltd.	Uganda
Ogilvy Tanzania Ltd.	Tanzania	Hill + Knowlton Strategies SA Pty Ltd.	South Africa
Scanad Uganda Ltd.	Uganda	WPP Team Gabon SARL	Gabon
JWT Uganda Ltd.	Uganda		
Ogilvy & Mather Zambia Ltd.	Zambia	<b>Digital advertising</b>	
		Squad Digital Ltd.	Kenya
		Squad Digital Nigeria Ltd.	Nigeria
<b>Market research</b>			
Millward Brown West Africa Ltd.	Ghana		
Millward Brown East Africa Ltd.	Kenya	<b>Speciality communication</b>	
Millward Brown Nigeria Ltd.	Nigeria	Roundtrip Ltd.	Kenya

Note: This is not a complete list of legal entities within the group

## HISTORICAL FINANCIAL TREND

### SUMMARISED STATEMENT OF PROFIT OR LOSS FOR THE YEAR

All figures in Ksh'000	2016	2015	2014	2013	2012
Billing	16,306,447	16,791,084	16,886,418	14,144,826	12,472,198
Revenue	4,835,073	5,022,408	5,125,162	3,838,912	3,922,763
Net interest income	406,528	436,098	248,253	37,655	167,466
Profit before taxation	725,925	875,271	912,277	963,093	1,069,566
Tax charge	(265,545)	(396,599)	(286,801)	(131,766)	(317,557)
Profit after tax	460,380	478,672	625,476	831,327	752,009
Non-controlling interests	(37,395)	(55,096)	(58,469)	(70,761)	(123,730)
Profit available to WPP Scangroup Shareholders	422,985	423,576	567,007	760,566	628,279
Basic earnings per share (EPS) (Ksh)	1.12	1.12	1.50	2.60	2.21
Weighted average number of shares (million)	378.87	378.87	378.87	292.78	284.79

### SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

All figures in Ksh'000	2016	2015	2014	2013	2012
<b>ASSETS</b>					
Non - current assets	2,374,237	2,331,575	2,360,945	2,284,630	1,015,060
Current assets	11,112,161	10,136,904	10,923,159	10,459,953	7,346,586
<b>Total Assets</b>	<b>13,486,398</b>	<b>12,468,479</b>	<b>13,284,104</b>	<b>12,744,583</b>	<b>8,361,646</b>
<b>LIABILITIES</b>					
Non - current liabilities	4,662	185,756	301,464	358,383	306,536
Current liabilities	4,673,097	3,678,463	4,440,009	4,259,750	3,155,479
Equity	8,808,639	8,604,260	8,542,631	8,126,450	4,899,631
<b>Total Equity and Liabilities</b>	<b>13,486,398</b>	<b>12,468,479</b>	<b>13,284,104</b>	<b>12,744,583</b>	<b>8,361,646</b>

## SHAREHOLDERS INFORMATION

### TOP 10 SHAREHOLDERS

Rank	Name	Number of shares held	% of issued share capital
1	Cavendish Square Holding B.V	176,903,560	46.69%
2	Bharat Kumar Thakrar and Sadna Bharat Thakrar	45,302,860	11.96%
3	Standard Chartered Nominees, Non-Resident A/C 9944	17,674,100	4.67%
4	Standard Chartered Nominees, Non-Resident A/C KE 9273	16,527,200	4.36%
5	Ogilvy and Mather South Africa (Proprietary) Limited	12,907,856	3.41%
6	Standard Chartered Nominees, Non-Resident A/C 9847	10,175,993	2.69%
7	CFC Stanbic Nominee Limited A/C NR1030625	9,425,600	2.49%
8	Standard Chartered Nominees, Non-Resident A/C KE002471	8,235,200	2.17%
9	White, Andrew John Laird	4,840,900	1.28%
10	Standard Chartered Kenya Nominees Ltd A/C 20510	4,281,200	1.13%
	<b>Total</b>	<b>306,274,469</b>	<b>80.84%</b>

### SHAREHOLDERS BY RANGE

Range	Number of Shareholders	Number of shares held	% of issued share capital
1 - 500	18,287	6,138,678	1.62%
501 - 1,000	3,439	2,331,192	0.62%
1,001 - 5,000	1,971	4,035,532	1.07%
5,001 - 10,000	253	1,735,350	0.46%
10,001 - 50,000	271	5,432,175	1.43%
50,001 - 1000,000	148	31,760,466	8.38%
Above 1,000,000	21	327,431,709	86.42%
<b>Total</b>	<b>24,390</b>	<b>378,865,102</b>	<b>100.00%</b>

### SHAREHOLDING BY CATEGORY

Category	Number of Shareholders	Number of shares held	% of issued share capital
Foreign Investors	320	270,805,712	71.48%
East Africa Individuals	22,991	62,273,414	16.44%
East Africa Institutions	1,079	45,785,976	12.08%
<b>Total</b>	<b>24,390</b>	<b>378,865,102</b>	<b>100.00%</b>

### DIRECTOR SHAREHOLDERS

Name	Number of shares held	% of issued share capital
Bharat Kumar Thakrar (Jointly owned with Sadhna Bharat Thakrar)	45,302,860	11.96%
David Hutchison	1,200	0.00%
Richard Omwela	2,520	0.00%
<b>Total</b>	<b>45,306,580</b>	<b>11.96%</b>



# REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of WPP Scangroup Limited (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 December 2016, which disclose its state of affairs.

In accordance with Section 42 of the sixth schedule transitional and savings provisions of the Companies Act, 2015, this report has been prepared in accordance with section 157 of the repealed Companies Act, as if this repeal had not taken effect.

## PRINCIPAL ACTIVITY

The principal activity of the Group is the provision of integrated marketing communication services, which combines six disciplines viz. advertising, media investment management, advertising research, public relations, digital advertising and specialty communications into cohesive marketing strategies for products and services of our customers.

## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	2016	2015
Group profit before tax	725,925	875,271
Tax charge	(265,545)	(369,599)
Group profit for the year	460,380	478,672
Other comprehensive income	(49,653)	(203,368)
Total comprehensive income for the year	410,727	275,304

Detailed results on page 22

## DIVIDENDS

The directors propose a first and final dividend of Ksh 0.50 per share totalling Ksh 189,432,551 based on 378,865,102 shares in issue (2015: Ksh0.50 per share totalling Ksh189,432,551 based on 378,865,102 shares).

The payment of dividend is subject to approval by the shareholders' at the Annual General Meeting. This amount is not included in liabilities as presented in the financial statements. The proposed dividend is payable to all shareholders on the Register of Members at the close of business on 31 May 2017. Dividend payment will be subject to withholding tax where applicable.

## DIRECTORS

The current members of the Board of Directors are as shown on page 12. Mr Richard Omwela retires by rotation under the provisions of Article 93 of the Articles of Association and being eligible, offers himself for re-election as a director.

Mr. David Hutchison, having attained the age of seventy years on 9 October 2014 retires in accordance with The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and being eligible, offers himself for re-election.

## AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of the Kenyan Companies Act.

### By Order of the Board

Rueben Mwangi / Company Secretary

27 April 2017

## STATEMENT OF DIRECTORS RESPONSIBILITY

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Group maintains proper accounting records that are sufficient to show and explain the transactions of the Group and disclose, with reasonable accuracy, the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group, and for taking reasonable steps for the prevention and detection of fraud and error.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 27 April 2017 and signed on its behalf by:

Jonathan Neil Eggar

Director

Bharat Thakrar

Director

Deloitte & Touche  
Certified Public Accountant (Kenya)  
Deloitte Place  
Waiyaki Way, Muthangari  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WPP SCANGROUP LIMITED

### Report on the Audit of the Consolidated and Company Financial Statements

#### Opinion

We have audited the consolidated and company financial statements of WPP Scangroup Limited set out on pages 22 to 50, which comprise the consolidated and company statements of financial position as at 31 December 2016, the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, and consolidated and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated and company financial statements give a true and fair view of the consolidated and company statements of financial position as at 31 December 2016 and the consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Kenyan Companies Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements. The IESBA code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a company opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p><b>Goodwill</b></p> <p>Goodwill represents consideration paid in excess of fair value of net assets of the subsidiaries acquired. As at 31 December 2016, the goodwill balance was Sh 1,612,235,000 representing 12% of the total assets of the Group. This asset has been recognised in the consolidated statement of financial position as a consequence of the acquisition of subsidiaries disclosed in note 17 of the consolidated financial statements.</p> <p>As required by the applicable accounting standards, the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models.</p> <p>As disclosed in note 6.b(ii) to the consolidated financial statements, there are a number of critical accounting judgements made and key sources of estimation in determining the inputs into these models which include:</p> <ul style="list-style-type: none"> <li>• Growth rates applicable to the cash generating units (CGUs) to which goodwill has been allocated based on director’s view of future business prospects</li> <li>• Estimation of the future cash flows expected to be generated by the CGUs</li> <li>• The discount rates applied to the projected future cash flows to arrive at the present value</li> </ul> <p>Accordingly, the determination of the carrying value of goodwill and related impairment test of this asset requires the directors’ significant judgement and estimations and we therefore considered it to be a key audit matter.</p>	<p>Our procedures included challenging the directors on the suitability of the impairment model and reasonableness of the assumptions through performing the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Engaged our internal fair value specialists to assist with: <ul style="list-style-type: none"> <li>◦ Assessing the methodology used in preparing the impairment testing model</li> <li>◦ Critically evaluating whether the model used by the directors to calculate the value in use of the individual CGUs complies with the requirements of IAS 36, Impairment of Assets,</li> <li>◦ Reviewing the assumptions used to calculate the growth and discount rates and assessing these rates for reasonableness.</li> </ul> </li> <li>• Analysed the key assumptions used in the impairment model for goodwill, including specifically the long term growth rates, operating cash flow projections and discount rates. The key assumptions used for estimating cash flow projections in the Group’s impairment testing are those relating to revenue growth and operating margin.</li> <li>• Analysed the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors’ projections.</li> <li>• Subjected the key assumptions to sensitivity analyses.</li> <li>• Tested the integrity and mathematical accuracy of the impairment model and agreeing relevant input data to externally derived data (where applicable) as well as forming our own assessment.</li> </ul> <p>We found that the assumptions used by the directors were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosures in the consolidated financial statements of the goodwill asset to be appropriate.</p>

## Other Information

The directors are responsible for the other information, which comprises the information included in the performance highlights, letter to the shareholders, corporate governance statement, corporate information, historical financial trend and report of the directors. The other information does not include the consolidated and company financial statements and our auditors' report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, 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 audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have no issue to report in this regard.

### **Responsibilities of the Directors for the Consolidated and Company Financial Statements**

The directors are responsible for the preparation of the consolidated and company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the Group's and 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 Group and/or company or to cease operations, or have no realistic alternative but to do so. Those charged with

governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated and company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and company financial statements of the current period and

are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by section 162 of the Kenyan Companies Act, we report to you, based on our audit, that:

- We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books of account; and
- The company's statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

*The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Anne Muraya – P/No 1697.*

#### **Deloitte & Touche**

Certified Public Accountants (Kenya)  
Nairobi, Kenya

27 April 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Notes	2016	2015
Billings	7	16,306,447	16,791,084
Direct costs		(11,471,374)	(11,768,676)
Revenue		4,835,073	5,022,408
Interest income net of interest expenses	8	406,528	436,098
Other income	9	22,688	39,369
Operating and administrative expenses		(4,475,205)	(4,669,817)
Foreign exchange (loss) /gain		(63,159)	47,213
Profit before tax	10	725,925	875,271
Tax charge	11	(265,545)	(396,599)
Profit for the year		460,380	478,672
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		(49,653)	(203,368)
Total comprehensive income for the year		410,727	275,304
<b>Profit attributable to:</b>			
Equity share holders of the parent company		422,985	423,576
Non-controlling interests		37,395	55,096
		460,380	478,672
<b>Total comprehensive income attributable to:</b>			
Equity share holders of the parent company		372,416	228,727
Non-controlling interests		38,311	46,577
		410,727	275,304
Basic earnings per share (Ksh)	13	1.12	1.12
Diluted earnings per share (Ksh)	13	1.12	1.12

## COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Notes	2016	2015
Billings	7	2,112,864	2,001,278
Direct costs		(2,013,977)	(1,855,171)
Revenue		98,887	146,107
Interest income net of interest expenses	8	304,421	367,382
Other income	9	6,138	990,560
Operating and administrative expenses		(236,851)	(416,842)
<b>Foreign exchange loss</b>		(5,704)	(625)
Profit before tax	10	166,891	1,086,582
Tax charge	11	(57,542)	(39,076)
Profit for the year		109,349	1,047,506
Other comprehensive income		-	-
Total comprehensive income for the year		109,349	1,047,506
Basic earnings per share (Ksh)	13	0.29	2.76
Diluted earnings per share (Ksh)	13	0.29	2.76



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

All figures in Ksh'000	Notes	31 Dec 2016	31 Dec 2015
<b>ASSETS</b>			
<i>Non-current assets</i>			
Equipment	14.1	398,730	492,429
Investments in associates and other equity investment	15	4,067	3,603
Deferred tax asset	16	359,205	223,308
Goodwill	17	1,612,235	1,612,235
		<b>2,374,237</b>	<b>2,331,575</b>
<i>Current assets</i>			
Trade and other receivables	18	6,326,467	5,469,701
Receivable from related parties	19	135,314	80,253
Work-in-progress		82,367	15,283
Tax recoverable	11.3	586,471	410,376
Cash, bank and deposit balances	20	3,981,542	4,161,291
		11,112,161	10,136,904
<b>TOTAL ASSETS</b>		<b>13,486,398</b>	<b>12,468,479</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital	21	378,865	378,865
Share premium		8,281,817	8,281,817
Revenue reserve		320,150	86,598
Translation deficit		(353,434)	(302,865)
Equity attributable to shareholders of the holding company		8,627,398	8,444,415
Non-controlling interests		181,241	159,845
<b>Total equity</b>		<b>8,808,639</b>	<b>8,604,260</b>
<i>Non-current liabilities</i>			
Deferred tax liability	16	4,662	9,356
Loan payable to related parties	19	-	176,400
		<b>4,662</b>	<b>185,756</b>
<i>Current liabilities</i>			
Trade and other payables	22	4,270,656	3,559,384
Tax payable	11.3	212,481	77,597
Payable to related parties	19	178,080	29,411
Dividends payable	23	11,880	12,071
		4,673,097	3,678,463
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,486,398</b>	<b>12,468,479</b>

The financial statements on page 22 to 50 page were approved and authorised for issue by the Board of Directors on 27 April 2017 and were signed on its behalf by:

Jonathan Neil Eggar  
Director

Bharat Thakrar  
Director

# COMPANY STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2016

All figures in Ksh'000	Notes	31 Dec 2016	31 Dec 2015
<b>ASSETS</b>			
<i>Non-current assets</i>			
Equipment	14.2	115,110	140,175
Investment in subsidiaries	24	6,622,624	6,672,795
Long term loan to subsidiaries	19	118,937	117,605
Deferred tax asset	16	193,306	158,410
		<b>7,049,977</b>	<b>7,088,985</b>
<i>Current assets</i>			
Trade and other receivables	18	704,910	1,073,623
Receivable from related parties	19	2,014,621	696,149
Tax recoverable	11.3	26,018	2,381
Cash, bank and deposit balances	20	1,832,579	3,093,358
		<b>4,578,128</b>	<b>4,865,511</b>
<b>TOTAL ASSETS</b>		<b>11,628,105</b>	<b>11,954,496</b>
<i>EQUITY AND LIABILITIES</i>			
<i>Capital and reserves</i>			
Share capital	21	378,865	378,865
Share premium		8,281,817	8,281,817
Revenue reserve		1,753,457	1,833,541
<b>Total equity</b>		<b>10,414,139</b>	<b>10,494,223</b>
<i>Current liabilities</i>			
Trade and other payables	22	577,740	564,603
Payable to related parties	19	624,346	883,599
Dividends payable	23	11,880	12,071
		<b>1,213,966</b>	<b>1,460,273</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,628,105</b>	<b>11,954,496</b>

The financial statements on page 22 to page 50 were approved and authorised for issue by the Board of Directors on 27 April 2017 and were signed on its behalf by:

Jonathan Neil Eggar  
Director

Bharat Thakrar  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Share capital	Share premium	Revenue reserve / (deficit)	Translation deficit	Attributable to share holders of the holding company	Non-controlling interests	Total
At 1 January 2015	378,865	8,281,817	(147,545)	(108,016)	8,405,121	137,510	8,542,631
Profit for the year	-	-	423,576	-	423,576	55,096	478,672
Other comprehensive income	-	-	-	(194,849)	(194,849)	(8,519)	(203,368)
Dividend declared - 2014	-	-	(189,433)	-	(189,433)	(24,242)	(213,675)
At 31 December 2015	378,865	8,281,817	86,598	(302,865)	8,444,415	159,845	8,604,260
At 1 January 2016	378,865	8,281,817	86,598	(302,865)	8,444,415	159,845	8,604,260
Profit for the year	-	-	422,985	-	422,985	37,395	460,380
Other comprehensive income	-	-	-	(50,569)	(50,569)	916	(49,653)
Dividend declared - 2015	-	-	(189,433)	-	(189,433)	(16,915)	(206,348)
<b>At 31 December 2016</b>	<b>378,865</b>	<b>8,281,817</b>	<b>320,150</b>	<b>(353,434)</b>	<b>8,627,398</b>	<b>181,241</b>	<b>8,808,639</b>

The reserve accounts included in the Statement of Changes in equity are explained below:

- Revenue reserve represent accumulated profits retained by the company after payment of dividend to the shareholders
- The translation reserve represents the cumulative position of translation gains or losses arising from conversion of net assets of foreign subsidiary companies to the reporting currency

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Share capital	Share premium	Revenue reserve	Total
At 1 January 2015	378,865	8,281,817	975,468	9,636,150
Profit for the year	-	-	1,047,506	1,047,506
Dividend declared - 2014	-	-	(189,433)	(189,433)
At 31 December 2015	378,865	8,281,817	1,833,541	10,494,223
At 1 January 2016	378,865	8,281,817	1,833,541	10,494,223
Profit for the year	-	-	109,349	109,349
Dividend declared - 2015	-	-	(189,433)	(189,433)
<b>At 31 December 2016</b>	<b>378,865</b>	<b>8,281,817</b>	<b>1,753,457</b>	<b>10,414,139</b>

Revenue reserve represent accumulated profits retained by the company after payment of dividend to the shareholders.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Note	2016	2015
<b>Cash flows from operating activities</b>			
Profit before tax		725,925	875,271
Depreciation on equipment	14.1	169,544	146,817
Interest expense		11,547	20,016
Provision for bad and doubtful debts	10	11,433	30,652
Net gain on sale of assets		(4,303)	(1,766)
Interest income	8	(418,075)	(456,114)
<b>Working capital adjustments:</b>			
(Increase) / decrease in trade and other receivables		(868,199)	1,264,876
(Increase) / decrease in work-in-progress		(67,084)	14,945
Increase / (decrease) in trade and other payables		711,272	(694,234)
Increase / (decrease) in related party balances		93,608	(116,228)
<b>Cash generated from operating activities after working capital changes</b>		<b>365,668</b>	<b>1,084,235</b>
Tax paid on operating income		(362,714)	(444,798)
<b>Net cash generated from operating activities</b>		<b>2,954</b>	<b>639,437</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	14.1	(106,253)	(144,965)
Proceeds from sale of equipment		19,250	15,461
Interest income received net of tax		379,054	331,998
<b>Net Cash generated from investing activities</b>		<b>292,051</b>	<b>202,494</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repaid	19	(176,400)	(128,373)
Dividends paid including tax on dividend		(209,210)	(221,285)
Interest paid		(11,547)	(20,016)
<b>Net cash used in financing activities</b>		<b>(397,157)</b>	<b>(369,674)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(102,152)</b>	<b>472,257</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
At the beginning of the year		4,062,212	3,763,115
(Decrease) / increase during the year		(102,152)	472,257
Effect of fluctuations in exchange rates		(50,576)	(173,160)
<b>Cash and cash equivalents at end of the year</b>	20	<b>3,909,484</b>	<b>4,062,212</b>



# COMPANY STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2016

All figures in Ksh'000	Note	2016	2015
<b>Cash flows from operating activities</b>			
Profit before tax		166,891	1,086,582
Depreciation on equipment	14.2	62,930	45,908
Reversal of bad and doubtful debts provisions	10	(23,568)	(6,357)
Net gain on sale of assets		(352)	(231)
Dividend income		-	(982,034)
Interest expense		3,707	7,928
Interest income	8	(308,128)	(375,310)
<b>Working capital adjustments:</b>			
Decrease / (increase) in trade and other receivables		392,281	(116,370)
Increase / (decrease) in trade and other payables		13,137	(21,199)
(Decrease) / increase in related party balances		(1,577,725)	304,193
<b>Cash used in operating activities after working capital changes</b>		(1,270,827)	(56,890)
Tax paid on operating income		(62,997)	(57,517)
<b>Net cash used in operating activities</b>		(1,333,824)	(114,407)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	14.2	(39,305)	(50,666)
Proceeds from sale of equipment		1,792	1,789
Capital pending allotment refunded		50,171	115,334
Dividend received		-	982,034
Interest income received net of tax		301,457	262,824
<b>Net cash generated from investing activities</b>		314,115	1,311,315
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repaid		(1,332)	113,745
Dividends paid including tax on dividend		(189,624)	(191,386)
Interest paid		(3,707)	(7,928)
<b>Net cash used in financing activities</b>		(194,663)	(85,569)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1,214,372)	1,111,339
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
At the beginning of the year		2,994,279	1,882,940
(Decrease) / increase during the year		(1,214,372)	1,111,339
<b>Cash and cash equivalents at end of the year</b>	20	1,779,907	2,994,279

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. STATEMENT OF COMPLIANCE

The consolidated financial statements of WPP Scangroup Limited and its subsidiaries (the Group) for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Kenyan Companies Act. For the purposes under the Kenyan Companies Act, the Balance Sheet is represented by the Statement of Financial Position and the Profit and Loss Account is presented in the Statement of Profit or Loss and Other Comprehensive Income.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies adopted remain unchanged from the previous year unless mentioned otherwise. The consolidated financial statements are presented in Kenya Shillings and all values are rounded to the nearest thousand (Ksh'000), except when otherwise indicated. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## 3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1. Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-

generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 4.2. Investments in associates

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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the company's interest in that associate (which includes any long term interests that, in substance, form part of the company's net investment in the associate) are not recognised, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Where the company transacts with an associate, profits and losses are eliminated to the extent of the company's interest in the relevant associate.

### 4.3. Revenue recognition

Revenue comprises commission, fees and rebates earned in respect of media placements, advertising and marketing services, measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is stated exclusive of VAT, sales taxes.

#### 4.3.1. Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the service. The stage of completion of the service is determined as follows:

- retainer fees are recognised by reference to the stage of completion of the contract period, determined as the proportion of the total contract time that has elapsed at the end of the reporting period;
- service income is recognised in the period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### 4.3.2. Dividend and interest income

Dividend income from investments is recognised when

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the group's right to receive payment as a shareholder has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

### 4.4. Work-in-progress

Work in progress is stated at the lower of cost or net realisable value and represents direct recoverable cost chargeable to specific clients. Attributable profits are only recognised once a job is complete and billed out to the client.

### 4.5. Property and Equipment

#### 4.5.1. Recognition and measurement

Items of Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset, other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Any gain or loss on disposal of an item of Property and Equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

#### 4.5.2. Depreciation

Items of Property and Equipment are depreciated from the date the asset is available for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the written down basis over their estimated useful lives at rates as follows:

Computers and accessories	30%
Motor vehicles	25%
Furniture, fittings and equipment	12.5%

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

#### 4.5.3. Impairment

The Group assesses the carrying value of its property and equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Group applies the requirements of IAS 36 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Also refer note 4.10.

### 4.6. Taxation

Income tax expense represents the sum of the tax currently payable and net deferred tax charge for the year.

#### 4.6.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 4.6.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 4.6.3. Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. Also refer note 4.1.

#### 4.7. Leases

The Group's leases are classified as finance leases whenever the terms of the lease substantially transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the inception of the lease at the lower of their fair value and the present value of the minimum lease payments. Depreciation on leased assets is charged to the consolidated income statement on the same basis as owned assets. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the consolidated income statement as it is incurred.

Operating lease rentals are charged to the consolidated income statement on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

#### 4.8. Foreign currencies

The Group's consolidated financial statements are presented in Kenya Shillings, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

##### 4.8.1. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the

date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

##### 4.8.2. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kenya Shillings at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 4.9. Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group has become a party to the contractual provisions of the instrument.

##### 4.9.1. Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have failed. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in number of delayed payments in the portfolio, past average credit period as well as observable changes in national or economic conditions that correlate with default on receivables.

##### 4.9.2. Cash and cash equivalents

Cash and cash equivalents include cash in hand, fixed deposits and deposits held at call with banks which are highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at realisable value.

#### 4.10. Impairment

##### 4.10.1. Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future



cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

#### Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 4.10.2. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful life are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing,

assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4.11. Employee benefits

#### 4.11.1. Retirement benefits costs and termination benefits

The Group in Kenya and Zambia has engaged a third party retirement benefit service provider to provide retirement benefits to its eligible employees. The benefit plans are "Defined Contribution Plans". Payments to defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions. The assets of the scheme are held in a trustee administered fund separate from the retirement benefit service providers.

The Group also contributes to the statutory defined contribution pension schemes, the National Social Security Fund of Kenya, Tanzania, Uganda and Zambia. In Nigeria, Ghana and Rwanda the Group contributes to regional pension funds administered by equivalent government regulatory bodies. Employer's contribution is determined by local statutes.

The Group's obligations to retirement benefit schemes are recognised in the profit or loss as they fall due.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### 4.11.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term

employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

#### 4.12. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The Group formed a Trust which is independent of the Company to facilitate purchase of its shares to fund the above liability. From time to time the Group funds purchase of its shares by the trust. The costs are recognised as pre-payments. When shares granted under the Employee Share Option plan vest shares held in the trust are transferred to the employee. To the extent of transferred shares, employee benefits reserve is off set against the pre-payments.

#### 4.13. Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

### 5. Application Of New And Revised International Financial Reporting Standards (IFRSS) And Interpretations (IFRIC)

- (i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2016

The following new and revised IFRS standards were effective in the current year and had no material impact on the amounts reported in these financial statements.

#### **IAS 19 Defined Benefit Plans: Employee Contributions**

The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan.

According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from

employees or third parties, the accounting depends on whether the contributions are linked to service.

#### **Amendments to IAS 27 Separate Financial Statements**

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Applicable to annual periods beginning on or after 1 January 2016.

The amendment had no impact on the consolidated financial statements as the Group has not presented separate financial statements.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

**IFRS 5: Non-current Assets Held for Sale and Discontinued Operations —** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;

**IFRS 7: Financial Instruments: Disclosures —** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements;

**IAS 19: Employee Benefits —** Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and

**IAS 34: Interim Financial Reporting —** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Applicable to annual periods beginning on or after 1 January 2016.

The application of these amendments has had no effect on the Group's consolidated financial statements.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

The exemption from preparing consolidated financial

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value;

A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity;

When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Applicable to annual periods beginning on or after 1 January 2016.

New and Amendments to standards

Effective for annual periods beginning on or after

**IFRS 9:** Financial Instruments 1 January 2018

**IFRS 15:** Revenue from Contracts with Customers 1 January 2018

**IFRS 16:** Leases 1 January 2019

### **IFRS 9: Financial Instruments**

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

#### **Key requirements of IFRS 9:**

**Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

**Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

**Hedge accounting.** Introduces a new hedge accounting

model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

**Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The directors of the company anticipate that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed by the Group.

### **IFRS 15: Revenue from Contracts with Customers**

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The directors of the group expect that the adoption of IFRS 15 may have an impact on revenue recognition and related disclosures. It is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

## IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 - Leases.

The directors of the company anticipate that the application of IFRS 16 in the future may have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until a detailed review has been completed by the Group.

### Annual Improvements 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below:

**The amendment to IFRS 2 - Share-based Payment** is to clarify the definition of vesting condition and market condition to ensure the consistent classification of conditions attached to a share-based payment. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. The amendment requires prospective application.

**The amendment to IFRS 3 - Business Combinations** clarifies that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit and loss. The amendment to IFRS 3 requires prospective application.

**The amendment to IFRS 8(i) - Operating Segments** requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments share similar economic characteristics; and (ii) clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if information about the amount of segment assets are regularly provided to the chief operating decision-maker.

**The amendment to IFRS 13 - Fair Value Measurement** clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts

without discounting, if the effect of discounting is immaterial. This amendment does not include any effective date because this is just to clarify the intended meaning in the basis for conclusions.

**The amendment to IAS 16 - Property and Equipment and IAS 38 - Intangible Assets** remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference.

Between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendment to IAS 24 clarifies that a management

entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of compensation to key management personnel that is paid by the management entity to the management entity's employees or directors is not required.

### (ii) Early adoption of standards

The Group did not early-adopt any new or amended standards in 2016.

