

Company Registration No. 03569821 (England and Wales)

THE FARM POST PRODUCTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



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 2017

The directors present the strategic report and financial statements for the year ended 31 December 2017.

Review of the business

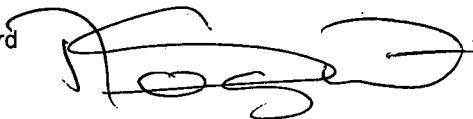
The company delivered a strong result in 2017, mainly driven by a full 12 months of trading at the company's Newman St, W1, post production facility. Revenue and gross profit further increased to £28.0m (2016: £25.6m) and £20.8m (2016: £18.1m) respectively. This flowed on to a profit before tax of £2.2m (2016: loss of £1.8m, after adjusting for the £2.7m intercompany loan write off).

The company is exposed to a number of risks and uncertainties. Financial risk management policies are employed to address these, primarily relating to foreign exchange, interest rate, liquidity and credit risks. The Directors understand the importance of these risks and use internal monitoring tools and external resources to manage these, for example the routine review of cash flow forecasts, new supplier performance checks and new client credit checks.

The directors employ key performance indicators to assess the company's performance. The KPIs for the 2017 financial year include:

- Revenue - £28.0m (2016: £25.6m)
- Gross profit - £20.8m (2016: £18.1m)
- Profit before tax - £2.2m (2016: £1.8m loss)

On behalf of the board



.....
N S J Sargent

Director
26/9/18
.....

THE FARM POST PRODUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £2,100,000. 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 2017

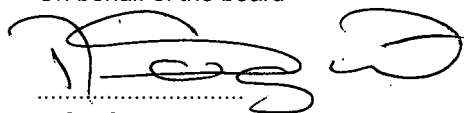
Statement of disclosure to auditor

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.

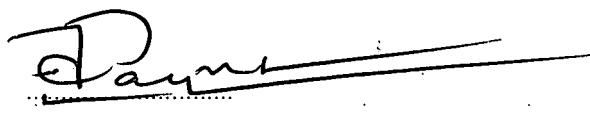
On behalf of the board



N S J Sargent

Director

Date: 26/9/18



A Payne

Director

Date: 26/9/18

THE FARM POST PRODUCTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

THE FARM POST PRODUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FARM POST PRODUCTION LIMITED

Opinion

We have audited the financial statements of The Farm Post Production Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

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

Accountants
Statutory Auditor

27/9/18
27 Mortimer Street
London
W1T 3BL

THE FARM POST PRODUCTION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Revenue	2	28,021,333	25,627,414
Cost of sales		(7,238,443)	(7,534,117)
Gross profit		20,782,890	18,093,297
Administrative expenses		(18,507,130)	(17,080,467)
Operating profit	3	2,275,760	1,012,830
Investment income	6	94,324	141,504
Finance costs	7	(146,025)	(206,034)
Other gains and losses	8	-	(2,745,098)
Profit/(loss) before taxation		2,224,059	(1,796,798)
Tax on profit/(loss)	9	(849,979)	(720,062)
Profit/(loss) and total comprehensive income for the financial year	23	1,374,080	(2,516,860)

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

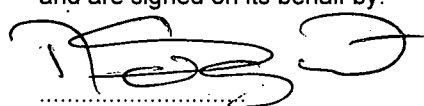
THE FARM POST PRODUCTION LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

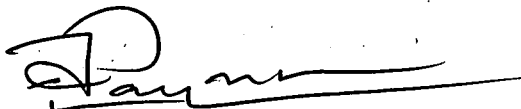
AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Equity			
Called up share capital	21	784,324	784,324
Share premium account	22	2,737,356	2,737,356
Retained earnings	23	3,141,398	3,867,318
Total equity		<u>6,663,078</u>	<u>7,388,998</u>

The financial statements were approved by the board of directors and authorised for issue on 26/9/18 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 FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets - goodwill	11	1,999,816	1,999,816
Property, plant and equipment	12	12,178,306	13,406,229
Investments		1,759	1,759
		<u>14,179,881</u>	<u>15,407,804</u>
Current assets			
Inventories	13	43,059	88,162
Trade and other receivables	14	4,777,951	5,664,871
Cash and cash equivalents		3,158,911	1,921,779
		<u>7,979,921</u>	<u>7,674,812</u>
Current liabilities			
Borrowings	15	1,898,320	1,944,251
Trade and other payables	17	7,723,696	5,474,950
Taxation and social security		1,062,392	1,106,009
Obligations under finance leases	18	52,171	300,329
Deferred income	19	105,065	-
		<u>10,841,644</u>	<u>8,825,539</u>
Net current liabilities		<u>(2,861,723)</u>	<u>(1,150,727)</u>
Total assets less current liabilities		<u>11,318,158</u>	<u>14,257,077</u>
Non-current liabilities			
Borrowings	15	4,655,080	6,848,804
Obligations under finance leases	18	-	19,275
		<u>4,655,080</u>	<u>6,868,079</u>
Net assets		<u><u>6,663,078</u></u>	<u><u>7,388,998</u></u>

THE FARM POST PRODUCTION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 January 2016		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
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	1,374,080	1,374,080
Dividends	10	-	-	(2,100,000)	(2,100,000)
Balance at 31 December 2017		784,324	2,737,356	3,141,398	6,663,078

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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. They are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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.

1.5 Property, plant and equipment

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

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 FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

Intangible assets are recognised at cost and are subsequently reviewed for impairment annually.

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.

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.

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.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

2 Revenue

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

	2017 £	2016 £
Revenue analysed by class of business		
Post Production Services	28,021,333	25,627,414
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	94,324	141,504
	<u> </u>	<u> </u>
	2017 £	2016 £
Revenue analysed by geographical market		
United Kingdom	27,522,855	25,358,551
Rest of the world	498,478	268,863
	<u> </u>	<u> </u>
	28,021,333	25,627,414
	<u> </u>	<u> </u>

3 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	18,608	(469,845)
Fees payable to the company's auditor for the audit of the company's financial statements	23,500	21,775
Depreciation of property, plant and equipment	2,640,374	2,587,185
Profit on disposal of property, plant and equipment	-	(769)
Cost of inventories recognised as an expense	3,031,521	2,514,292
	<u> </u>	<u> </u>

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Employees

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

	2017 Number	2016 Number
Administration	54	61
Operation	272	256
	<u>326</u>	<u>317</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	13,216,373	12,989,558
Social security costs	1,277,895	1,173,336
Pension costs	90,464	89,746
	<u>14,584,732</u>	<u>14,252,640</u>

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	618,701	522,070
Company pension contributions to defined contribution schemes	8,059	1,098
	<u>626,760</u>	<u>523,168</u>

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

Remuneration for qualifying services	<u>210,381</u>	<u>180,492</u>
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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.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

6 Investment income

	2017 £	2016 £
Interest income		
Interest on bank deposits	2,641	6,092
Other interest income	91,683	135,412
Total income	94,324	141,504

Total interest income for financial assets that are not held at fair value through profit or loss is £2,641 (2016 - £6,092).

7 Finance costs

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	144,109	198,047
Interest on finance leases and hire purchase contracts	1,916	7,987
	146,025	206,034

8 Other gains and losses

	2017 £	2016 £
Amounts written back to/(written off) current loans	-	(2,745,098)

9 Income tax expense

	2017 £	2016 £
Current tax		
Group relief	849,979	720,062

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Income tax expense

(Continued)

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

	2017 £	2016 £
Profit/(loss) before taxation	2,224,059	(1,796,798)
Expected tax charge/(credit) based on a corporation tax rate of 19.25%	428,131	(359,360)
Effect of expenses not deductible in determining taxable profit	25,242	561,985
Adjustment in respect of prior years	(105,065)	-
Depreciation in excess of capital allowances	501,671	517,437
Taxation charge for the year	849,979	720,062

10 Dividends

	2017 per share	2016 per share	2017 £	2016 £
Amounts recognised as distributions to equity holders:				
Ordinary 'A'				
Interim dividend paid	2.68	-	1,575,000	-
Ordinary 'B'				
Interim dividend paid	2.68	-	525,000	-
Total dividends				
Final dividends paid			-	-
Interim dividends paid			2,100,000	-
			2,100,000	-

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

	Goodwill £
Cost	
At 31 December 2016	1,999,816
At 31 December 2017	1,999,816
Carrying amount	
At 31 December 2017	1,999,816
At 31 December 2016	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 2016	13,094,149	1,115,614	11,283,152	25,492,915
Additions	18,344	26,851	1,367,256	1,412,451
At 31 December 2017	13,112,493	1,142,465	12,650,408	26,905,366
Accumulated depreciation and impairment				
At 31 December 2016	3,519,778	729,285	7,837,623	12,086,686
Charge for the year	1,024,418	133,179	1,482,777	2,640,374
At 31 December 2017	4,544,196	862,464	9,320,400	14,727,060
Carrying amount				
At 31 December 2017	8,568,297	280,001	3,330,008	12,178,306
At 31 December 2016	9,574,371	386,329	3,445,529	13,406,229

The net carrying value of tangible fixed assets includes £384,753 (2016 - £670,736) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £168,723 (2016 - £138,577) for the year.

