

THE JMCMRJ SORRELL FOUNDATION
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5th APRIL 2016

THE JMCMRJ SORRELL FOUNDATION

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THE JMCMRJ SORRELL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Charity registration number	1118913
Trustees	Sir Martin Sorrell (Chairman) Cristiana Falcone, Lady Sorrell (CEO) M.R.A. Sorrell R.A. Sorrell J.E.H. Sorrell D.N. Marks (resigned 11 th March 2016)
Chief Executive Officer	Cristiana Falcone, Lady Sorrell
Principal office	19 Wilton Row, London, SW1X 7NS
Auditors	Purcells, Statutory Auditors, Chartered Accountants, 4 Quex Road, London, NW6 4PJ
Bankers	HSBC Private Bank (UK) Limited, 78 St. James's Street, London, SW1A 1JB
Solicitors	Wrigleys LLP, 19 Cookridge Street, Leeds, LS2 3AG UK DLA Piper LLP, 200 South Biscayne Boulevard, Suite 2500, Miami, FL 33131-5341, USA

THE JMCMRJ SORRELL FOUNDATION

TRUSTEES' REPORT for the year ended 5th April 2016

The trustees present their report and audited financial statements for the year ended 5th April 2016.

Structure, governance and management

The JMCMRJ Sorrell Foundation is a registered charity constituted by trust deed, dated 13th March 2007.

The charity is managed by its trustees, whose number must be at least three and those who served during the year were Sir Martin Sorrell, Cristiana Falcone Lady Sorrell, M.R.A. Sorrell, R.A. Sorrell, J.E.H Sorrell and D.N. Marks (resigned 11th March 2016).

Appointment of trustees is governed by the trust deed and any new trustee must be appointed by a resolution at a special meeting. In selecting individuals for appointment, the trustees must have regard to the skills, knowledge and experience needed for the effective administration of the charity.

The trustees meet regularly to review the progress and policies of the charity, to manage the charity's assets and to determine the allocation of grants.

The trustees have assessed the major risks to which the charity is exposed and feel that the principal risk is a fall in value of its listed investments. Those risks related to governance and the operations and finance of the charity are considered to be low, yet the trustees, acknowledging the increasing giving capabilities of the charity, are constantly striving to proactively improve the processes and systems in place to mitigate risk while ensuring operational impact. As a result, a first step was to appoint a Chief Executive Officer whose roles and responsibility have been defined in a document approved by all trustees.

Objectives and activities

The objectives of the charity, as detailed in the trust deed, are to apply its income to such legally charitable trusts, companies, associations or institutions or for such legally charitable purpose or purposes as the trustees shall from time to time in their absolute discretion determine.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Financial review

The Charity total holding in WPP plc, at the balance sheet date was 3,525,936 shares with a market value of £58,283,722. The charity does not seek donations from the general public.

Dividend income of £1,498,170 and interest of £891 was received during the year.

Continued/...

Under the terms of the trust deed, the charity has the power to make any investment which the trustees in their discretion see fit. Currently, the charity holds UK listed investments with a view to producing dividend income which can be applied for charitable purposes. The charity has also invested £64,439 (US\$100,000) in the common stock of a New York benefit corporation which has developed a low cost renewable energy lighting product which it markets in underdeveloped countries.

Achievements, performance and future plans

The JMCMRJ Foundation supports projects which uphold the Foundation's vision and mission of empowering communities and improving humanity through innovative inter-disciplinary interventions by supporting pioneering initiatives in health, inter-faith dialogue, education and poverty alleviation worldwide.

During the year the charity made grants of 1,375,715 primarily for the advancement of education, the improvement of health standards, the alleviation of poverty worldwide and the promotion of inter-religious dialogue and understanding. In accordance with the charity's objectives and the trustees plan to make similar grants in the forthcoming years.

A number of grants were made to overseas charities during the year.

Grants for the advancement of education:

- The Paley Center for Media in the United States leads the discussion about the cultural, creative and social significance of television, radio and emerging platforms for the professional community and media-interested public. Donations are used to offer on-site classes, videoconferencing classes and workshops for educators as well as summer camps and classes for students.
- Carnegie Hall is based in New York. Its mission is to present extraordinary music and musicians on the three stages of this legendary hall, to bring the transformative power of music to the widest possible audience, to provide visionary education programs, and to foster the future of music through the cultivation of new works, artists and audiences.
- Sundance Institute is a non-profit organisation dedicated to the discovery and development of independent artists and audiences. Through its programs, the Institute seeks to discover, support, and inspire independent film and theatre artists from the United States and around the world, and to introduce audiences to their new work.
- Internews Network is an international non-profit organisation that provides media training and infrastructure resources to communities affected by war, humanitarian crisis and natural disasters as well as communities living in countries undergoing political transition towards democracy. The aim is to enable the accurate flow of vital information as well as the development of free sustainable media outlets.