## 6. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the Group's accounting policies are dealt with below:

### a. Critical judgments in applying accounting policies

#### Impairment losses

At the end of each reporting period, the Group reviews the carrying amounts of its goodwill to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

**b. Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and suitable discount rate in order to calculate present value.

**7. BILLINGS**

The Group's billings are derived from sales in the following markets:

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Kenya (including export sales)	9,826,665	10,379,388	2,112,864	2,001,278
Uganda	1,102,359	1,010,294	-	-
Tanzania	1,617,583	1,916,251	-	-
South Africa	353,612	527,477	-	-
Ghana	1,736,940	1,631,670	-	-
Nigeria	484,913	633,943	-	-
Others	1,184,375	692,061	-	-
	<b>16,306,447</b>	<b>16,791,084</b>	<b>2,112,864</b>	<b>2,001,278</b>

**8. INTEREST INCOME NET OF INTEREST EXPENSES**

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Interest on deposits	413,258	451,629	307,444	374,090
Other Interest	4,817	4,485	684	1,220
	418,075	456,114	308,128	375,310
Interest expense	(11,547)	(20,016)	(3,707)	(7,928)
	<b>406,528</b>	<b>436,098</b>	<b>304,421</b>	<b>367,382</b>

**9. OTHER INCOME**

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Profit on disposal of assets	5,445	2,765	352	231
Bad debts earlier written off now recovered	1,738	10,199	-	-
Cash discount	13,909	6,159	4,325	1,938
Dividend income	-	-	-	982,034
Other incomes	1,596	20,246	1,461	6,357
	<b>22,688</b>	<b>39,369</b>	<b>6,138</b>	<b>990,560</b>



## 10. PROFIT BEFORE TAX

The profit before tax is arrived at after charging: All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Staff costs				
- Salaries and wages	2,584,054	2,729,839	445,236	548,691
- Social security	127,142	137,044	15,465	18,414
- Medical expenses	94,197	65,016	19,379	16,776
- Leave pay	6,567	7,095	2,660	-
- Other staff cost	372,634	194,738	8,806	45,988
	3,184,594	3,133,732	491,546	629,869
Operating lease rentals	264,661	275,430	11,298	25,513
Travel and transport	140,494	188,594	16,974	18,642
Depreciation	169,544	146,817	62,930	45,908
Communication	102,649	87,084	24,326	23,803
Printing and stationery	26,460	15,238	3,009	1,973
Provision/(reserved) for bad and doubtful debts	11,433	30,652	(23,568)	(6,357)
Auditors' remuneration	33,262	34,181	2,582	2,582
Loss on sale of assets	1,142	999	-	-
Directors' remuneration				
-non-executive directors' fee	2,000	2,000	2,000	2,000
-non- executive directors' emoluments	600	720	600	720
Executive directors' emoluments	101,627	98,276	101,627	98,276

## 11. TAXATION

### 11.1. Tax expence

All figures in Sh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Current taxation based on the adjusted profit				
For companies at 30%	368,677	328,704	92,438	112,593
For companies charged at different rates	53,447	66,697	-	-
Prior year (over) / under provision	(3,183)	3,843	-	-
	418,941	399,244	92,438	112,593
Deferred tax				
- current year credit	(145,295)	(49,207)	(34,896)	(73,517)
- prior year (over) / under provision	(8,101)	46,562	-	-
	(153,396)	(2,645)	(34,896)	(73,517)
	265,545	396,599	57,542	39,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11.2. Reconciliation of expected tax based on accounting profit to tax expense

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Accounting profit before taxation	725,925	875,271	166,891	1,086,582
Tax at the applicable rate of 30%	217,778	262,581	50,067	325,975
Effect of expenses not deductible for tax purposes	67,995	27,169	7,475	(286,899)
Effect of companies charged at different rates	(11,615)	(9,937)	-	-
Deferred tax asset not recognised in the current year	-	24,552	-	-
Deferred tax asset recognised in previous years reversed	-	36,172	-	-
Tax paid on intercompany dividend income	2,671	5,657	-	-
Prior years (over)/ under provision- deferred tax	(8,101)	46,562	-	-
Prior years (over)/ under provision- income tax	(3,183)	3,843	-	-
	<b>265,545</b>	<b>396,599</b>	<b>57,542</b>	<b>39,076</b>

11.3. Movement in net of tax recoverable

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
At beginning of year	332,779	224,847	2,381	11,291
Tax paid	431,427	508,251	116,075	103,683
Charge for the year	(418,941)	(399,244)	(92,438)	(112,593)
Effect of exchange rate difference	28,725	(1,075)	-	-
<b>At the end of the year</b>	<b>373,990</b>	<b>332,779</b>	<b>26,018</b>	<b>2,381</b>
<b>Breakup of net tax recoverable</b>				
Tax recoverable	586,471	410,376	26,018	2,381
Tax payable	(212,481)	(77,597)	-	-
	<b>373,990</b>	<b>332,779</b>	<b>26,018</b>	<b>2,381</b>

## 12. SEGMENTAL REPORTING

The disclosure requirements of IFRS 8 Operating Segments are not applicable to the group. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating decision Maker (CODM) in order to allocate resources to the segments and to assess performance. Thus, under IFRS 8, the major reporting segment is advertising and media investment management with other income comprising less than 10% of total income. This is the information which has been reported in these financial statements. Refer note 7.

## 13. EARNINGS PER SHARE

### 13.1. Basic earning per share

Basic earnings per share is calculated based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue in each period as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit attributable to share holders of the holding company (Ksh'000)	422,985	423,576	109,349	1,047,506
Weighted average number of shares (in thousands)	378,865	378,865	378,865	378,865
Basic earnings per share (Ksh)	1.12	1.12	0.29	2.76

### 13.2. Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2016 and 31 December 2015 no such instruments were outstanding. Hence Diluted earnings per share is same as Basic earnings per share presented in Note 13.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**14. EQUIPMENT**

14.1. Equipment - Group

All figures in Ksh'000	Computers and accessories	Motor vehicles	Furniture, fittings and equipment	Total
<b>COST</b>				
At 1 January 2015	552,333	101,617	482,906	1,136,856
Additions	55,362	48,005	41,598	144,965
Disposals	(12,025)	(11,667)	(12,257)	(35,949)
Exchange rate adjustment	(6,459)	(153)	(10,457)	(17,069)
At 31 December 2015	589,211	137,802	501,790	1,228,803
At 1 January 2016	589,211	137,802	501,790	1,228,803
Additions	54,399	19,912	31,942	106,253
Disposals	(28,684)	(39,470)	(1,438)	(69,592)
Exchange rate adjustment	(12,641)	(10,330)	(14,620)	(37,591)
<b>At 31 December 2016</b>	<b>602,285</b>	<b>107,914</b>	<b>517,674</b>	<b>1,227,873</b>
<b>DEPRECIATION</b>				
At 1 January 2015	346,158	57,377	216,075	619,610
Charge for the year	82,214	18,920	45,683	146,817
Elimination on disposal	(5,627)	(7,104)	(9,523)	(22,254)
Exchange rate adjustment	(3,426)	235	(4,608)	(7,799)
At 31 December 2015	419,319	69,428	247,627	736,374
At 1 January 2016	419,319	69,428	247,627	736,374
Charge for the year	95,899	21,146	52,499	169,544
Elimination on disposal	(24,255)	(27,769)	(2,383)	(54,407)
Exchange rate adjustment	(7,900)	(7,142)	(7,326)	(22,368)
<b>At 31 December 2016</b>	<b>483,063</b>	<b>55,663</b>	<b>290,417</b>	<b>829,143</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2016</b>	<b>119,222</b>	<b>52,251</b>	<b>227,257</b>	<b>398,730</b>
At 31 December 2015	169,892	68,374	254,163	492,429

## 14.2. Equipment - Company

All figures in Ksh'000	Computers and accessories	Motor vehicles	Furniture, fittings and equipment	Total
<b>COST</b>				
At 1 January 2015	228,845	18,836	60,704	308,385
Additions	14,179	31,570	4,917	50,666
Disposals	(487)	(1,410)	(2,545)	(4,442)
At 31 December 2015	242,537	48,996	63,076	354,609
At 1 January 2016	242,537	48,996	63,076	354,609
Additions	24,778	-	14,527	39,305
Disposals	(432)	(7,147)	-	(7,579)
<b>At 31 December 2016</b>	<b>266,883</b>	<b>41,849</b>	<b>77,603</b>	<b>386,335</b>
<b>DEPRECIATION</b>				
At 1 January 2015	144,124	11,113	16,173	171,410
Charge for the year	33,343	6,839	5,726	45,908
Elimination on disposal	(342)	(1,135)	(1,407)	(2,884)
At 31 December 2015	177,125	16,817	20,492	214,434
At 1 January 2016	177,125	16,817	20,492	214,434
Charge for the year	46,389	7,838	8,703	62,930
Elimination on disposal	(55)	(6,084)	-	(6,139)
<b>At 31 December 2016</b>	<b>223,459</b>	<b>18,571</b>	<b>29,195</b>	<b>271,225</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2016</b>	<b>43,424</b>	<b>23,278</b>	<b>48,408</b>	<b>115,110</b>
At 31 December 2015	65,412	32,179	42,584	140,175



