Company Registration No. 1493471

Metro Broadcast Limited

Report and Financial Statements

31 December 2012

Metro Broadcast Limited
Company Registration No. 1493471

Report and financial statements 2012

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Metro Broadcast Limited
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Report and financial statements 2012

Officers and professional advisers

Directors

T J Askin
M E Metcalfe
A Scott
J N Eggar
E Rice
J R Sheehan
J G Tilleray
M J Hearn

Secretary

M J Hearn

Registered Office

6 Camberwell New Road
London
SE5 0TA

Bankers

HSBC Bank plc
22 Stamford Street
London
SE1 9LJ

Solicitors

Squire Sanders (UK) LLP
7 Devonshire Square
London
EC2M 4YH

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Metro Broadcast Limited
Company Registration No 1493471

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity

The company's principal activity is live event production, and the provision of outsourced audio-visual technicians at client sites

Business review, results and dividends

Metro Broadcast's turnover for the year was £7,129,094 (2011 £7,917,414) a decrease of 10% from 2011 The overall business continued to trade profitably in 2012 - the company's profit on ordinary activities before tax was £262,864 (2011 £611,758), both London and Edinburgh offices successfully relocated to new premises during the year with the new London premises having considerable scope for expansion of the business The company was in a Net Asset position of £7,049,804 at year end (2011 £6,765,404)

A final dividend for the year of 41 3p (2011 0p) per ordinary share has been proposed and approved by the Directors on 8th April 2013 In accordance with FRS 21, Events after the balance sheet date, this final dividend has not been included as a liability in these financial statements

WPP plc manages its operations on a network basis For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

The results for the year ended 31 December 2012 are set out on pages 7 to 17

Future prospects

The directors expect the level of activity to continue

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, price risk and liquidity risk The company does not use derivative financial instruments

Credit risk

The company's principal financial assets are bank balances, trade and other receivables

The company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

Price risk

The company competes for clients in a highly competitive field which may result in reduced prices and decreased profits, there is also pressure on client budgets due to external economic factors The company manages this risk by providing a high quality service to differentiate it from competitors

Other risks

Other risks include the loss of key clients and staff , the Directors recognise the importance of these factors and manage the business accordingly to mitigate these risks, ensuring that strong client relationships are maintained and that key employees are retained

Metro Broadcast Limited

Directors' report (continued)

Liquidity risk

The directors do not believe that the company is exposed to any significant cash flow or liquidity risk The company currently has sufficient cash to fund its activities However in the event that additional liquidity was required for ongoing operations and future developments, the company participates in in group banking arrangements with its parent WPP plc, and has access to a group cash management facility

Going concern

The directors have considered the company's forecast and budgets and products and markets for a period of at least 12 months from the date of signing these accounts After making these enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the accounts

Directors

The directors who served during the year and subsequently were as follows

T J Askin
M E Metcalfe
A Scott
J N Eggar
E Rice
J R Sheehan
J G Tilleray
M J Hearn

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Statement on information given to the auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Metro Broadcast Limited

Directors' report (continued)

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

Matthew Hearn
Finance Director

17 MAY 2013

Metro Broadcast Limited
Company Registration No. 1493471

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the members of Metro Broadcast Limited

Company Registration No. 1493471

We have audited the financial statements of Metro Broadcast Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view 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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Mark Tolley

Mark Tolley (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 MAY 2013

Metro Broadcast Limited
Company Registration No. 1493471

Profit and loss account
Year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	1, 2	7,129,094	7,917,414
Cost of sales		(5,799,611)	(6,336,382)
Gross profit		1,329,483	1,581,032
Other operating expenses	3	(1,220,844)	(1,207,906)
Other operating income	4	150,952	226,428
Operating profit		259,591	599,554
Profit on sale of fixed assets		2,869	12,213
Net interest receivable/(payable)	5	404	(9)
Profit on ordinary activities before taxation	6	262,864	611,758
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation for the financial year	15	262,864	611,758

All the activities of the Company are continuing

The company has no recognised gains and losses in either period other than the profit for that period Consequently no statement of total recognised gains and losses is presented

The accompanying notes form an intergral part of these financial statements

Metro Broadcast Limited
Company Registration No. 1493471

Balance sheet
31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	10	997,627	614,899
Current assets			
Debtors	11	1,977,979	1,845,137
Stocks		32,144	22,000
Work in progress		21,316	11,890
Cash at bank and in hand		5,413,094	5,725,498
		7,444,533	7,604,525
Creditors amounts falling due within one year	12	(1,240,214)	(1,287,168)
Net current assets		6,204,319	6,317,357
Total assets less current liabilities		7,201,946	6,932,256
Provisions for liabilities and charges	13	(152,142)	(166,852)
Net Assets		7,049,804	6,765,404
Capital and reserves			
Called up share capital	14	3,393,002	3,393,002
Share premium account	15	2,099,998	2,099,998
Profit and loss account	15	1,556,804	1,272,404
Shareholders' funds	16	7,049,804	6,765,404

The accompanying notes form an integral part of these financial statements

The financial statements of Metro Broadcast Limited registered number 1493471 were approved by the Board of Directors on 17 MAY 2013