13 Inventories

	2017 £	2016 £
Raw materials	43,059	88,162

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Trade and other receivables

	2017 £	2016 £
Trade receivables	3,488,674	4,152,112
Provision for bad and doubtful debts	(31,438)	(48,326)
	<u>3,457,236</u>	<u>4,103,786</u>
Other receivables	40,153	45,094
Amounts due from subsidiary undertakings	-	169,078
Prepayments	1,280,562	1,346,913
	<u>4,777,951</u>	<u>5,664,871</u>

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

15 Borrowings

	2017 £	2016 £
Unsecured borrowings at amortised cost		
Bank loans	5,357,375	7,143,055
Loans from parent undertaking	1,196,025	1,650,000
	<u>6,553,400</u>	<u>8,793,055</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:

	2017 £	2016 £
Current liabilities	1,898,320	1,944,251
Non-current liabilities	4,655,080	6,848,804
	<u>6,553,400</u>	<u>8,793,055</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.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Trade and other payables

	Current 2017 £	2016 £
Trade payables	342,878	385,168
Amount due to parent undertaking	2,513,914	1,930,770
Accruals	3,938,905	3,019,871
Other payables	927,999	139,141
	<u>7,723,696</u>	<u>5,474,950</u>

18 Finance lease obligations

	Minimum lease payments		Present value	
	2017 £	2016 £	2017 £	2016 £
Amounts payable under finance leases:				
Within one year	52,171	300,329	52,171	300,329
In two to five years	-	19,275	-	19,275
	<u>52,171</u>	<u>319,604</u>	<u>52,171</u>	<u>319,604</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:

	2017 £	2016 £
Current liabilities	52,171	300,329
Non-current liabilities	-	19,275
	<u>52,171</u>	<u>319,604</u>

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

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

19	Deferred revenue	2017 £	2016 £
	Arising from services not yet performed	105,065	-

Analysis of deferred revenue

Deferred revenues 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:

	2017 £	2016 £
Current liabilities	105,065	-

20 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 £90,464 (2016 - £89,746).

21	Share capital	2017 £	2016 £
	Ordinary share capital		
	Issued and fully paid		
	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>

22 Share premium account

	2017 £	2016 £
At 1 January 2017 and 31 December 2017	<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 2017

23 Retained earnings

	2017 £	2016 £
At 1 January 2017	3,867,318	6,384,178
Profit/(Loss) for the year	1,374,080	(2,516,860)
Dividends	(2,100,000)	-
At 31 December 2017	<u>3,141,398</u>	<u>3,867,318</u>

24 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:

	2017 £	2016 £
Minimum lease payments under operating leases	<u>2,537,717</u>	<u>2,438,408</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	
	2017 £	2016 £
Within one year	2,590,466	2,411,612
Between two and five years	9,657,447	9,502,280
In over five years	12,527,850	14,370,920
	<u>24,775,763</u>	<u>26,284,812</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.

25 Related party transactions

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

25 Related party transactions

(Continued)

Other transactions with related parties

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

	Repayments made		Expenses incurred	
	2017	2016	2017	2016
	£	£	£	£
Connected Companies	(943,809)	(1,162,965)	1,072,979	1,798,630
	<u></u>	<u></u>	<u></u>	<u></u>
			Dividends	
			2017	2016
			£	£
Parent company			1,575,000	-
			<u></u>	<u></u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Connected Companies	3,709,938	3,580,770
	<u></u>	<u></u>
	3,709,938	3,580,770
	<u></u>	<u></u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017	2016
	Balance	Balance
	£	£
Subsidiaries	-	169,085
	<u></u>	<u></u>

No guarantees have been given or received.

26 Directors' transactions

Dividends totalling £525,000 (2016 - £0) were paid in the year in respect of shares held by the company's directors.

THE FARM POST PRODUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

27 Subsidiaries

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 2017 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
The Farm Inc	USA	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.

28 Controlling party

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