

**Company Registration No. 01493471**

**Metro Broadcast Limited**

**Report and Financial Statements**

**For the year ended 31 December 2016**



**Metro Broadcast Limited**  
Company Registration No. 01493471

**Report and financial statements 2016**

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**Metro Broadcast Limited**  
Company Registration No. 01493471

**Report and financial statements 2016**

**Officers and professional advisers**

**Directors**

T J Askin  
M E Metcalfe  
E Rice  
J R Sheehan  
J G Tilleray  
M J Hearn  
B J Paton  
L Mellman  
A Goddard

**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 Patton Boggs (UK) LLP  
7 Devonshire Square  
London  
EC2M 4YH

Mishcon de Reya LLP  
Africa House  
70 Kingsway  
London WC2B 6AH

**Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

**Metro Broadcast Limited**  
Company Registration No. 01493471

## **Strategic report**

### **Strategic report**

The purpose of the Strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote success of the company). In preparing a Strategic report the directors have complied with s414 of the Companies Act 2006.

### **Business review**

Metro Broadcast Limited's turnover for the year was £12,095,865 (2015: £11,308,698) an increase of 7% over 2015 with significant growth recorded in both the London and Edinburgh offices.

The business continued to trade profitably in 2016 with the company's profit before tax being £972,111 (2015: £800,033). The company was in a net asset position of £6,988,758 at year end (2015: £6,663,097) with the increase principally reflecting the net impact of the profit for the year less the £675,000 dividend paid in the year.

Key performance indicators are disclosed, as necessary, in the directors' report.

The company's principal activity continues to be live event production and the provision of outsourced audio-visual technicians at client sites and event venues.

### **Future prospects**

The directors expect a similar level of activity in the forthcoming year.

### **Principal risks and uncertainties facing the company**

Principal risks and uncertainties include the loss of key clients and staff and the failure to adhere to relevant health and safety practices relating to the business; 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.

The company's health and safety policies and staff qualifications in this field are constantly reviewed to ensure adherence with best practice.

#### **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 and by providing added value services to its clients and by maintaining strong client relationships.

#### **Employee retention risk**

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

### **Future developments**


The directors will manage the business to achieve the financial targets set out in the 3-year strategic plan submitted to its parent company WPP plc in April 2017 and to enhance the skills and reputation of the company.

The company is well-placed to deliver against its strategic targets; the directors have agreed a budget for 2017 which lays the foundation for achievement of these targets.

Signed on behalf of the directors

Matthew Hearn  
Finance Director

Approved by the directors on

  
22 SEPTEMBER 2017

**Metro Broadcast Limited**  
Company Registration No. 01493471

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **Principal activity**

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

### **Business review, results and dividends**

Metro Broadcast Limited's results for the year are disclosed in the Business review section of the Strategic report.

No final dividend for the year has been proposed (2015: 19.9p per ordinary share).

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 2016 are set out on pages 8 to 21.

### **Future prospects**

The directors expect a similar level of activity in the forthcoming year.

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks that potentially could have a material impact on the company's long term performance, these risks are assessed and managed as detailed below:

#### **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 company mitigates the risk of bad debts by carefully assessing potential clients, monitoring and follow up of overdue receivables, and withholding deliverables pending payment.

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

#### **Downturn in economy**

External economic factors such as a downturn in the economy could affect the company through a reduction in client expenditure and hence restricted budgets; the company mitigates this risk by concentrating its business with large corporate clients better able to withstand such a downturn.

#### **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.

**Metro Broadcast Limited**  
Company Registration No. 01493471

**Directors' report (continued)**

**Going concern**

At 31 December 2016 the company held cash of £6.2 million, net assets of £7.0 million and continues to trade profitably. 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  
E Rice  
J R Sheehan  
J G Tilleray  
M J Hearn  
B J Paton  
L Mellman  
A Goddard

**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.

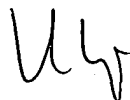
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**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



21 SEPT 2017

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Metro Broadcast Limited for the year ended 31 December 2016 which comprise of the Profit and Loss Account, the Balance Sheet, Statement of changes in Equity and the related notes 1 to 20. 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), including FRS 101 "Reduced Disclosure Framework"

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 the directors and auditor**

As explained more fully in the Director's 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 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 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 2016 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, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Director's Report.