THE JMCMRJ SORRELL FOUNDATION

TRUSTEES' REPORT for the year ended 5th April 2016 (continued)

Grants for poverty alleviation:

- The Fondazione Andrea Bocelli mission is to empower people and communities in situations of poverty, illiteracy, distress due to illness and social exclusion by promoting and supporting national and international projects that promote the overcoming of these barriers and the expression of their full potential.
- Drop in the Ocean has used the support in improving the conditions for mothers and children in the largest refugee camp in Greece with 3,500 residents. It has been run as a mother-baby unit where pregnant women and new mothers can find a space for relaxation, receive feeding advice and bathe their children in clean water as well as to support a community centre in the camp.
- The Gramercy Park Block Association Inc. provides relief from hardship for people in the New York area of the United States.
- The Juan Felipe Gomez Escobar Foundation based in the United States and Colombia uses donations to establish programmes which seek to eradicate teen pregnancy, infant mortality and provide vocational training and health assistance.
- Gastromotiva has set up a project food for change in South Africa which is to use the power of gastronomy, food and all its elements to transform society, bring people together and help reduce social inequality.
- J/P Haitian Relief Organisation is about supporting stronger communities in Haiti. It provides medical care, housing, education, jobs and job training.
- NSPCC are the leading children's charity fighting to end child abuse in the UK. They help children who have been abused to rebuild their lives, protect those at risk, and find the best ways of preventing abuse from ever happening.
- UNHCR in working in cooperation with the Government of South Sudan and NGO partners is working to ensure refugees' have access to primary health care services in refugee camps. This is carried out after the brutal conflict in South Sudan which has claimed thousands of lives and driven well over a million people from their homes.

Grants for health standards improvement:

- Memorial Sloan Kettering based in the United States, is a world leading institute involved in the field of cancer research.

Continued/...

- Francis Crick Institute is a new biomedical research center pioneering a new approach that will accelerate the rate of scientific progress. By breaking down traditional research silos of scientific disciplines and disease types, they are creating a collaborative way of working which will deliver a step-change in discovery for all major conditions, including cancer, cardiovascular diseases, neurodegenerative diseases, infectious diseases and diabetes.
- Sentebale supports orphans and vulnerable children in Africa, many of whom are affected by the HIV/AIDS epidemic. Through education, psychosocial support, and care they are given the tools they need to lead healthy and productive lives.
- Istituto Figlie di M.V. Immacolata, is a charity looking after the welfare of elderly people in Italy.

Grants in support of religion advancement:

- The Brotherhood Synagogue, is a neighbourhood synagogue in New York.

Statement of trustees' responsibilities in relation to the financial statements

Charity law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with Part 8 of the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Messrs. Purcells, were re-appointed as the charity's auditors for the year and have expressed their willingness to continue in office.

Sir Martin Sorrell
Chairman

Cristiana Falcone, Lady Sorrell
Chief Executive Officer

on behalf of the Board of Trustees

Date

To the trustees of The JMCMRJ Sorrell Foundation

We have audited the financial statements of The JMCMRJ Sorrell Foundation for the year ended 5th April 2016 set out on pages 9 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and the regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As set out in the statement of trustees' responsibilities on page 5, the trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under Section 144 of the Charities Act 2011 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5th April 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Purcells,
Statutory Auditors,
Chartered Accountants,
4 Quex Road,
London,
NW6 4PJ

Date:

THE JMCMRJ SORRELL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 5th April 2016

