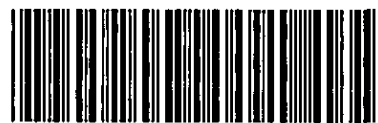


WPP Group (UK) Limited

Annual report and financial statements
for the year ended 31 December 2012

Registered number 2670617

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COMPANIES HOUSE

Directors' Report

For the year ended 31 December 2012

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2012. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities and business review

The company acts as an intermediate holding company. The directors do not expect any changes in the company's activities in the foreseeable future.

The subsidiary undertakings held by the company are listed in note 6 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by s400 of the Companies Act 2006.

Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 5 to 16. The company made a profit on ordinary activities after tax for the year of £41,476,000 (2011: £31,952,000).

£718,253,000 ordinary dividends were paid during the year (2011: £nil).

Directors

The directors who served throughout the year were as follows:

A. Scott
C. Sweetland
P. Delaney

Going concern

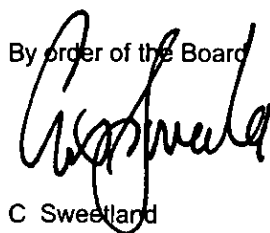
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Statement of disclosure of information to auditor

So far as the directors currently in office are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

27 Farm Street
London
W1J 5RJ

By order of the Board



C. Sweetland
Director

27 September 2013

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 judgments 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 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

Independent Auditor's Report to the members of WPP Group (UK) Limited

We have audited the financial statements of WPP Group (UK) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 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 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 auditors

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

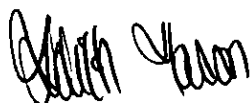
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report (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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Judith Tacon (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

17 September 2013

Profit and loss account

For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover		-	-
Operating profit		-	-
Income from shares in group undertakings		67,089	50,390
Interest receivable and similar income	3	31,907	73,351
Amounts written off investments		(24,539)	(10,952)
Interest payable and similar charges	4	(31,903)	(78,428)
Foreign exchange (loss)/gain		(1,078)	18
Other expenses		-	(2,427)
Profit on ordinary activities before taxation	2	41,476	31,952
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation		41,476	31,952
Profit for the financial year	10	41,476	31,952

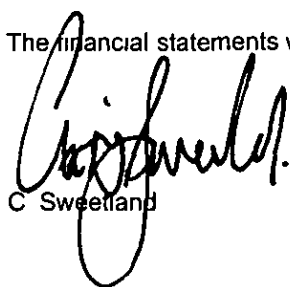
All results are derived from continuing activities

There are no recognised gains or losses in either year other than those shown above and accordingly no statement of total recognised gains and losses has been prepared

Balance sheet
At 31 December 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Investments	6	4,361,768	4,382,579
Debtors due after one year	7	40	40
		<u>4,361,808</u>	<u>4,382,619</u>
Current assets			
Debtors due within one year	7	865,549	889,162
Cash at bank		878	-
		<u>866,427</u>	<u>889,162</u>
Creditors amounts falling due within one year	8	<u>(2,126,649)</u>	<u>(1,493,418)</u>
Net current liabilities		<u>(1,260,222)</u>	<u>(604,256)</u>
Net assets		<u>3,101,586</u>	<u>3,778,363</u>
Capital and reserves			
Called-up share capital	9	70,484	704,839
Share premium account	10	-	3,440,074
Capital reserve	10	44,840	44,840
Profit and loss account	10	2,986,262	(411,390)
Shareholders' funds	11	<u>3,101,586</u>	<u>3,778,363</u>

The financial statements were approved by the Board of Directors on 27 September 2013 and signed on its behalf by



C Sweetland

Director

Notes to financial statements

For the year ended 31 December 2012

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

As at 31 December 2012 the current liabilities of the company exceed its current assets by £1,260,222,000 (2011 £604,256,000). The company is a subsidiary of WPP plc and is therefore subject to the overall WPP Group financing arrangements. The company meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

b) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by s400 of the Companies Act 2006 because it is a wholly owned subsidiary of Lexington International B V which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

Future anticipated payments to vendors in respect of earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates. When earnouts are to be settled by cash consideration, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future.

d) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Notes to financial statements (continued)

For the year ended 31 December 2012

1 Accounting policies (continued)

e) Translation of foreign currency

Foreign currency transactions arising from operating activities are translated from local currency to sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.