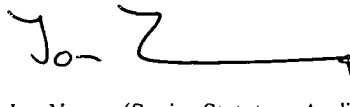


## **Independent auditor's report to the members of Metro Broadcast Limited (continued)**

### **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.

  
Jon Young (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
London, United Kingdom  
27 September 2017

**Metro Broadcast Limited**  
Company Registration No. 01493471

**Profit and loss account**  
**Year ended 31 December 2016**

	Notes	2016 £	2015 £
<b>Turnover</b>	1, 3	12,095,865	11,308,698
Cost of sales		(9,718,788)	(9,213,886)
<b>Gross profit</b>		2,377,077	2,094,812
Other operating expenses	4	(1,462,941)	(1,348,206)
Other operating income	5	56,003	55,436
<b>Operating profit</b>		970,139	802,042
<b>Profit/(Loss) on sale of fixed assets</b>		1,333	(1,983)
Net interest receivable	6	639	-
Net interest payable	6	-	(26)
<b>Profit before taxation</b>	7	972,111	800,033
Tax on profit	9	-	-
<b>Profit after taxation for the financial year</b>	16	972,111	800,033

All the activities of the Company are continuing.

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

The accompanying notes form an integral part of these financial statements.

**Metro Broadcast Limited**  
Company Registration No. 01493471

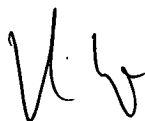
**Balance Sheet**  
**31 December 2016**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	1,127,009	958,761
<b>Current assets</b>			
Debtors	12	1,970,082	2,937,676
Stocks		88,700	79,800
Work in progress		56,510	57,122
Cash at bank and in hand		6,178,712	5,377,725
		<u>8,294,004</u>	<u>8,452,323</u>
<b>Creditors amounts falling due within one year</b>	13	(2,285,655)	(2,601,387)
<b>Net current assets</b>		<u>6,008,349</u>	<u>5,850,937</u>
<b>Total assets less current liabilities</b>		<u>7,135,358</u>	<u>6,809,697</u>
<b>Provisions for liabilities</b>	14	(146,600)	(146,600)
<b>Net assets</b>		<u>6,988,758</u>	<u>6,663,097</u>
<b>Capital and reserves</b>			
Called up share capital	15	3,393,002	3,393,002
Share premium account	16	2,099,998	2,099,998
Profit and loss account	16	1,495,758	1,170,097
<b>Shareholders' funds</b>	17	<u>6,988,758</u>	<u>6,663,097</u>

The accompanying notes form an integral part of these financial statements.

The financial statements of Metro Broadcast Limited, registered number 01493471 were approved by the Board of Directors on 22 SEPT 2017.

Signed on behalf of the Board of Directors



Matthew Hearn  
Finance Director

**Metro Broadcast Limited**  
Company Registration No. 01493471

**Statement of changes in equity**  
**31 December 2016**

<b>2015:</b>	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 January 2015</b>	<u>3,393,002</u>	<u>2,099,998</u>	<u>745,378</u>	<u>6,238,378</u>
Profit for the period ended 31 December 2015	-	-	800,033	800,033
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>800,033</u>	<u>800,033</u>
Dividend paid	-	-	(450,000)	(450,000)
Capital contribution for share-based payments	-	-	74,686	74,686
<b>Balance at 31 December 2015</b>	<u><u>3,393,002</u></u>	<u><u>2,099,998</u></u>	<u><u>1,170,097</u></u>	<u><u>6,663,097</u></u>

<b>2016:</b>	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 January 2016</b>	<u>3,393,002</u>	<u>2,099,998</u>	<u>1,170,097</u>	<u>6,663,097</u>
Profit for the period ended 31 December 2016	-	-	972,111	972,111
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>972,111</u>	<u>972,111</u>
Dividend paid	-	-	(675,000)	(675,000)
Capital contribution for share-based payments	-	-	28,550	28,550
<b>Balance at 31 December 2016</b>	<u><u>3,393,002</u></u>	<u><u>2,099,998</u></u>	<u><u>1,495,758</u></u>	<u><u>6,988,758</u></u>

**Metro Broadcast Limited**  
Company Registration No. 01493471

**Notes to the accounts**  
**Year ended 31 December 2016**

**1. Significant accounting policies**

Metro Broadcast Limited (the Company) is a private company limited by shares incorporated in Great Britain and registered in England and Wales under the Companies Act. The Company's principal activity is live event production, and the provision of outsourced audio-visual technicians at client sites and event venues.

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.

The group accounts of WPP plc are available to the public and can be obtained as set out in note 20.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 December 2016.

**Basis of preparation**

The financial statements are presented in Sterling (£) and have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, related party transactions and share-based payments. Where required, the equivalent disclosures are given in the group accounts of WPP plc whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 20.

The financial statements have been prepared under the historical cost convention.

**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.

**Adoption of New and Revised Standards**

There are no IFRS or IFRIC interpretations that are effective for the first time this financial year which have a material impact on the Company.

**Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. At each balance sheet date, the Company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

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. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated normal invoice value less further costs expected to be incurred to completion and disposal. Provision is made for obsolete or impaired items where appropriate.