Signed on behalf of the Board of Directors

Matthew Hearn
Finance Director

Metro Broadcast Limited
Company Registration No. 1493471

Notes to the accounts
Year ended 31 December 2012

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The particular accounting policies adopted by the directors are described below They have all been applied consistently throughout the current and prior year

Going concern

A going concern discussion is given in the Directors' report The Directors have reviewed the outlook for the company and have concluded that the company will remain a going concern for a period of 12 months from the date of signing of these accounts

Accounting convention

The accounts are prepared under the historical cost convention

Cash flow statement

The company is exempt from the requirement of FRS 1 (revised 1996) to present a cash flow statement on the basis that it is a wholly owned subsidiary of WPP plc whose accounts are publicly available

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows

Leasehold improvements	over length of lease
Fixtures and fittings	3-5 years
Plant and machinery	3-5 years

Stocks

Stocks are stated at the lower of cost or net realisable value

Work in progress

Work-in-progress is valued at cost Cost includes outlays incurred on behalf of clients on incomplete assignments

Debtors

Debtors are stated net of a provision for bad and doubtful debts

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Notes to the accounts
Year ended 31 December 2012

1. Accounting Policies (continued)

Taxation

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts of goods and services in the normal course of business) Turnover is recognised when the service is performed in accordance with the terms of the contractual arrangement

Pension costs

The company provides contributions to employees' personal money purchase pension schemes The amount charged to the profit and loss account is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Leased assets

Annual rentals from operating leases are charged to the profit and loss account on a straight-line basis over the lease term Income from property sub-leases is recognised on a straight line basis over the length of the lease term

2. Segmental information

Turnover principally arises in the UK and is derived from the company's principal activity

3. Other operating expenses

	2012 £	2011 £
Selling and marketing costs	190,529	192,344
Administrative expenses	1,030,315	1,015,562
	1,220,844	1,207,906

4. Other operating income

	2012 £	2011 £
Rental income from sub-leases at Head Office building	150,952	226,428

Notes to the accounts
Year ended 31 December 2012

5. Net interest (payable) / receivable

	2012 £	2011 £
Other interest receivable and similar income	404	-
Other interest payable and similar charges	-	(9)
	404	(9)

6. Profit on ordinary activities before taxation

	2012 £	2011 £
Is stated after charging		
Staff costs (see note 7)	2,615,442	2,816,295
Depreciation of tangible fixed assets		
- owned	333,156	270,020
Operating lease rentals		
- motor vehicles	7,952	13,493
- land and buildings	343,601	391,410
- plant and equipment	7,616	10,501
Auditor remuneration		
- Fees payable to the company's auditor for the audit of the company's annual accounts	26,100	24,600
Dilapidation provisions	-	10,000

No other services were provided by Deloitte LLP in either year

7. Staff costs

Employee costs (including executive directors) during the year amounted to

	2012 £	2011 £
Wages and salaries	2,319,257	2,505,951
Social security costs	268,761	283,956
Other pension costs	27,424	26,388
Capital contribution costs re WPP plc share options	21,536	18,157
	2,636,978	2,834,452

Notes to the accounts
Year ended 31 December 2012

7 Staff costs (continued)

The average monthly number of employees (including executive directors) was

	2012 No.	2011 No.
Technical	58	60
Sales and marketing	3	3
Administration	6	6
	67	69

Directors' remuneration

A Scott and J N Eggar are remunerated by other WPP group entities The emoluments incurred by Metro Broadcast Limited are as follows

	2012 £	2011 £
Emoluments	462,644	496,241
Company contributions to money purchase schemes	26,145	25,300
	488,789	521,541

Pensions

The number of directors who were members of pension schemes was as follows

	No.	No
Money purchase schemes	5	5

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2012 £	2011 £
Emoluments and long-term incentive schemes	104,349	127,718
Company contribution to money purchase schemes	8,000	8,000
	112,349	135,718

Notes to the accounts
Year ended 31 December 2012

8 Tax on profit on ordinary activities

The UK corporation tax on the profit for the year at 24 5% (2011 26 5%) is £nil (2011 £nil) The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	262,864	611,758
Tax on ordinary activities at 24 5% (2011 26 5%)	(64,402)	(162,116)
Factors affecting charge for the year		
Depreciation in excess of capital allowances	(71,957)	(66,012)
Expenses not deductible for tax purposes / other adjustments	(7,816)	7,237
Group relief claim for nil consideration	144,175	220,891
Total actual amount of current tax	-	-

There is an unrecognised deferred tax asset of £1,667,620 (2011 £1,878,336) arising as a result of capital allowances in excess of depreciation The deferred tax asset is not recognised as its recovery is not certain

Factors that may affect future tax charge

Budget announcements
A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which became law on 27 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011 However, on 23 March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014 In addition to these reductions, it was subsequently announced on 21 March 2012 that the main rate of Corporation Tax would fall to 24% with effect from 1 April 2012, with subsequent 1% reductions per annum to reach 22% with effect from 1 April 2014 These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements

9. Dividends on equity shares

	2012 £	2011 £
Proposed final dividend for the year ended 31 December 2012 of 41 3p (2011 0p) per ordinary share	1,400,000	-

The proposed final dividend was approved by the Directors on 8th April 2013, In accordance with FRS 21, Events after the balance sheet date, this final dividend has not been included as a liability in these financial statements

Notes to the accounts
Year ended 31 December 2012

10. Tangible fixed assets

	Improvements to leasehold buildings £	Fixtures and fittings £	Plant and machinery £	Total £
Cost				
At 1 January 2012	57,145	930,251	3,828,371	4,815,767
Additions	350,228	16,505	365,826	732,559
Disposals	(57,145)	(200,079)	(150,189)	(407,413)
At 31 December 2012	350,228	746,677	4,044,008	5,140,913
Accumulated depreciation				
At 1 January 2012	42,626	915,844	3,242,398	4,200,868
Charge for the year	36,586	9,717	286,853	333,156
Disposals	(45,184)	(200,079)	(145,475)	(390,738)
At 31 December 2012	34,028	725,482	3,383,776	4,143,286
Net book value				
At 31 December 2012	316,200	21,195	660,232	997,627
At 31 December 2011	14,519	14,407	585,973	614,899

11. Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,649,598	1,563,570
Other debtors	90,132	88,309
Prepayments and accrued income	238,249	193,258
	1,977,979	1,845,137

12. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	261,669	335,826
Amounts owed to group undertakings	36,167	31,659
Taxation and social security	296,024	266,340
Accruals and deferred income	646,354	653,343
	1,240,214	1,287,168

Notes to the accounts
Year ended 31 December 2012

13 Provisions for liabilities and charges

	Dilapidation provision £
Balance at 1 January 2012	166,852
Utilised	(14,710)
Balance at 31 December 2012	152,142

The balance relates to dilapidation provisions for i) the lease of the London SE1 premises expiring in August 2012 and ii) the leases of the new London premises occupied in August 2012 expiring in 2017and the Edinburgh premises occupied in 2012 and expiring in 2022 and these are based on estimates of the likely future cost of the dilapidation works The London SE1 premises were vacated on 31 August 2012 at lease expiry and the London office was relocated to 6 Camberwell New Road, London SE5 0TA The landlord of the former London premises has presented a dilapidations schedule per the terms of the lease and this is being negotiated by both parties The final settlement is not envisaged to be materially different from the level of provision held

14. Called up share capital

	2012 £	2011 £
Authorised		
(2011 4,000,000) £1 ordinary shares	4,000,000	4,000,000
Allotted, called-up and fully-paid		
(2011 3,393,002) £1 ordinary shares	3,393,002	3,393,002

15. Reserves

	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2012	2,099,998	1,272,404	3,372,402
Capital contribution from parent company	-	21,536	21,536
Profit for the financial year	-	262,864	262,864
At 31 December 2012	2,099,998	1,556,804	3,656,802

The capital contribution relates to Director and Senior Management Short Term Incentive Plan amounts paid by and not recharged by WPP plc on behalf of the company

Notes to the accounts
Year ended 31 December 2012

16. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	262,864	611,758
Capital contribution	21,536	31,898
Opening shareholders' funds	6,765,404	6,121,748
Closing shareholders' funds	7,049,804	6,765,404

17. Financial commitments

Capital commitments

There was £nil of contracted capital commitments at the year end (2011 £nil) The minimum annual rentals under operating leases are as follows

2012	Property £	Motor vehicles £	Plant and equipment £
Operating leases which expire			
- within one year	-	2,075	1,126
- within two to five years	177,420	2,358	6,018
- after five years	40,000	-	-
	217,420	4,433	7,144

2011	Property £	Motor vehicles £	Plant and equipment £
Operating leases which expire			
- within one year	266,667	5,179	499
- within two to five years	43,897	2,358	6,618
	310,564	7,537	7,117

Pension arrangements

The company provides contributions to employees' personal money purchase pension schemes Employees' contributions are calculated at varying percentages of gross wages of individuals, as determined by the company The amount charged in the profit and loss account during the year was £27,424 (2011 £26,388) for the company

Financial guarantees

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

Metro Broadcast Limited
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Notes to the accounts
Year ended 31 December 2012

18 Related party transactions

During the year the company employed Martin Leberl, the husband of Mary Metcalfe (Director), as a consultant freelancer for which payment of £17,899 (2011 £5,082) was made The transaction was conducted at arm's length

In accordance with the provisions of Financial Reporting Standard No 8, the company has not presented details of transactions with wholly owned group undertakings since the consolidated financial statements of WPP plc, in which the company is included, are publicly available

19 Ultimate parent company and controlling party

The directors regard the immediate parent company to be WPP Toronto Limited, a company incorporated in Great Britain and registered in England and Wales The directors regard WPP plc, a company registered in Jersey, as the ultimate parent company and the ultimate controlling party

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, registered in Jersey

The parent undertaking of the smallest such group is Lexington International B V , registered in the Netherlands

Copies of the financial statements of WPP plc are available at www wppinvestor com

Copies of the financial statements of Lexington International B V can be obtained from Laan op Zuid 167, 3072 DB, Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK