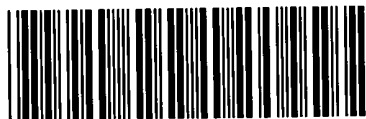


Company Registration No. 03569821 (England and Wales)

THE FARM POST PRODUCTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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THE FARM POST PRODUCTION LIMITED

COMPANY INFORMATION

Directors

N S J Sargent
V C Dunn
A Scott
C W Jamieson
A Payne

Secretary

WPP Group (Nominees) Limited

Company number

03569821

Registered office

8 Marshall Street
London
W1F 7EJ

Auditor

Blinkhorns
27 Mortimer Street
London
W1T 3BL

THE FARM POST PRODUCTION LIMITED

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THE FARM POST PRODUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Review of the business

Turnover and gross profit increased significantly during the year – £25.6m (2015: £22.3m) and £18.1m (2015: £16.4m) respectively – reflecting return on investment from the company's Newman Street facility, which opened during the second half of 2016.

The company recognized £2.7m of its loan to a subsidiary as a bad debt during the year. Due to this write off, a loss before tax is reported for 2016 (2015: £2.2m profit).

The company's activities expose it to a number of risks and uncertainties. Financial risk management objectives and policies are employed to address these, primarily relating to foreign exchange, interest rate, liquidity and credit risks. The Directors recognize the importance of these risks and use internal monitoring tools and external resources to manage these, for example regular review of cash flow forecasting and new client credit checking.

The company uses a variety of metrics to assess performance, including revenue, gross profit, profit before tax.

- Revenue for the year was £25.6m (2015: £22.3m)
- Gross profit for the year was £18.1m (2015: £16.4m)
- Loss before tax for the year was £1.8m (2015: £2.2m profit)

On behalf of the board

N S J Sargent
Director
28 September 2017



THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N S J Sargent
V C Dunn
A Scott
C W Jamieson
A Payne

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 30 days' purchases, based on the average daily amount invoiced by suppliers during the year.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, Blinkhorns, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities

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 FRS101 "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 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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual 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 section 418 of the Companies Act 2006.

On behalf of the board



N S J Sargent
Director

28 September 2017



A Payne
Director

28 September 2017

THE FARM POST PRODUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FARM POST PRODUCTION LIMITED

We have audited the financial statements of The Farm Post Production Limited for the year ended 31 December 2016 set out on pages 6 to 24. 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 Financial Reporting Standard 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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.

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 loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

THE FARM POST PRODUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE FARM POST PRODUCTION LIMITED

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report and the Directors' Report.

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.

Mustafa Datoo FCA (Senior Statutory Auditor)
for and on behalf of Blinkhorns

28 September 2017

Chartered Accountants
Statutory Auditor

27 Mortimer Street
London
W1T 3BL

THE FARM POST PRODUCTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue	2	25,627,414	22,299,749
Cost of sales		(7,534,117)	(5,914,454)
Gross profit		18,093,297	16,385,295
Administrative expenses		(17,080,467)	(14,262,939)
Operating profit	3	1,012,830	2,122,356
Investment income	6	141,504	122,123
Finance costs	7	(206,034)	(36,776)
Other gains and losses	8	(2,745,098)	-
(Loss)/profit before taxation		(1,796,798)	2,207,703
Tax on (loss)/profit	9	(720,062)	(1,128,651)
(Loss)/profit and total comprehensive income for the financial year	22	(2,516,860)	1,079,052

The income statement has been prepared on the basis that all operations are continuing operations.

THE FARM POST PRODUCTION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets - goodwill	11	1,999,816	1,999,816
Property, plant and equipment	12	13,406,229	6,866,029
Investments		1,759	1,759
		<u>15,407,804</u>	<u>8,867,604</u>
Current assets			
Inventories	13	88,162	27,957
Trade and other receivables	14	5,664,871	6,819,507
Cash and cash equivalents		1,921,779	9,180,296
		<u>7,674,812</u>	<u>16,027,760</u>
Current liabilities			
Borrowings	15	1,944,251	1,094,865
Trade and other payables	17	5,474,950	4,401,798
Taxation and social security		1,106,009	900,932
Obligations under finance leases	18	300,329	-
		<u>8,825,539</u>	<u>6,397,595</u>
Net current (liabilities)/assets		<u>(1,150,727)</u>	<u>9,630,165</u>
Total assets less current liabilities		<u>14,257,077</u>	<u>18,497,769</u>
Non-current liabilities			
Borrowings	15	6,848,804	8,591,911
Obligations under finance leases	18	19,275	-
		<u>6,868,079</u>	<u>8,591,911</u>
Net assets		<u><u>7,388,998</u></u>	<u><u>9,905,858</u></u>
Equity			
Called up share capital	20	784,324	784,324
Share premium account	21	2,737,356	2,737,356
Retained earnings	22	3,867,318	6,384,178
Total equity		<u><u>7,388,998</u></u>	<u><u>9,905,858</u></u>

THE FARM POST PRODUCTION LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2016

The financial statements were approved by the board of directors and authorised for issue on 28 September 2017 and are signed on its behalf by:



N S J Sargent
Director



A Payne
Director

Company Registration No. 03569821

THE FARM POST PRODUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 January 2015		784,324	2,737,356	6,805,126	10,326,806
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	1,079,052	1,079,052
Dividends	10	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2015		784,324	2,737,356	6,384,178	9,905,858
Year ended 31 December 2016:					
Loss and total comprehensive income for the year		-	-	(2,516,860)	(2,516,860)
Balance at 31 December 2016		784,324	2,737,356	3,867,318	7,388,998

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

1.1 Accounting convention

The financial statements 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 and related party transactions. 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 below.

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

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The Farm Post Production Limited is a Company incorporated in England and Wales under the Companies Act.

The Farm Post Production Limited is a 75% owned subsidiary of WPP Toronto Limited and the results of The Farm Post Production Limited are included in the consolidated financial statements of WPP Plc (ultimate parent company) which are available from www.wppinvestor.com.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.4 Investments in associates and subsidiaries

Except as stated below, fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	Over the period of the lease
Office equipment	4 years
Production equipment	Between 2 and 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Goodwill

Goodwill arising from the purchase of a company's trading assets and liabilities is capitalised with an indefinite life. It is not being amortised but is subject to an annual impairment review. To date no goodwill has been written off.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at Fair value through the Profit and Loss (FVTPL), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
Post Production Services	25,627,414	22,299,749
Interest income	141,504	122,123
	<u>25,768,918</u>	<u>22,421,872</u>

Geographical market

	Turnover 2016 £	2015 £
United Kingdom	25,358,551	22,267,667
Rest of the world	268,863	32,082
	<u>25,627,414</u>	<u>22,299,749</u>

3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(469,845)	(127,789)
Fees payable to the company's auditor for the audit of the company's financial statements	21,775	21,530
Depreciation of property, plant and equipment	2,587,185	1,617,106
Profit on disposal of property, plant and equipment	(769)	(12,017)
Cost of inventories recognised as an expense	<u>2,514,292</u>	<u>2,496,315</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	61	53
Operation	256	217
	<u>317</u>	<u>270</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	12,989,558	10,799,641
Social security costs	1,173,336	1,001,175
Pension costs	89,746	67,296
	<u>14,252,640</u>	<u>11,868,112</u>

5 Directors' remuneration

	2016 £	2015 £
--	-----------	-----------

Remuneration for qualifying services	522,070	684,595
Company pension contributions to defined contribution schemes	1,098	1,098
	<u>523,168</u>	<u>685,693</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>180,492</u>	<u>264,428</u>
--------------------------------------	----------------	----------------

The remuneration of A Scott and A Payne is borne by other WPP group entities. The company did not receive any charges for their services provided in the year.

6 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	6,092	5,308
Other interest income	135,412	116,815
	<u>141,504</u>	<u>122,123</u>

Total interest income for financial assets that are not held at fair value through profit or loss is £6,092 (2015 - £5,308).

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Finance costs

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	198,047	36,776
Interest on finance leases and hire purchase contracts	7,987	-
	<u>206,034</u>	<u>36,776</u>

8 Other gains and losses

	2016 £	2015 £
Amounts written off current loans	(2,745,098)	-
	<u>(2,745,098)</u>	<u>-</u>

9 Income tax expense

	2016 £	2015 £
Current tax		
Other tax reliefs	720,062	1,128,651
	<u>720,062</u>	<u>1,128,651</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(1,796,798)	2,207,703
Expected tax (credit)/charge based on a corporation tax rate of 20.00%	(359,360)	447,060
Effect of expenses not deductible in determining taxable profit	1,079,422	-
Adjustment in respect of prior years	-	681,591
Taxation charge for the year	<u>720,062</u>	<u>1,128,651</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10	Dividends	2016 per share	2015 per share	2016 £	2015 £
	Amounts recognised as distributions to equity holders:				
	Ordinary 'A'				
	Interim dividend paid	-	1.91	-	1,125,000
	Ordinary 'B'				
	Interim dividend paid	-	1.91	-	375,000
	Total dividends				
	Final dividends paid			-	-
	Interim dividends paid			-	1,500,000
				-	1,500,000
11	Intangible fixed assets				
					Goodwill
					£
	Cost				
	At 31 December 2015				1,999,816
	At 31 December 2016				1,999,816
	Carrying amount				
	At 31 December 2016				1,999,816
	At 31 December 2015				1,999,816

This intangible asset relates to Goodwill which is tested annually for impairment.

12	Property, plant and equipment	Land and buildings Leasehold £	Office equipment £	Production equipment £	Total £
	Cost				
	At 31 December 2015	7,594,644	742,197	8,558,817	16,895,658
	Additions	5,915,518	383,884	2,827,983	9,127,385
	Disposals	(416,013)	(10,467)	(103,648)	(530,128)
	At 31 December 2016	13,094,149	1,115,614	11,283,152	25,492,915
	Accumulated depreciation and impairment				
	At 31 December 2015	2,929,310	620,617	6,479,702	10,029,629

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Property, plant and equipment	Land and buildings Leasehold	Office equipment	Production equipment	(Continued) Total
	£	£	£	£
Charge for the year	1,006,481	119,135	1,461,569	2,587,185
Eliminated on disposal	(416,013)	(10,467)	(103,648)	(530,128)
At 31 December 2016	3,519,778	729,285	7,837,623	12,086,686
Carrying amount				
At 31 December 2016	9,574,371	386,329	3,445,529	13,406,229
At 31 December 2015	4,665,334	121,580	2,079,115	6,866,029

The net carrying value of tangible fixed assets includes £670,736 (2015 - £-) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £138,577 (2015 - £0) for the year.

13 Inventories	2016 £	2015 £
Raw materials	88,162	27,957
	<u>88,162</u>	<u>27,957</u>
14 Trade and other receivables	2016 £	2015 £
Trade receivables	4,152,112	2,938,847
Provision for bad and doubtful debts	(48,326)	(48,326)
	<u>4,103,786</u>	<u>2,890,521</u>
Other receivables	45,094	57,540
Amounts due from subsidiary undertakings	169,078	2,267,550
Prepayments	1,346,913	1,603,896
	<u>5,664,871</u>	<u>6,819,507</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Borrowings

	2016 £	2015 £
Unsecured borrowings at amortised cost		
Bank loans	7,143,055	8,036,776
Loans from parent undertaking	1,650,000	1,650,000
	<u>8,793,055</u>	<u>9,686,776</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2016 £	2015 £
Current liabilities	1,944,251	1,094,865
Non-current liabilities	6,848,804	8,591,911
	<u>8,793,055</u>	<u>9,686,776</u>

16 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

17 Trade and other payables

	Current 2016 £	2015 £
Trade payables	385,168	482,295
Amount due to parent undertaking	1,930,770	1,784,067
Accruals	3,019,871	1,992,117
Other payables	139,141	143,319
	<u>5,474,950</u>	<u>4,401,798</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Finance lease obligations

	Minimum lease payments		Present value	
	2016	2015	2016	2015
	£	£	£	£
Amounts payable under finance leases:				
Within one year	300,329	-	300,329	-
In two to five years	19,275	-	19,275	-
	<u>319,604</u>	<u>-</u>	<u>319,604</u>	<u>-</u>

Analysis of finance leases

Finance lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2016	2015
	£	£
Current liabilities	300,329	-
Non-current liabilities	19,275	-
	<u>319,604</u>	<u>-</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

19 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £89,746 (2015 - £67,296).

20 Share capital	2016	2015
	£	£
Ordinary share capital		
<i>Issued and fully paid</i>		
588,243 Ordinary 'A' of £1 each	588,243	588,243
196,081 Ordinary 'B' of £1 each	196,081	196,081
	<u>784,324</u>	<u>784,324</u>

21 Share premium account

	2016	2015
	£	£
At 1 January 2016 and 31 December 2016	<u>2,737,356</u>	<u>2,737,356</u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22 Retained earnings

	2016 £	2015 £
At 1 January 2016	6,384,178	6,805,126
Profit/(Loss) for the year	(2,516,860)	1,079,052
Dividends	-	(1,500,000)
At 31 December 2016	<u>3,867,318</u>	<u>6,384,178</u>

23 Operating leases commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2016 £	2015 £
Minimum lease payments under operating leases	<u>2,438,408</u>	<u>1,853,595</u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016 £	2015 £
Within one year	2,411,612	2,655,153
Between two and five years	9,502,280	9,502,280
In over five years	14,370,920	16,746,490
	<u>26,284,812</u>	<u>28,903,923</u>

The operating leases represent leases on its facilities. The leases are negotiated over terms of up to 15 years, with provisions for upward rent reviews according to prevailing market conditions at regular intervals.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

24 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Repayments made		Expenses Incurred	
	2016	2015	2016	2015
	£	£	£	£
Connected Companies	(1,162,965)	(737,059)	1,798,630	1,270,654
			Dividends	
			2016	2015
			£	£
Parent company			-	1,125,000

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Connected Companies	3,580,770	2,267,642

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016	2015
	£	£
Subsidiaries	169,085	2,267,642

No guarantees have been given or received.

During the year £2,745,098 was recognised as a bad debt in respect of a loan to a subsidiary.

25 Directors' transactions

No Dividends were paid in the year (2015: £375,000).

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

26 Subsidiaries

These financial statements are separate company financial statements for The Farm Post Production Limited.

Separate company financial statements are required to be prepared by law. Consolidated financial statements for WPP Plc are prepared and publicly available.

Details of the company's subsidiaries at 31 December 2016 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
The Farm LA, Inc	United States	85.00%	85.00%	Post Production
Uncle Post Production Limited	England & Wales	100.00%	100.00%	Dormant

The investments in subsidiaries are stated at cost.

27 Controlling party

The Parent Company is WPP Toronto Limited. The Ultimate Controlling Party is WPP Plc.