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**1. Significant accounting policies (continued)**

**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.

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.

**Trade Creditors**

Trade creditors are not interest bearing and are stated at their nominal value.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the value of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

**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.

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Useful lives of property, plant and equipment**

The estimated useful lives of property, plant and equipment are reviewed on an ongoing basis and at the end of each reporting period. During the current year, the director determined that there should be no changes in the useful lives of property, plant and equipment.

**Dilapidations Provisions**

These are based on estimates of the likely future cost of the dilapidation works and are reviewed on an ongoing basis at the end of each reporting period.

**3. Segmental information**

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

	2016 £	2015 £
<b>Geographic Market</b>		
United Kingdom and Ireland	12,095,865	11,297,308
Rest of the World	-	11,390
	<u>12,095,865</u>	<u>11,308,698</u>

**4. Other operating expenses**

	2016 £	2015 £
Selling and marketing costs	266,535	233,908
Administrative expenses	1,196,406	1,114,298
	<u>1,462,941</u>	<u>1,348,206</u>

**5. Other operating income**

	2016 £	2015 £
Rental income from sub-leases at Head Office building	<u>56,003</u>	<u>55,436</u>

**Metro Broadcast Limited**  
Company Registration No. 01493471

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**6. Net interest receivable/(payable)**

	2016 £	2015 £
Other interest receivable and similar income	639	-
Other interest payable and similar charges	-	(26)
	<u>639</u>	<u>(26)</u>

**7. Profit before taxation**

	2016 £	2015 £
Is stated after charging Staff costs (see note 8)	3,462,958	3,183,402
Depreciation of tangible fixed assets - owned	706,697	644,663
Operating lease rentals		
- motor vehicles	3,932	5,675
- land and buildings	287,515	253,498
- plant and equipment	6,597	6,641
Auditor remuneration		
- Fees payable to the company's auditor for the audit of the company's annual accounts	<u>29,200</u>	<u>29,770</u>

There were no non audit fees payable to the company's auditor (2015:£nil).

**8. Staff costs**

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

	2016 £	2015 £
Wages and salaries	3,053,791	2,786,735
Social security costs	322,430	309,847
Other pension costs	58,187	57,748
Capital contribution costs re WPP plc share options	28,550	29,072
	<u>3,462,958</u>	<u>3,183,402</u>



**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**8. Staff costs (continued)**

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

	2016	2015
Technical	68	60
Sales and marketing	5	5
Administration	7	6
	<u>80</u>	<u>71</u>

**Directors' remuneration**

L Mellman and A Goddard are remunerated by other WPP group entities. The emoluments incurred by Metro Broadcast Limited are as follows:

	2016 £	2015 £
Emoluments	640,810	554,217
Company contributions to money purchase schemes	42,481	34,802
	<u>683,291</u>	<u>589,019</u>

**Pensions**

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

	2016	2015
Money purchase schemes	<u>7</u>	<u>7</u>

**Highest paid director**

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

	2016 £	2015 £
Emoluments and long-term incentive schemes	146,492	123,158
Company contribution to money purchase schemes	10,917	9,900
	<u>157,409</u>	<u>133,058</u>

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**9. Tax on profit**

The UK corporation tax on the profit for the year at 20% (2015: 20.25%) is £nil (2015: £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:

	2016	2015
	£	£
Profit before tax	972,111	800,033
Tax at 20% (2015: 20.25%)	(194,422)	(162,007)
Factors affecting charge for the year		
Depreciation in excess of capital allowances	(124,472)	(114,485)
Expenses not deductible for tax purposes/other adjustments	(24,436)	(24,057)
Group relief claim for nil consideration	343,330	300,549
Total tax charge for period	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £1,579,005 (2015: £1,559,818) arising as a result of capital allowances in excess of depreciation. The deferred tax asset is not recognised as its recovery is not certain as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

**Factors that may affect future tax charge**

**Budget announcements**

The Finance Act 2013, which received Royal Assent on 17 July 2013, included legislation to reduce the main rate of corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. On 8 July 2015 the UK chancellor made an announcement to further reduce the rate of corporation tax to 19% from April 2017 and ultimately to 17% from April 2020. Accordingly deferred tax is calculated at 20%, being the rate UK corporation tax went to on 1 April 2015.

The effects of these substantively enacted rate changes have been reflected in these financial statements. The full impact of the further changes proposed have yet to be fully ascertained but it is expected that the Company will have a lower UK effective tax rate on future profits. These future movements in the main rate of corporation tax are also expected to affect the valuation of any deferred tax.