2 Profit on ordinary activities before taxation

The directors received no remuneration during the year (2011: £nil) for services to the company. The company had no other employees during either the current or preceding year. All operating expenses, including the auditors' remuneration of £1,000 (2011: £66,000), were borne by WPP 2005 Limited, a fellow group company.

3 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from other group undertakings	31,877	73,334
Interest receivable from associated undertakings	30	17
	<u>31,907</u>	<u>73,351</u>

4 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank interest payable	26,173	28,558
Interest payable to other group undertakings	5,730	49,870
	<u>31,903</u>	<u>78,428</u>

5 Tax on profit on ordinary activities

The corporation tax charge of £nil (2011: £nil) comprises

	2012 £'000	2011 £'000
Corporation tax at the blended rate of 24.5% (2011: 26.5%)	263	1,340
Adjustment in respect of group relief for nil consideration	(263)	(1,340)
	<u>-</u>	<u>-</u>

Notes to financial statements (continued)

For the year ended 31 December 2012

5 Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	41,476	31,952
Tax at the blended rate of 24.5% (2011 - 26.5%) thereon	(10,162)	(8,467)
<i>Factors affecting tax charge for the year</i>		
Non-deductible expenditure	-	(644)
Non-taxable dividend income	16,437	13,353
Amounts written off investments	(6,012)	(2,902)
Adjustment in respect of group relief for nil consideration	(263)	(1,340)
Current tax charge for the year	-	-

A deferred tax asset of £2,389,000 (2011 £1,579,000) in relation to losses carried forward has not been recognised. In the opinion of the Directors, there is not sufficient evidence presently available that suitable taxable profits will be generated to support the recovery of the asset.

6 Fixed asset investments

	<u>Subsidiary</u> <u>undertakings</u> £'000	<u>Associated</u> <u>undertakings</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 2012	6,747,902	20,474	30,874	6,799,250
Additions	12,491	1,204	-	13,695
Disposals	(9,967)	-	-	(9,967)
At 31 December 2012	6,750,426	21,678	30,874	6,802,978
Provision for impairment				
At 1 January 2012	2,403,681	677	12,313	2,416,671
Written off	10,299	14,240	-	24,539
At 31 December 2012	2,413,980	14,917	12,313	2,441,210
Net book value at 31 December 2012	4,336,446	6,761	18,561	4,361,768
Net book value at 31 December 2011	4,344,221	19,797	18,561	4,382,579

Notes to financial statements (continued)

For the year ended 31 December 2012

6

Fixed asset investments (continued)

Investments at 31 December 2012 represent interests in the ordinary share capital of the following companies

Company	Country of incorporation	Activity	Holding	Type
All Global Limited	England and Wales	Market research	100%	Ordinary
Antidote Limited	England and Wales	Advertising	25%	Ordinary
Axicom Group Limited	England and Wales	Intermediate holding company	67%	Ordinary A
Axicom Group Limited	England and Wales	Intermediate holding company	4%	Ordinary B
Axicom Group Limited	England and Wales	Intermediate holding company	4%	Ordinary C
Blue State Digital UK Limited	England and Wales	Digital Marketing	100%	Ordinary
Beyond Worldwide Ltd	England and Wales	Advertising	49%	Ordinary
Clockwork Capital Limited	England and Wales	Lease finance for audio visual products	50%	Ordinary
Cockpit Two Limited	England and Wales	Intermediate holding company	100%	Ordinary
Coley Porter Bell Limited	England and Wales	Artistic & literary creation	100%	Ordinary A
Conquest Europe (UK) Limited	England and Wales	Dormant	100%	Ordinary
Dialogue Marketing Partnership Limited	England and Wales	Marketing consultants	100%	Ordinary
Digitlondon Limited	England and Wales	Communications	100%	Ordinary
E-Commera Holdings Limited	England and Wales	Software consultancy	6%	A1 Preferred Ordinary
E-Commera Holdings Limited	England and Wales	Software consultancy	2%	Ordinary A
E-Commera Holdings Limited	England and Wales	Software consultancy	2%	B1 Preferred Ordinary
Enduring Organisation	England and Wales	Intermediate holding company	76%	Ordinary B
Enduring Organisation	England and Wales	Intermediate holding company	10%	Ordinary A
Enduring Organisation Two	England and Wales	Intermediate holding company	5%	Ordinary
Enduring Organisation Two	England and Wales	Intermediate holding company	95%	Ordinary B
Enfatco Limited	England and Wales	Advertising	100%	Ordinary
Everystone Limited	England and Wales	Management consulting	93%	Ordinary A
Everystone Limited	England and Wales	Management consulting	7%	Ordinary B
EWA Limited	England and Wales	Database marketing	100%	Ordinary
Fitch Qatar Limited	England and Wales	Provision of design services	100%	Ordinary
Flamingo Perspectives Limited	England and Wales	Intermediate holding company	100%	Ordinary
Flexible Organisation	England and Wales	Intermediate holding company	11%	Ordinary
Global Counsel LLP	England and Wales	Advertising	20%	Partnership Interest
Global Sportnet UK Limited	England and Wales	Advertising	100%	Ordinary

Notes to financial statements (continued)

For the year ended 31 December 2012

6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
Goldfarb Focus Limited	England and Wales	Market research	100%	Ordinary
GroupM Entertainment Ltd	England and Wales	Advertising	100%	Ordinary
GroupM UK Ltd	England and Wales	Advertising	100%	Ordinary
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary A
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary B
Headlight Vision Limited	England and Wales	Dormant	33%	Ordinary C
Heath Wallace Limited	England and Wales	Website design	75%	Ordinary
Hill & Knowlton CIS Limited	England and Wales	Public relations consulting services	100%	Ordinary
Hill & Knowlton Limited	England and Wales	Market research	100%	Ordinary
Hogarth Worldwide Limited	England and Wales	Advertising	64%	Ordinary
Icomms Media Group Limited	England and Wales	Communications	100%	Ordinary
International Presentations Limited	England and Wales	Investor relations	100%	
JWT Mobile Marketing Ltd	England and Wales	Advertising	60%	Ordinary
JWT Specialized Communications Limited	England and Wales	Employment / marketing communications	100%	Ordinary
Kinetic Worldwide Group Limited	England and Wales	Advertising	100%	Ordinary
Lumi Technologies Ltd	England and Wales	Mobile engagement services	8%	Ordinary
M 101 Limited	England and Wales	Advertising	100%	Ordinary
Management Ventures Europe Limited	England and Wales	Business & management consultancy	100%	Ordinary
Matthew Poppy Advertising Limited	England and Wales	Healthcare advertising	100%	Ordinary
Maxus Communications Limited	England and Wales	Dormant	100%	Ordinary
MediaCom Holdings Limited	England and Wales	Advertising	5%	Ordinary
Mediacom North Limited	England and Wales	Advertising	80%	Ordinary A
Mediacom North Limited	England and Wales	Advertising	8%	Ordinary B
Mediaedge CIA UK Limited	England and Wales	Advertising	27%	Ordinary
MillerPerry Limited	England and Wales	Advertising	10%	Ordinary A
MillerPerry Limited	England and Wales	Advertising	40%	Ordinary B
Millward Brown Preciis Limited	England and Wales	Media evaluation	84%	Ordinary A
Millward Brown Preciis Limited	England and Wales	Media evaluation	15%	Ordinary B
Millward Brown Preciis Limited	England and Wales	Media evaluation	1%	Ordinary
Millward Brown Ulster Limited	England and Wales	Market research	100%	Ordinary
Mindshare Media Worldwide Limited	England and Wales	Dormant	100%	Ordinary

Notes to financial statements (continued)

