

**Stream\MSI Limited**

**Directors' report and financial  
statements**

Registered number 2196526

31 December 2009

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### Principal activities

The Company's principal activity is to offer innovative brand communication, brand content services and soundtrack research and provision for all forms of media

### Business review

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review

At the end of the year the Company had net liabilities of £340,240 (2008 net assets £319,797) The directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out in note 1 to the financial statements Accordingly the directors have prepared the financial statements on a going concern basis

In the prior year, Omnicom Group's UK banking arrangements was changed from a notional pool basis to a zero-balance basis As a consequence the Company's cash balance is now disclosed as an intercompany debtor with the Group's UK treasury company, Omnicom Finance plc

### Dividends

The directors do not recommend the payment of a dividend (2008 £nil)

### Directors

The directors who held office during the year were as follows

Mr M Shepherd Smith

Mr T T Lindsay

Mr G J Smith

Mr R Harwood - Matthews (appointed 1 January 2010)

The Directors who held office at the end of the financial year had no disclosable interest in the shares of the company The Directors were all remunerated by a fellow group company during the year

### Political and charitable contributions

The company made no political or charitable contributions during the year (2008 £nil)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are individually unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

  
S A Bray  
Secretary

76-80 Whitfield Street  
London  
W1T 4EZ

13 April 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK general accepted accounting practice).

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 for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditor's report to the members of Stream\MSI Limited**

We have audited the financial statements of Stream\MSI Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholder's Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Statement of Directors' Responsibilities set out on page 2, 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 the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **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 2009 and of the loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of Stream\MSI Limited**  
(continued)

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or
- 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



Andy Turner, Senior Statutory Auditor  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

13 April 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	2009 £	2008 £
Gross billings	1	3,419,760	12,544,883
Rebillable costs	1	(2,179,914)	(9,510,713)
		<hr/>	<hr/>
Revenue	1,2	1,239,846	3,034,170
Direct costs		(247,720)	(670,698)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>992,126</b>	<b>2,363,472</b>
Administrative expenses		(1,985,213)	(2,052,660)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(993,087)</b>	<b>310,812</b>
Other interest receivable and similar income	5	102,689	358,210
Interest payable and similar charges	6	(540)	(86,497)
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(890,938)</b>	<b>582,525</b>
Tax on (loss)/profit on ordinary activities	2-7 7	230,901	(170,177)
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(660,037)</b>	<b>412,348</b>
		<hr/>	<hr/>

The results shown above are derived wholly from continuing operations. There were no recognised gains or losses in either the current or prior year except as shown above. Consequently, a statement of total recognised gains and losses has not been prepared.

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	2009 £	2008 £
<b>Current assets</b>			
Work in Progress	8	7,748	406,355
Debtors	9	759,872	2,543,374
		<hr/>	<hr/>
		767,620	2,949,729
<b>Creditors</b> amounts falling due within one year	10	(1,107,860)	(2,629,932)
		<hr/>	<hr/>
<b>Net (liabilities)/assets</b>		(340,240)	319,797
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	25,000	25,000
Share premium account	12	-	100,000
Profit and loss account	12	(365,240)	194,797
		<hr/>	<hr/>
<b>Equity shareholders' (deficit)/funds</b>		(340,240)	319,797
		<hr/>	<hr/>

The notes on pages 8 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 13 April 2010 and were signed on its behalf by

**G J Smith**  
 Director





**Reconciliation of movements in shareholders' deficit**  
*for the year ended 31 December 2009*

	2009 £	2008 £
<b>(Loss)/profit for the financial year</b>	<b>(660,037)</b>	<b>412,348</b>
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(660,037)</b>	<b>412,348</b>
Opening shareholders' funds/(deficit)	<b>319,797</b>	<b>(92,551)</b>
<b>Closing shareholders' (deficit)/funds</b>	<b>(340,240)</b>	<b>319,797</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Omnicom Group Inc, which includes the company in its own published consolidated financial statements

The company has net liabilities of £340,240 at 31 December 2009 (2008 net assets £319,797)

The directors consider that the company has access to sufficient funding to meet its needs for the reasons set out below. Accordingly, the directors have prepared the financial statements on a going concern basis

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. The Company's access to borrowings under the cash concentration arrangement is not limited as long as these borrowings are required in the normal course of business and are made in accordance with the Omnicom Group Inc Grant of Authority

Omnicom Finance plc, is able to make this commitment because Omnicom Finance plc is a co-borrower with Omnicom Finance Inc and Omnicom Capital Inc under certain group bank facilities which are more fully described in the Omnicom Group Inc financial statements filed on Form 10-K and available at [www.OmnicomGroup.com](http://www.OmnicomGroup.com)

The directors consider the combination of the group facilities and expected funding requirements of the Omnicom Group Inc and its subsidiaries provides sufficient access to funding to ensure that the company is able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements as a going concern

As the company is a wholly owned subsidiary of Omnicom Group Inc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc, within which this company is included, can be obtained from the address given in note 14

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Post-retirement benefits***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Work in progress***

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion.

Work in progress consists of amounts spent by the company on behalf of its clients which have not been recharged to clients by the end of the year.

#### ***Taxation***

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Gross billings***

Gross billings are recognised when the service is performed, in accordance with the terms and conditions of the contractual arrangement and when collection is reasonably assured.

Gross billings comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

#### ***Rebillable costs***

Rebillable costs comprise media payments and third party production costs for those services that the company is arranging for its clients in its capacity as an intermediary. The company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the company bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the company acts as an intermediary, costs incurred with external suppliers are excluded from revenue.