	Note	Unrestricted Fund £	Endowment Fund £	2016 Total £	2015 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	-	-	-	21,740,200
Investment income	3	<u>1,499,061</u>	<u>-</u>	<u>1,499,061</u>	<u>743,201</u>
Total incoming resources		<u>1,499,061</u>	<u>-</u>	<u>1,499,061</u>	<u>22,483,401</u>
Resources expended					
Charitable activity:					
Grants payable	4	(1,400,534)	-	(1,400,534)	(1,735,947)
Governance costs	4	<u>(15,106)</u>	<u>-</u>	<u>(15,106)</u>	<u>(3,000)</u>
Total resources expended		<u>(1,415,640)</u>	<u>-</u>	<u>(1,415,640)</u>	<u>(1,738,947)</u>
Net incoming/(outgoing)resources before other recognised gains and losses					
		83,421	-	83,421	20,744,454
Other recognised gains and losses					
Unrealised gain on revaluation of listed investments		<u>-</u>	<u>4,019,567</u>	<u>4,019,567</u>	<u>5,968,102</u>
Net movement in funds		83,421	4,019,567	4,102,988	26,712,556
Funds brought forward		<u>(846,765)</u>	<u>54,264,155</u>	<u>53,417,390</u>	<u>26,704,834</u>
Funds carried forward		<u>(763,344)</u>	<u>58,283,722</u>	<u>57,520,378</u>	<u>53,417,390</u>

The Statement of Financial Activities includes all gains and losses in the year and all incoming resources and resources expended derive from/relate to continuing activities.

The notes form part of these financial statements.

THE JMCMRJ SORRELL FOUNDATION

BALANCE SHEET at 5th April 2016

	Note	Unrestricted <u>Fund</u> £	Endowment <u>Fund</u> £	2016 <u>Total</u> £	2015 <u>Total</u> £
FIXED ASSETS					
Investments	5	64,439	58,283,722	58,348,161	54,295,462
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
CURRENT ASSETS					
Sundry debtor		157	-	157	157
Cash at bank		<u>65,656</u>	<u>-</u>	<u>65,656</u>	<u>95,216</u>
		65,813	-	65,813	95,373
CREDITORS: amounts falling due Within one year	6	(262,406)	-	(262,406)	(245,611)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net current assets/(liabilities)		(196,593)	-	(196,593)	(150,238)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets less current liabilities		(132,154)	58,283,722	58,151,568	54,145,224
CREDITORS: amounts falling due after more than one year	7	(631,190)	-	(631,190)	(727,834)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets/(liabilities)		(763,344)	58,283,722	57,520,378	53,417,390
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUNDS					
General unrestricted income fund		(763,344)	-	(763,344)	(846,765)
Expendable endowment fund		<u>-</u>	<u>58,283,722</u>	<u>58,283,722</u>	<u>54,264,155</u>
		(763,344)	58,283,722	57,520,378	53,417,390
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

These financial statements were approved by the Board of Trustees on
signed on its behalf by:

2017 and

Sir Martin Sorrell
Chairman

Cristiana Falcone, Lady Sorrell
Chief Executive Officer

The notes form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with the Charities Act 2011 and applicable accounting standards and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005.

1.2 Incoming resources

Donations and any associated Gift Aid claimed, dividends and bank interest are accounted for on a receivable basis. Donated investments are recorded as income at market value on the date of receipt. Services donated by the trustees are not accounted for unless the benefit to the charity is reasonably quantifiable and measurable.

1.3 Resources expended

All expenditure is accounted for on an accruals basis and allocated directly to the appropriate activity cost. Grants payable, which represent donations to charitable causes in furtherance of the charity's objectives, are accounted for when they are paid or when future grants have been committed in writing by the trustees.

1.4 Fixed asset Investments

Listed investments are stated at market value at the balance sheet date and any unrealised gains and losses are included in the statement of financial activities. Programme related investments, which represent equity interests, are stated at cost less provision for permanent diminution in value.

1.5 Expendable endowment fund

The charity maintains an expendable endowment fund which reflects the situation whereby an implicit agreement has been made between the donor, Sir Martin Sorrell, and the trustees not to sell the WPP plc shares he has gifted to the charity whilst he remains the Chief Executive Officer of that company.

1.6 General unrestricted income fund

The charity maintains an unrestricted income fund at a level which provides sufficient funds to cover management and administration and direct charitable expenditure. The income from the investments held in the expendable endowment fund is not restricted and, accordingly, is credited to the unrestricted income fund.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. All exchange differences are dealt with in the statement of financial activities.

THE JMCMRJ SORRELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 5th April 2016 (continued)

		<u>2016</u> £	<u>2015</u> £		
2.	VOLUNTARY INCOME				
	Donation	-	-		
	Gift in kind	<u>-</u>	<u>21,740,200</u>		
		-	21,740,200		
		<u><u> </u></u>	<u><u> </u></u>		
3.	INVESTMENT INCOME				
	Dividends receivable	1,498,170	742,764		
	Interest receivable	<u>891</u>	<u>437</u>		
		1,499,061	743,201		
		<u><u> </u></u>	<u><u> </u></u>		
4.	RESOURCES EXPENDED				
		<u>Grants to</u> <u>institutions</u> £	<u>Governance</u> £	<u>2016</u> <u>Total</u> £	<u>2015</u> <u>Total</u> £
	Costs directly allocated to activities				
	Charitable distributions	1,375,715	-	1,375,715	1,738,610
	Audit and accountancy	-	7,200	7,200	3,000
	Legal fees	-	7,906	7,906	-
	Bank charges	500	-	500	190
	Exchange (gains)/losses	<u>24,319</u>	<u>-</u>	<u>24,319</u>	<u>(2,853)</u>
		1,400,534	15,106	1,415,640	1,738,947

THE JMCMRJ SORRELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 5th April 2016 (continued)

4. RESOURCES EXPENDED (continued)		<u>2016</u>	<u>2015</u>
		£	£
Charitable distributions			
Grants for the advancement of education			
Cambridge University	50,000		
- Christ College	50,000		
- Trinity Hall	10,000		
Carnegie Hall Society	139,000		
Chelsea Pre-Prep and Nursery	10,000		
Internews Network	19,881		
Haberdashers' Boys' School	1,000		
Karnataka Jesuit Educational Society	25,000		
The Knightsbridge School	10,000		
Orchestra of the Age of Enlightenment	10,000		
The Paley Centre for Media	66,269		
Sundance Institute	<u>6,362</u>		
		397,512	1,549,320
Grants for poverty alleviation and health improvement			
Breast Cancer Care	10,000		
Demelza Hospice Care for Children	10,000		
Drop in the Ocean	50,000		
Fondazione Andrea Bocelli	14,860		
Fondazione Amici di Maria Onlus	35,675		
The Gramercy Park Block Association	13,254		
Gastromotiva	86,150		
Great Ormond Street Hospital	25,000		
Hospice in the Weald	10,000		
Instituto Figlie di M.V. Immacolata	11,152		
International Training Centre	5,191		
Jewish Care	21,000		
J/P Haitian Relief Organization	33,135		
Juan Felipe Gomez Escobar Foundation	9,940		
Kol Nidre Appeal	1,000		
The Lyla Nsouli Foundation	10,000		
Memorial Sloan Kettering	33,135		
The Motor Neuron Disease Foundation	150		
Noah's Ark Children Hospice	10,000		
The Francis Crick Institute	100,000		
NSPCC	100,000		
Outward Bound Trust	75,000		
Parrocchia S Pietro E Paolo	3,717		
Sentebale	30,000		
Shelter Foundation	25,000		
Uganda Charity Trust	10,000		
UNHCR	<u>150,000</u>		
		883,359	181,346
Grants for the advancement of inter-religious dialogue and understanding			
St Patrick's Cathedral	3,976		
St Peter's Project	20,000		
The Brotherhood Synagogue	9,785		
Community Security Trust	50,000		
OHJLE Friends of OHR Someach	10,000		
Chelsea Synagogue	<u>1,083</u>		
		<u>94,844</u>	<u>7,944</u>
		1,375,715	1,738,610

THE JMCMRJ SORRELL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 5th April 2016 (continued)

5. FIXED ASSET INVESTMENTS

	<u>2016</u> £	<u>2015</u> £
UK listed investments		
Market value at beginning of year	54,264,155	26,555,853
Market value of donated investments	-	21,740,200
Gain on revaluation	<u>4,019,567</u>	<u>5,968,102</u>
Market value at end of year	58,283,722	54,264,155
Programme related investment		
Equity interest	<u>64,439</u>	<u>31,307</u>
	<u>58,348,161</u>	<u>54,295,462</u>

All the UK listed investments are held in WPP plc.

The programme related investment represents the charity's minority interest in the common stock of a New York benefit corporation, MpowerD Inc.

	<u>2016</u> £	<u>2015</u> £
6. CREDITORS: amounts falling due within one year		
Bank overdraft	-	-
Grants payable	255,206	242,611
Accruals	<u>3,000</u>	<u>3,000</u>
	<u>258,206</u>	<u>245,611</u>
7. CREDITORS: amounts falling due after more than one year	<u>631,190</u>	<u>727,834</u>

8. TRUSTEES' REMUNERATION AND EXPENSES

Neither the trustees nor any persons connected with them received remuneration or reimbursement of expenses during the year.