## 15. INVESTMENT IN ASSOCIATES AND OTHER EQUITY INVESTMENTS

As at 31 December 2016 O&M Africa B.V., a 100% subsidiary of WPP Scangroup Limited, owned equity shares in the following companies:

Associate Companies	Country	% shares
Ogilvy & Mather Advertising Namibia (Proprietary) Limited	Namibia	30.0%
Ogilvy Zimbabwe (Private) Limited	Zimbabwe	25.0%
Ocean Ogilvy Gabon	Gabon	25.0%
Ocean Central Africa	Cameroon	25.0%
Ocean Burkina Faso	Burkina Faso	25.0%
Ocean Afrique Occidentale	Senegal	25.0%
Ocean Conseil	Cote d'Ivoire	25.0%

### OTHER EQUITY INVESTMENT

Prima Garnet Communications Limited	Nigeria	12.6%
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The associate companies are accounted for using the equity method in these consolidated financial statements. The Group does not recognise any of them as material. Accordingly additional disclosure as required by IFRS 12 are not made.

Profits of the associate companies have not been included in the consolidated profit or loss because of considerations of the requirements of IAS 39 and IAS 36 on impairment. Recognition of profits from the associate companies would cause their carrying amounts to be less than the recoverable amounts which would trigger impairment losses to be recognised as part of the carrying amount of the investments in associates.

## 16. DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using the currently enacted tax rates applicable for the various entities within the Group ranging from 3% to 30%. The net deferred tax asset is attributable to the following items:

All figures in Ksh'000	Group		Company	
	2016	2015	2016	2015
Excess depreciation / (accelerated capital allowances)	11,179	(9,543)	1,535	(1,697)
Unrealised exchange losses / (gains)	11,217	(1,197)	228	(797)
Tax losses carried forward	311,029	200,799	189,592	159,750
Provisions	21,118	23,893	1,951	1,154
	<b>354,543</b>	<b>213,952</b>	<b>193,306</b>	<b>158,410</b>

### Movement in deferred tax account is as follows

At beginning of period – asset	213,952	219,436	158,410	84,893
Credit for the year	145,295	49,207	34,896	73,517
Prior year over/(under) provision	8,101	(46,562)	-	-
Effect of exchange rates	(12,805)	(8,129)	-	-
At end of period – asset	<b>354,543</b>	<b>213,952</b>	<b>193,306</b>	<b>158,410</b>

### Breakup of deferred tax asset and liability

Deferred tax asset	359,205	223,308	193,306	158,410
Deferred tax liability	(4,662)	(9,356)	-	-
	<b>354,543</b>	<b>213,952</b>	<b>193,306</b>	<b>158,410</b>

## 17. GOODWILL

Goodwill represents consideration paid in excess of fair value of net assets acquired. The following table contains the breakdown of the value at cost by entities to which goodwill relates.

All figures in Ksh'000	2016	2015
<b>Cost and carried value as at the end of</b>		
Millward Brown East Africa Limited	1,273,197	1,273,197
O&M Africa B.V.	152,929	152,929
GroupM Africa Limited (erstwhile Redsky Limited)	83,548	83,548
Ogilvy Kenya Limited	79,194	79,194
Hill+Knowlton Strategies (South Africa) Pty Ltd	23,367	23,367
<b>Total</b>	<b>1,612,235</b>	<b>1,612,235</b>

In accordance with the Group's accounting policy, the carrying values of goodwill are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The goodwill impairment review is undertaken annually on 31 December. The review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows, using a pre-tax discount rate and management forecasts for a projection period of up to five years, followed by an assumed annual long-term growth rate and no assumed improvement in operating margin. Management have made the judgement that this long-term growth rate does not exceed the long-term average growth rate for the industry.

Under IFRS, an impairment charge is required for goodwill when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

In addition, judgements are applied in determining the level of cash-generating unit identified for impairment testing and the criteria used to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss. Changes in our business activities or structure may also result in changes to the level of testing in future periods.

Further, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired. Any resulting impairment loss could have a material impact on the Group's financial condition and results of operations.

Historically no impairment losses have been recognised in the group's financial statements. As a result, changes in the assumptions used in our impairment model have not had a significant effect on the impairment charges recognised and a reasonably possible change in assumptions would not lead to a significant impairment. The carrying value of goodwill will continue to be reviewed at least annually for impairment and adjusted to the recoverable amount if required.

## 18. TRADE AND OTHER RECEIVABLES

All figures in Ksh'000	Group		Company	
	2016	2015	2016	2015
Trade receivables	5,500,406	4,696,295	544,109	880,227
Less: Provision for bad and doubtful debts	(37,273)	(69,106)	(4,370)	(27,938)
	5,463,133	4,627,189	539,739	852,289
Value Added Tax recoverable	399,478	319,716	44,438	42,300
Staff recoverable	23,593	51,247	9,160	11,503
Other receivables and pre-payments	440,263	471,549	111,573	167,531
	<b>6,326,467</b>	<b>5,469,701</b>	<b>704,910</b>	<b>1,073,623</b>

**18. TRADE AND OTHER RECEIVABLES (CONTINUED)**

Movement in allowance for doubtful debts	All figures in Ksh'000			
	Group		Company	
	2016	2015	2016	2015
Balance at the beginning of the year	69,106	83,872	27,938	34,295
Provision for bad debts	11,433	30,652	-	-
Amounts written off during the year as uncollectible	(46,454)	(40,174)	-	-
Reversal of provision for bad debts	-	-	(23,568)	(6,357)
Effect of exchange rates	3,188	(5,244)	-	-
Balance at the end of the year	37,273	69,106	4,370	27,938

**19. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions between the company and its subsidiaries which are related parties have been eliminated on consolidation.

All figures in Ksh'000	Group		Company	
	2016	2015	2016	2015
<b>Balances recoverable from related parties</b>				
Due after one year				
Loan recoverable from various subsidiaries	-	-	118,937	117,605
	-	-	<b>118,937</b>	<b>117,605</b>
Due within one year				
Current receivables from various subsidiaries	-	-	2,014,621	696,149
Current receivables from fellow subsidiaries	135,314	80,253	-	-
	<b>135,314</b>	<b>80,253</b>	<b>2,014,621</b>	<b>696,149</b>
<b>Loan payable to related parties</b>				
Dolphin Square Holding B.V.	-	176,400	-	-
Provision for interest on loan*	-	27,796	-	-
Total payable	-	<b>204,196</b>	-	-
<b>Other balances payable to related parties</b>				
Various subsidiaries	-	-	624,346	883,599
Current payable to fellow subsidiaries	178,080	1,615	-	-
<b>Transactions with related parties</b>				
Sale of services	270,193	106,675	881,544	380,155
Purchase of services	99,062	61,289	106,906	122,904
Remuneration of directors and key management compensation	104,227	100,996	104,227	100,996
Directors' remuneration - Executive directors' emoluments (included in key management compensation above)	101,627	98,276	101,627	98,276

\* The amount is included payable to related parties under current liabilities because interest on loan is payable within 12 months from the year end.