For the year ended 31 December 2012

6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
Newcrosse Limited	England and Wales	Intermediate holding company	98%	Ordinary
Newcrosse Limited	England and Wales	Intermediate holding company	2%	Redeemable B preference
Ogilvy & Mather Europe Ltd	England and Wales	Advertising	100%	Ordinary
Ogilvy Healthworld Europe Ltd	England and Wales	Dormant	100%	Ordinary
Permanent Organisation	England and Wales	Intermediate holding company	100%	Ordinary
Permanent Organisation Two	England and Wales	Intermediate holding company	2%	Ordinary
P O A (Holdings) Limited	England and Wales	Outdoor advertising	100%	Ordinary
Pointblank Productions Limited	England and Wales	Advertising	80%	Ordinary
Possible Worldwide Limited	England and Wales	Digital Marketing	75%	Ordinary A
Precis (567) Limited	England and Wales	Dormant	100%	Ordinary A
Public Relations and International Sports Marketing Limited	England and Wales	PR & sports marketing	100%	Ordinary
Quill Communications Limited	England and Wales	Management consultancy	100%	Ordinary
Quisma UK Ltd	England and Wales	Advertising	100%	Ordinary
Red Dot Square Holdings Ltd	England and Wales	Intermediate holding company	100%	Preferred Ordinary
Relish Marketing Ltd	England and Wales	Advertising	100%	Ordinary
RMG Black Cat Limited	England and Wales	Advertising	100%	Ordinary
RMS Instore Limited	England and Wales	Information, insight & consultancy	100%	Ordinary
ROCQM Limited	England and Wales	Dormant	100%	Ordinary
SCI Scientific Communications and Information UK Ltd	England and Wales	Healthcare Communications	100%	Ordinary
Signposter com Limited	England and Wales	Advertising	100%	Ordinary
Spafax Airline Network Limited	England and Wales	Specialist communications	100%	Ordinary
Sparklab Limited	England and Wales	Dormant	100%	Ordinary
SponsorCom Limited	England and Wales	Media representation services	100%	Ordinary
Syzygy AG	Germany	Interactive	17%	Ordinary
Taylor Nelson Sofres Suomi OY	England and Wales	Advertising	63%	Ordinary
TBU Holdings Limited	England and Wales	Branding & identity	100%	Ordinary A1
Tempest Online Marketing Ltd	England and Wales	Dormant	100%	Ordinary
Team News Marketing Services Ltd	England and Wales	Advertising	100%	Ordinary
The Brandmade Media Group Limited	England and Wales	Dormant	100%	Ordinary

Notes to financial statements (continued)

For the year ended 31 December 2012

6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
The Brand Union Holdings Ltd	England and Wales	Specialist communications	100%	Ordinary
The Brand Union Worldwide Ltd	England and Wales	Branding & identity	100%	Ordinary
The Kantar Group Limited	England and Wales	Intermediate holding company	100%	Ordinary
The Store Consulting Limited	England and Wales	Dormant	100%	Ordinary
The WOW Factory Limited	England and Wales	Dormant	100%	Ordinary
Transact Communications Limited	England and Wales	Dormant	100%	Ordinary
Tutssels Enterprise IG Ltd	England and Wales	Dormant	100%	Ordinary
United London Communications Limited	England and Wales	Advertising	90%	Ordinary
Voluntarily United Creative Agencies Limited	England and Wales	Advertising	100%	Ordinary
Warwicks UK Limited	England and Wales	Branding & identity	100%	Ordinary
Westbourne Terrace Management Services Limited	England and Wales	Intermediate holding company	100%	Ordinary
Wildfire Word of Mouth Limited	England and Wales	Business & management consultancy	50%	Ordinary
WPP 1177	England and Wales	Intermediate holding company	100%	Ordinary
WPP 2828 Ltd	England and Wales	Dormant	100%	Ordinary
WPP AMC Holdings	England and Wales	Intermediate holding company	31%	Ordinary
WPP Beans Limited	England and Wales	Intermediate holding company	1%	Ordinary
wpp com Limited	England and Wales	Dormant	100%	Ordinary
WPP Communications Limited	England and Wales	Dormant	100%	Ordinary
WPP Finance One plc	England and Wales	Intermediate holding company	100%	Ordinary
WPP Group (Nominees) Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Group Nominees One Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Two Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Three Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Four Limited	England and Wales	Dormant	100%	Ordinary
WPP Group Nominees Five Limited	England and Wales	Dormant	100%	Ordinary
WPP GUSA UK	England and Wales	Intermediate holding company	46%	Ordinary
WPPIH 2001 Incorporated	United States	Intermediate holding company	15%	Ordinary

Notes to financial statements (continued)