**10. Dividends on equity shares**

	2016	2015
	£	£
Proposed final dividend for the year ended 31 December 2016 of nil (2015: 19.9p) per ordinary share	<u>-</u>	<u>675,000</u>

The final dividend for 2015 was approved by the Directors on 29 November 2016 and paid on 6 December 2016.

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**11. Tangible fixed assets**

	Improvements to leasehold buildings £	Fixtures and fittings £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 January 2016	382,294	810,516	4,623,299	5,816,109
Additions	-	17,540	857,405	874,945
Disposals	-	-	(41,542)	(41,542)
At 31 December 2016	382,294	828,056	5,439,162	6,649,512
<b>Accumulated depreciation</b>				
At 1 January 2016	264,588	779,848	3,812,912	4,857,348
Charge for the year	83,002	14,522	609,173	706,697
Disposals	-	-	(41,542)	(41,542)
At 31 December 2016	347,590	794,370	4,380,543	5,522,503
<b>Net book value</b>				
At 31 December 2016	34,704	33,686	1,058,619	1,127,009
At 31 December 2015	117,706	30,668	810,387	958,761

**12. Debtors: amounts falling due within one year**

	2016 £	2015 £
Trade debtors	1,584,049	2,574,214
Amounts owned by group undertakings	7,032	30,168
Other debtors	138,971	173,723
Prepayments and accrued income	240,030	159,571
	<u>1,970,082</u>	<u>2,937,676</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**13. Creditors: amounts falling due within one year**

	2016 £	2015 £
Trade creditors	531,406	1,018,904
Amounts owed to group undertakings	112,147	44,787
Taxation and social security	353,983	448,801
Accruals and deferred income	1,288,119	1,088,894
	<u>2,285,655</u>	<u>2,601,386</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

**14. Provisions for liabilities**

	Dilapidation provision £
Balance at 1 January 2016	146,600
Utilised	-
Released	-
	<u>146,600</u>
Balance at 31 December 2016	<u>146,600</u>

The balance relates to dilapidation provisions for the lease of the London premises occupied in August 2012 expiring in 2017 and 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.

**15. Called up share capital**

	2016 £	2015 £
<b>Authorised</b>		
4,000,000 (2015: 4,000,000) £1 ordinary shares	<u>4,000,000</u>	<u>4,000,000</u>
<b>Allotted, called-up and fully-paid</b>		
3,393,002 (2015: 3,393,002) £1 ordinary shares	<u>3,393,002</u>	<u>3,393,002</u>

**Metro Broadcast Limited**  
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**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**16. Reserves**

	Share premium account £	Profit and loss account £	Total £
Balance at 1 January 2016	2,099,998	1,170,097	3,270,095
Capital contribution from parent company	-	28,550	28,550
Profit for the financial year	-	972,111	972,111
Dividend paid on equity shares	-	(675,000)	(675,000)
Balance at 31 December 2016	<u>2,099,998</u>	<u>1,495,758</u>	<u>3,595,756</u>

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.

**17. Reconciliation of movements in shareholders' funds**

	2016 £	2015 £
Profit for the financial year	972,111	800,033
Dividend paid on equity shares	(675,000)	(450,000)
Capital contribution	28,550	74,686
Opening shareholders' funds	<u>6,663,097</u>	<u>6,238,378</u>
Closing shareholders' funds	<u>6,988,758</u>	<u>6,663,097</u>

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**18. Financial commitments**

**Capital commitments**

There was £nil of contracted capital commitments at the year end (2015: £nil). The minimum lease payments due under operating leases are as follows:

	Property £	Motor vehicles £	Plant and equipment £
<b>2016</b>			
- within one year	187,564	5,897	6,750
- within two to five years	160,000	2,028	15,331
- after five years	1,644	-	-
	<u>349,208</u>	<u>7,925</u>	<u>22,081</u>

	Property £	Motor vehicles £	Plant and equipment £
<b>2015</b>			
- within one year	328,479	5,897	6,750
- within two to five years	148,529	7,925	22,347
- after five years	-	-	-
	<u>477,008</u>	<u>13,822</u>	<u>29,097</u>

**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 and statutory requirements. The amount charged in the profit and loss account during the year was £58,187 (2015: £57,748) 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.

**Notes to the accounts (continued)**  
**Year ended 31 December 2016**

**19. 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 £40,324 (2015: £29,570) was made, net of VAT. The transaction was conducted at arm's length.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to related party transactions. Where required, equivalent disclosures are given in the group accounts of WPP plc, which are publicly available.

**20. 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 at 27 Farm Street, London W1J 5RJ. The directors regard WPP plc, a company registered in Jersey at Queensway House, Hilgrove Street, St Helier, JE1 1ES, 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 at Laan op Zuid 167, 3072 DB, Rotterdam.

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://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.