

# Stream\MSI Limited

Directors' report and financial statements

Registered number 2196526

31 December 2010

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **Principal activities**

The Company's principal activity is to offer 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 £238,963 (2009 £340,240) 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

### **Dividends**

The directors do not recommend the payment of a final dividend (2009 £nil)

### **Directors**

The directors who held office during the year were as follows

Mr T T Lindsay (resigned 5 February 2010)

Mr G J Smith

Mr R Harwood - Matthews (appointed 1 January 2010)

The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report

### **Political and charitable contributions**

The company made no political contributions during the year (2009 £nil)

### **Disclosure of information to auditors**

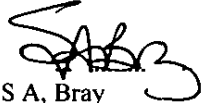
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are individually unaware, and each director has taken all the steps that they ought to have taken as a director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

**Directors' report**



S A, Bray  
Company secretary

31 May 2011

## **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 laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholder's Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities in respect of the Directors' report and the financial statements (set out on page 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 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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on the 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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Andy Turner (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

31 May 2011

## Profit and loss account

*for the year ended 31 December 2010*

	Note	2010 £	2009 £
Gross billings		1,077,570	3,419,760
Rebillable costs		<u>(716,592)</u>	<u>(2,179,914)</u>
Revenue	2	360,978	1,239,846
Direct costs		<u>(10,221)</u>	<u>(247,720)</u>
Gross profit		350,757	992,126
Administrative expenses		<u>(206,795)</u>	<u>(1,985,213)</u>
Operating profit/(loss)		143,962	(993,087)
Other interest receivable and similar income	6	2,232	102,689
Interest payable and similar charges	7	<u>-</u>	<u>(540)</u>
Profit/(loss) on ordinary activities before taxation	3	146,194	(890,938)
Tax on profit or loss on ordinary activities	8	<u>(44,917)</u>	<u>230,901</u>
Profit/(loss) for the financial year	13	<u>101,277</u>	<u>(660,037)</u>

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

*as at 31 December 2010*

	Note	2010 £	2009 £
<b>Current assets</b>			
Stocks	9	17,799	7,748
Debtors	10	248,594	759,872
		<u>266,393</u>	<u>767,620</u>
Creditors Amounts falling due within one year	11	(505,356)	(1,107,860)
Net liabilities		<u>(238,963)</u>	<u>(340,240)</u>
<b>Capital and reserves</b>			
Called up share capital	12	25,000	25,000
Profit and loss account	13	(263,963)	(365,240)
Equity shareholders' funds		<u>(238,963)</u>	<u>(340,240)</u>

These financial statements were approved by the board of directors on 31 May 2011 and were signed on its behalf by



Mr G J Smith  
 Director

## Reconciliation of movements in shareholders' funds

*for the year ended 31 December 2010*

	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
Profit/(loss) attributable to the members of the company	<u>101,277</u>	<u>(660,037)</u>
Retained (loss)/profit	101,277	(660,037)
Shareholders' (deficit)/funds at 1 January	<u>(340,240)</u>	<u>319,797</u>
Shareholders' deficit at 31 December	<u><u>(238,963)</u></u>	<u><u>(340,240)</u></u>

**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 £238,963 at 31 December 2010 (2009 £340,240)

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 intention to continue 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 15

**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

## Notes

*(continued)*

### 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 profit 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.

### 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.

### Revenue

Consequently, 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 service in the following areas

**Notes**

*(continued)*

	2010	2009
	£	£
United Kingdom	357,151	553,206
Switzerland	3,827	602,279
Sweden	-	74,263
Netherlands	-	9,550
Finland	-	526
Turkey	-	22
	<u>360,978</u>	<u>1,239,846</u>

**Notes**

*(continued)*

**3 Profit/(loss) on ordinary activities before taxation**

*Profit/(loss) on ordinary activities before taxation is stated*

*after charging*

	2010 £	2009 £
Exchange losses	9,038	-
Hire of other assets - rentals payable under operating leases	<u>4,643</u>	<u>-</u>

*after crediting*

Exchange gains	<u>-</u>	<u>(95,695)</u>
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*Auditors' remuneration*

	2010 £	2009 £
Audit of these financial statements	<u>3,665</u>	<u>2,818</u>

**4 Remuneration of directors**

The directors are not remunerated specifically for their services to Stream MSI Limited

**Notes**

*(continued)*

**5 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	
	2010	2009
Account Management	-	10
Music Directorship	2	3
Administration	-	1
Research	-	1
	<u>2</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	55,619	739,136
Social security costs	5,603	96,106
Other pension costs	848	15,195
Severance/Loss of office	32,613	179,339
	<u>94,683</u>	<u>1,029,776</u>

**6 Other interest receivable and similar income**

	2010 £	2009 £
Bank interest receivable	-	6,994
Receivable from group undertakings	2,232	-
Net exchange gains	-	95,695
	<u>2,232</u>	<u>102,689</u>

**7 Interest payable and similar charges**

	2010 £	2009 £
On bank loans and overdrafts	-	540

**Notes**

*(continued)*

**8 Taxation**

Analysis of charge in period

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>UK corporation tax</b>		
Current tax on income for the period	<u>44,074</u>	<u>(232,026)</u>
Total current tax	44,074	(232,026)
<b>Deferred tax (see below)</b>		
Origination/reversal of timing differences	<u>843</u>	<u>1,125</u>
Tax on profit/loss on ordinary activities	<u><u>44,917</u></u>	<u><u>(230,901)</u></u>



**Notes**

*(continued)*

**Factors affecting current tax charge for the year**

The current tax charge for the period is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%)

The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	146,194	(890,938)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	40,934	(249,463)
Expenses not deductible for tax purposes	(267)	1,614
Adjustments in respect of prior periods	3,407	15,823
Total current tax charge (see above)	44,074	(232,026)

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

	2010 £	2009 £
At beginning of year	3,373	4,498
Reversal of timing differences	(843)	(1,125)
Net deferred tax asset	2,530	3,373

**9 Stock**

	2010 £	2009 £
Work in progress	17,799	7,748

**Notes**

*(continued)*

**10 Debtors**

	2010 £	2009 £
Trade debtors	-	65,324
Amounts owed by group undertakings - trading balances	154,891	673,522
Taxation and social security	90,531	11,410
Other debtors	642	1,530
Deferred tax assets	2,530	3,373
Prepayments and accrued income	-	4,713
	<u>248,594</u>	<u>759,872</u>

**11 Creditors: Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	8,663	157,440
Amounts owed to group undertakings - trading balances	120,807	186,597
Taxation and social security	-	29,176
Accruals and deferred income	375,886	734,647
	<u>505,356</u>	<u>1,107,860</u>

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 to group undertakings is £2,048 (2009 £338,965 Debtor) representing amounts borrowed by the Company under these arrangements.

**12 Called up share capital**

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
Equity 25,000 Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

**Notes**  
*(continued)*

**13 Reserves**

	<b>Profit and loss account £</b>
At 1 January 2010	(365,240)
Profit for the year	<u>101,277</u>
At 31 December 2010	<u>(263,963)</u>

**14 Pension schemes**

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 £848 (2009 £15,195).

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

**15 Ultimate parent company**

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.