## Notes (continued)

### 1 Accounting policies (continued)

#### Revenue

Revenue comprises fees, and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Revenue is recognised when services are performed, in accordance with the terms of arrangements reached with each client. Gross billings and revenue are stated exclusive of VAT, sales taxes and trade discounts.

### 2 Segmental information

The Company's revenue resulted from the provision of advertising in the following areas

	2009 £	2008 £
United Kingdom	553,206	869,289
Sweden	74,263	-
Netherlands	9,550	53,871
Switzerland	602,279	1,936,333
Turkey	22	184
United States of America	-	174,493
Finland	526	-
	<hr/> 1,239,846 <hr/>	<hr/> 3,034,170 <hr/>

## Notes (continued)

### 3 (Loss)/profit on ordinary activities before taxation

	2009 £	2008 £
<i>(Loss)/profit on ordinary activities before taxation is stated after crediting</i>		
Exchange gains	95,695	269,204

### Auditors' remuneration

	2009 £	2008 £
Audit of these financial statements	2,818	6,460

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2009	2008
Account Management	10	18
Music Directorship	3	3
Administration	1	1
Research	1	1
	15	23

The aggregate payroll costs of these persons were as follows

	2009 £	2008 £
Wages and salaries	739,136	1,093,979
Social security costs	96,106	151,989
Severance	179,339	-
Other pension costs	15,195	17,693
	1,029,776	1,263,661

The Directors were remunerated through other group companies

## Notes (continued)

### 5 Other interest receivable and similar income

	2009 £	2008 £
Bank interest receivable	6,994	89,006
Net exchange gains	95,695	269,204
	<u>102,689</u>	<u>358,210</u>

### 6 Interest payable and similar charges

	2009 £	2008 £
On bank loans and overdrafts	540	86,497
	<u>540</u>	<u>86,497</u>

### 7 Taxation

#### Analysis of (credit)/charge in period

	2009 £	2009 £	2008 £	2008 £
<i>UK corporation tax</i>				
Current tax on income for the period	(232,026)		168,678	
	<u>          </u>		<u>          </u>	
Total current tax		(232,026)		168,678
<i>Deferred tax (see below)</i>				
Origination/reversal of timing differences		1,125		1,499
		<u>          </u>		<u>          </u>
Tax on (loss)/profit on ordinary activities		(230,901)		170,177
		<u>          </u>		<u>          </u>

## Notes (continued)

### 7 Taxation (continued)

#### *Factors affecting the tax credit for the current period*

The current tax credit for the period is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £	2008 £
<i>Current tax reconciliation</i>		
(Loss)/ profit on ordinary activities before tax	(890,938)	582,525
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	(249,463)	166,020
Effects of		
Expenses not deductible for tax purposes	1,614	2,658
Adjustment in respect of prior periods	15,823	-
Total current tax (credit)/charge (see above)	(232,026)	168,678

The deferred tax asset arises from differences between accumulated depreciation and capital allowances as follows

	2009 £	2008 £
At beginning of year	4,498	5,997
Reversal of timing differences	(1,125)	(1,499)
At end of year	3,373	4,498

**Notes (continued)**

**8 Work in Progress**

	2009 £	2008 £
Work in progress	7,748	406,355
	<hr/>	<hr/>

**9 Debtors**

	2009 £	2008 £
Trade debtors	65,324	663,742
Amounts owed by group undertakings – trading balances	673,522	1,691,080
Other debtors	1,530	9,052
Taxation and social security	11,410	78,116
Corporation tax debtor	-	19,764
Deferred tax assets	3,373	4,498
Prepayments and accrued income	4,713	77,122
	<hr/>	<hr/>
	759,872	2,543,374
	<hr/>	<hr/>

The Company participates in a cash concentration arrangement with its fellow subsidiary, Omnicom Finance plc, the Omnicom Europe Limited group's UK treasury operation, under which bank balances are cleared to zero on a daily basis either by the Company depositing cash with Omnicom Finance plc or by Omnicom Finance plc depositing cash with the Company. Included in Amounts owed by group undertakings – loans and advances is £338,965 (2008 £829,928) representing cash deposited by the Company under these arrangements.

**10 Creditors, amounts falling due within one year**

	2009 £	2008 £
Trade creditors	157,440	790,576
Amounts owed to group undertakings – trading balances	186,597	756,185
Taxation and social security	29,176	81,021
Accruals and deferred income	734,647	1,002,150
	<hr/>	<hr/>
	1,107,860	2,629,932
	<hr/>	<hr/>



## Notes (continued)

### 11 Called up share capital

	2009 £	2008 £
<i>Authorised, allotted, called up and fully paid</i>		
Equity 25,000 Ordinary shares of £1 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

### 12 Share premium and reserves

	Share premium account £	Profit and loss account £
At beginning of year	100,000	194,797
Loss for the year	-	(660,037)
Transfer	(100,000)	100,000
	<u>-</u>	<u>(365,240)</u>
At end of year	-	(365,240)

The capital reduction was approved by the board of Stream\MSI Limited, whereby the Share Premium account was cancelled to nil with reserves transferred to the Profit and Loss account

### 13 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £15,195 (2008 £17,693)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

### 14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Omnicom Group Inc incorporated in the United States of America

The largest group in which the results of the company are consolidated is that headed by Omnicom Group Inc. The consolidated accounts of this company are available to the public [and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY10022, USA]. No other group accounts include the results of the company.