For the year ended 31 December 2012

6 Fixed asset investments (continued)

Company	Country of incorporation	Activity	Holding	Type
WPP India Limited	England and Wales	Dormant	100%	Ordinary
WPP Investments Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Ottawa Limited	England and Wales	Intermediate holding company	57%	Ordinary
WPP Phoenix Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Razor UK	England and Wales	Intermediate holding company	50%	Ordinary
WPP Sparky Limited	England and Wales	Intermediate holding company	41%	Ordinary
WPP Spike Limited	England and Wales	Intermediate holding company	100%	Ordinary
WPP Toronto Limited	England and Wales	Intermediate holding company	17%	Ordinary
WPP Vancouver Limited	England and Wales	Intermediate holding company	17%	Ordinary

During the year the company made further investments in existing undertakings and new investments in Possible Worldwide Limited, Blue State Digital UK Limited, Team News Marketing Services Ltd, SCI Scientific Communications and Information UK Ltd, SponsorCom Limited, Voluntarily United Creative Agencies Limited and Hogarth Worldwide Limited

During the year the company received £9,966,916 from Taylor Nelson Sofres Suomi OY which represents a return of capital

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2012 impairment review was undertaken as at 31 December 2012. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 8.81% has been assumed.

7 Debtors

	2012 £'000	2011 £'000
<i>Amounts falling due within one year</i>		
Amounts owed by other group undertakings	863,259	887,742
Amounts owed by associated undertakings	2,047	1,417
Other debtors	243	3
	<hr/> 865,549	<hr/> 889,162
<i>Amounts falling due after more than one year</i>		
Amounts owed by associated undertakings	40	40
	<hr/> 865,589	<hr/> 889,201

The interest rates applied on the company's loans owed by associated undertakings and other group undertakings are 2.313%, 2.121%, 5.250%, 5.500% and 1.500% (2011: 1.074%, 1.760%, 2.00%, 5.250%)

Notes to financial statements (continued)

For the year ended 31 December 2012

8 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft	1,625,551	920,875
Amounts owed to other group undertakings	489,785	561,403
Accrued interest	2,929	2,376
Payments due to vendors	8,384	8,764
	<u>2,126,649</u>	<u>1,493,418</u>

The interest rate applied on the company's overdraft facility is 1.5% (2011 1.5%). The interest rates applied on the company's loans due to other group undertakings are 0.582%, 2.164% and 2.121% (2011 1.307%, 1.755%, and 1.760%).

9 Called-up share capital

	2012 £	2011 £
<i>Allotted, called-up and fully-paid</i>		
679,079,608 (2011 679,079,608 of £1 each) ordinary shares of £0.1 each	67,907,961	679,079,608
25,759,475 (2011 25,759,475 of £1 each) preferred ordinary shares of £0.1 each	2,575,948	25,759,475
	<u>70,483,909</u>	<u>704,839,083</u>

On 21 February 2012 the company's share premium account was reduced by £3,440,073,838 by cancelling the share premium on 679,079,608 ordinary shares of £1. The company's share capital was also reduced by re-designating the 679,079,608 £1 ordinary shares as £0.1 ordinary shares and the 25,759,475 £1 preference shares as £0.1 preference shares.

The preferred ordinary shares do not carry voting rights, but rank *pari passu* with the ordinary shares with regard to rights on a return of capital on liquidation or otherwise, and any right to participate in the profits of the company.

10 Reserves

	Share premium account £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	3,440,074	44,840	(411,390)	3,073,524
Profit for the financial year	-	-	41,476	41,476
Share capital reduction	-	-	634,355	634,355
Share premium reduction	(3,440,074)	-	3,440,074	-
Dividend paid	-	-	(718,253)	(718,253)
At 31 December 2012	<u>-</u>	<u>44,840</u>	<u>2,986,262</u>	<u>3,031,102</u>

Notes to financial statements (continued)

For the year ended 31 December 2012

11 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	41,476	31,952
Dividend paid	(718,253)	-
Net (deduction)/addition to shareholders' funds	(676,777)	31,952
Opening shareholders' funds	3,778,363	3,746,411
Closing shareholders' funds	3,101,586	3,778,363

12 Guarantees and other financial commitments

The company participates in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank.

13 Related party transactions

As a wholly owned subsidiary of WPP plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by WPP plc.

14 Ultimate parent company and controlling party

The directors regard WPP LN Limited, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated 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, incorporated in Jersey. The parent undertaking of the smallest such group is Lexington International B V, incorporated 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.