## 20. CASH AND BANK BALANCES

All figures in Ksh'000	Group		Company	
	2016	2015	2016	2015
Cash in hand	6,468	5,817	1,870	1,806
Bank balances	749,923	624,194	114,369	16,402
Short term deposits				
- Fixed deposits with banks	2,905,807	3,466,240	1,663,668	3,013,189
- Call deposits with banks	267,678	5,114	-	-
	3,929,876	4,101,365	1,779,907	3,031,397
Bank overdraft (Note 25)	(20,392)	(39,153)	-	(37,118)
Cash and cash equivalent	3,909,484	4,062,212	1,779,907	2,994,279
Accrued interest on fixed deposits	72,058	99,079	52,672	99,079
	<b>3,981,542</b>	<b>4,161,291</b>	<b>1,832,579</b>	<b>3,093,358</b>

The deposits are mature within 3 months after the year end. The effective interest on the fixed deposits for the year ended 31 December 2016 was 11.96 % (2015: 12.60%) while the effective interest rate on the call deposits was 9.32 % (2015: 15.07%).

## 21. SHARE CAPITAL- GROUP AND COMPANY

All figures in Ksh'000	2016	2015
Authorised share capital:		
Ordinary shares 400,000,000 (2015: 400,000,000) of Sh 1 each	400,000	400,000
Issued and fully paid up shares		
Ordinary shares 378,865,102 (2015: 378,865,102) of Sh 1 each	378,865	378,865

## 22. TRADE AND OTHER PAYABLES

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
Trade payables	3,628,794	2,853,624	537,286	536,170
Other payables	561,350	609,970	33,953	24,591
Leave pay provision	44,797	49,687	6,501	3,842
Value Added Tax payable	35,715	46,103	-	-
	<b>4,270,656</b>	<b>3,559,384</b>	<b>577,740</b>	<b>564,603</b>
Movement in leave pay Provision				
Balance at the beginning of the year	49,687	43,704	3,842	3,842
Provision for leave pay	6,567	7,095	2,660	-
Paid during the year	(7,818)	(298)	(1)	-
Reversals of provision for leave pay	(1,423)	-	-	-
Effect of exchange rates	(2,216)	(814)	-	-
Balance at the end of the year	<b>44,797</b>	<b>49,687</b>	<b>6,501</b>	<b>3,842</b>

**23. DIVIDENDS PAYABLE**

All figures in Ksh'000	GROUP		COMPANY	
	2016	2015	2016	2015
At 1 January	12,071	14,024	12,071	14,024
Dividends declared	206,348	213,675	189,433	189,433
Dividends paid	(206,539)	(215,628)	(189,624)	(191,386)
<b>At 31 December</b>	<b>11,880</b>	<b>12,071</b>	<b>11,880</b>	<b>12,071</b>

**24 INVESTMENT IN SUBSIDIARIES AT COST**

All figures in Ksh'000	2016		2015	
	%	Ksh'000	%	Ksh'000
Ogilvy Kenya Limited	100%	1,866,659	100%	1,866,659
Millward Brown East Africa Limited	100%	1,693,569	100%	1,693,569
Ogilvy Africa Limited	100%	1,494,001	100%	1,494,001
O&M Africa B.V.	100%	671,911	100%	671,911
Scangroup Mauritius Holding Limited	100%	315,363	100%	365,534
Hill & Knowlton East Africa Limited	100%	245,123	100%	245,123
Ogilvy Tanzania Limited	100%	135,912	100%	135,912
GroupM Africa Limited (erstwhile Redsky Limited)	100%	84,542	100%	84,542
Scanad Kenya Limited	100%	40,000	100%	40,000
Scanad East Africa Limited	100%	31,500	100%	31,500
Scanad Africa Limited (erstwhile McCann Kenya Limited)	100%	15,000	100%	15,000
Scangroup (Mauritius) Limited (erstwhile MIA Mauritius Limited)	100%	10,006	100%	10,006
J.Walter Thompson Kenya Limited	90%	18,000	90%	18,000
Squad Digital Limited	51%	408	51%	408
MEC Africa Limited (erstwhile Smollan E. A. Limited)	100%	550	100%	550
Mediacompete East Africa Limited	100%	40	100%	40
Grey East Africa Limited	100%	40	100%	40
		<b>6,622,624</b>		<b>6,672,795</b>

\* Equity investment in subsidiary amounting to Ksh50.17million for which shares were not allotted was refunded during the year.

WPP Scangroup Limited is the ultimate holding company of the following companies which are subsidiaries of Scanad East Africa Limited, a wholly owned subsidiary of WPP Scangroup Limited:

	Shareholding %
Scanad Uganda Limited	100%
Scanad Tanzania Limited	82%
Roundtrip Limited	100%
JWT Tanzania Limited (subsidiary of Scanad Tanzania Limited)	82%

Scangroup Mauritius Holdings Limited is the holding company of other subsidiaries incorporated outside Kenya as follows:

	Shareholding %
STE Scanad DRC	100%
Scanad Burundi Limited SPRL	100%
Scanad Rwanda Limited	100%
JWT Uganda Limited	100%
Scangroup (Malawi) Limited	100%
Scangroup (Zambia) Limited	100%
Scangroup Mozambique Limitada	100%

Hill & Knowlton East Africa Limited, (a wholly owned subsidiary of WPP Scangroup Limited) holds 51% equity shares in Hill + Knowlton Strategies South Africa Pty Limited.

## 24 INVESTMENT IN SUBSIDIARIES AT COST (CONTINUED)

### Summarised financial information on subsidiaries with material non-controlling interest

The summarised financial information below represents amounts before intragroup eliminations.

All figures in Ksh'000	Squad Digital Limited		J W Thompson Kenya Limited	
	2016	2015	2016	2015
<b>As At 31 December</b>				
Assets	419,080	350,599	492,429	365,972
Liabilities	238,426	176,589	204,461	75,144
Equity attributable to the owners of the company	92,134	88,745	259,171	261,745
Non-Controlling Interest	49%	49%	10%	10%
Billings	552,645	615,976	549,518	337,067
Expenses	(542,404)	(536,741)	(545,790)	(323,585)
Profit / (loss) before tax for the year	10,241	79,235	3,728	13,482
Profit / (loss) attributable to the owners of the company	3,387	21,019	(2,573)	5,145
Profit / (loss) attributable to non-controlling interest	3,254	20,195	(286)	572
Profit / (loss) after tax for the year	6,641	41,214	(2,859)	5,717
Net cash inflow / (outflow) from operating activities	4,057	89,680	(982)	(200,755)
Net cash outflow from investing activities	(733)	(7,035)	(721)	(3,178)
Net cash inflow / (outflow)	3,324	82,645	(1,703)	(203,933)

## 25. BANK OVERDRAFT

The Company has, for and on behalf of all its subsidiaries, availed a general short term banking facility, incorporating overdrafts, letter of credit and / or guarantee of bank facility of Sh500million and forward exchange contract facility of USD12million from Stanbic Bank Kenya Limited. The utilisation of these facilities are monitored at a group level. Securities offered for the facilities are as follows:

- (i) A Joint and several debenture over all the present and future moveable and immovable assets of WPP Scangroup Limited and all the subsidiaries in Kenya for an amount of Sh500million.
- (ii) Cross corporate guarantees and indemnities by WPP Scangroup Limited and its subsidiaries in Kenya for an amount of Sh500million.
- (iii) Right of set-off.

## 26. DIVIDENDS

The directors propose a first and final dividend of Sh0.50 per share totalling Sh189,432,551 based on 378,865,102 shares in issue. (2015: Sh0.50 per share totalling Sh189,432,551 based on 378,865,102 shares)

The payment of dividend is subject to approval by the shareholders' at the Annual General Meeting. This amount is not included in liabilities as presented in the financial statements. Dividend payment will be subject to withholding tax where applicable.

## 27. CAPITAL COMMITMENT

All figures in Ksh'000	2016	2015
Authorised but not contracted	-	-
Authorised and contracted	5,815	-
	5,815	-

Capital commitments relates to renovation of office premises.



**28. OPERATING LEASE COMMITMENTS**

The total future minimum lease payments due to third parties under non-cancellable operating leases for various of office premises are as follows:

All figures in Ksh'000	2016	2015
Within 1 year	143,767	254,055
Within 2 to 3 years	248,365	290,868
	<b>392,132</b>	<b>544,923</b>

**29. CONTINGENT LIABILITIES**

All figures in Ksh'000	2016	2015
Pending claims	21,360	11,860
Guarantees	20,955	18,687
	<b>42,315</b>	<b>30,547</b>

These relate to claims against the Group by various parties. The likely outcome of these claims cannot be determined as at the date of signing these financial statements. The directors' estimate of the maximum liability arising from these pending claims is set out above. However, the directors' do not expect any significant liability to arise from these pending matters.

**30. RISK MANAGEMENT POLICIES**

The Group's financial risk management objectives and policies are detailed below:

**30.1. Capital risk management**

The Group manages its capital with an aim to:

- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- allocate capital efficiently to support growth
- safeguard company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- provide an adequate return to shareholders by pricing advertising services commensurately with the level of risk

An important aspect of the Group's overall capital management process is the setting of a target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Group is focused on the creation of value for shareholders.

The Group has a number of sources of capital available to it and seeks to optimise its equity/debt structure in order to ensure that it can consistently maximize returns to the shareholder. As at the year-end the Group's borrowings are not in excess of its cash and cash equivalents. Table below sets out the calculation of gearing ratio.

All figures in Ksh'000	2016	2015
Share capital	378,865	378,865
Share premium	8,281,817	8,281,817
Revenue reserves	320,150	86,598
Translation deficit	(353,434)	(302,865)
	<b>8,627,398</b>	<b>8,444,415</b>
Non controlling interests	181,241	159,845
Total Equity	<b>8,808,639</b>	<b>8,604,260</b>
Loan payable to related parties	-	176,400
Less: Cash, bank and deposit balances	3,981,542	4,161,291
Excess of cash and cash equivalents over borrowings	<b>(3,981,542)</b>	<b>(3,984,891)</b>
Gearing ratio	N/A	N/A

### 30.2. Financial risk management objectives

The Group's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates. The Group's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Group does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

### 30.3. Credit risk

The Group's credit risk is primarily attributable to its trade receivables, bank balance and short term deposits. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and assessment of the prevailing economic environment.

The management assesses the creditworthiness of all clients by reviewing available financial information. Payment history of the client is used to review the maximum credit limits.

Exposure to client is also managed through other mechanisms such as the right to offset where a client is also a vendor of the company.

Credit risk on trade receivables is less because the majority of the Group's clients are multinational companies with high credit ratings.

Credit risk on liquid funds with financial institutions is also low, because funds are held by banks with good credit- standing. Amount that best represents the Group's maximum exposure to credit as at 31 December 2016 is made up as follows:

All figures in Ksh'000	Fully performing	Past due	Impaired	Total
<b>At 31 December 2016</b>				
Bank balance	749,923	-	-	749,923
Trade receivables	4,532,665	930,468	37,273	5,500,406
Short term deposits	3,245,543	-	-	3,245,543
	8,528,131	930,468	37,273	9,495,872
Less: Provision for impaired assets	-	-	(37,273)	(37,273)
<b>Net Performing assets</b>	<b>8,528,131</b>	<b>930,468</b>	<b>-</b>	<b>9,458,599</b>
<b>At 31 December 2015</b>				
Bank balance	624,194	-	-	624,194
Trade receivables	3,564,924	1,062,265	69,106	4,696,295
Short term deposits	3,570,433	-	-	3,570,433
	7,759,551	1,062,265	69,106	8,890,922
Less: Provision for impaired assets	-	-	(69,106)	(69,106)
<b>Net Performing assets</b>	<b>7,759,551</b>	<b>1,062,265</b>	<b>-</b>	<b>8,821,816</b>

Age of receivables that are past due but not impaired	2016	2015
91-120 days	353,446	380,579
121-180 days	322,770	410,296
181-365 days	254,252	271,390
<b>Total</b>	<b>930,468</b>	<b>1,062,265</b>

Age of impaired trade receivables		
91-120 days	-	-
121-180 days	-	-
Over 180 days	37,273	69,106
<b>Total</b>	<b>37,273</b>	<b>69,106</b>

### 30. RISK MANAGEMENT POLICIES (CONTINUED)

#### 30.3. Credit risk (Continued)

The customers under the fully performing category settle their balance in the normal course of trade. Trade receivable that are past due are not doubtful. Out of the total past due amount of Ksh930million (2015:Ksh1,062million) a sum of Ksh512million (2015:Ksh739million) has been settled subsequent to the year-end. The credit control department actively follows the debts that are past due. The group does not hold any collateral or other securities to cover client credit risk.

Bank balances and short term deposits are fully performing. Those amounts are held in reputable banks, which have a high credit rating.

#### 30.3.1 Liquidity risk management

Liquidity risk is the risk that cash may not be available to settle obligations when due, at a reasonable cost. The primary liquidity risk of the Group is its obligation to pay vendors as they fall due. Management has built an appropriate liquidity risk management framework for the Group's short, medium and long-term needs. The Group manages liquidity risk by monitoring forecast and actual cash flows and by maintaining credit facilities from banks. Refer note 25 for details of bank credit facilities the Group has.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

All figures in Ksh'000	Less than 1 month	Between 1 - 3 months	Over 3 months	Total
<b>At 31 December 2016</b>				
Shareholders loan (including interest on loan)	-	-	-	-
Trade payables	1,796,434	948,050	884,311	3,628,794
	1,796,434	948,050	884,311	3,628,794
<b>At 31 December 2015</b>				
Shareholders loan (including interest on loan)	-	-	204,196	204,196
Trade payables	1,275,429	965,375	612,820	2,853,624
	1,275,429	965,375	817,016	3,057,820

#### 30.3.2. Interest rate risk

Interest rate risk arises primarily from bank borrowings and borrowings from related parties. The potential impact of 1% increase or decrease in interest rate on profitability of the company would have been an increase or decrease of Sh1.04million (2015: Sh1.38million)

#### 30.3.3. Foreign currency risk

The Group's operations are predominantly in Kenya where the currency has been fluctuating against the major convertible currencies. A portion of the Group's purchases and sales are denominated in foreign currencies principally in US dollars. The Group does not hedge its foreign currency risk. This risk is insignificant.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

At 31 December 2016, if the average exchange rate for the year was 5% higher or lower, the profit before tax would have increased or decreased by approximately Sh15.8million (2015:Sh8.3million).

#### 30.3.4 Price risk

Price risk arises from fluctuations in the prices of equity investments. At 31 December 2016 and 31 December 2015, the group did not hold investments that would be subject to price risk; hence this risk is not applicable.

#### 30.3.5 Concentration risk

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties.

### 31. EVENTS AFTER THE REPORTING DATE

No material events or circumstances have arisen between the reporting date and the date of this report.

### 34. INCORPORATION

The Company is domiciled and incorporated in Kenya as a public limited liability company under the Companies Act (Cap. 486). 50.1% shares of the Company are beneficially held by WPP plc, a company incorporated in Jersey. Financial statements of WPP plc are available at [www.wpp.com](http://www.wpp.com).









