

SCHOLZ & FRIENDS LONDON LIMITED

Directors' Report And Financial Statements

For the year ended 31 December 2012



Company Registration No 03398022 (England and Wales)

SCHOLZ & FRIENDS LONDON LIMITED

COMPANY INFORMATION

Directors	C J K Tiedemann H E Page
Secretary	M Kornhass
Company number	03398022
Registered office	Devonshire House 60 Goswell Road London EC1M 7AD
Auditors	Kingston Smith LLP 141 Wardour Street London W1F 0UT

SCHOLZ & FRIENDS LONDON LIMITED

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SCHOLZ & FRIENDS LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company continued to be that of management of its former trading premises

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 January 2012

C J K Tiedemann
H E Page

Auditors

Kingston Smith LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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

SCHOLZ & FRIENDS LONDON LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board



M Kornhass
Secretary

29/08/2013

SCHOLZ & FRIENDS LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHOLZ & FRIENDS LONDON LIMITED

We have audited the financial statements of Scholz & Friends London Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

SCHOLZ & FRIENDS LONDON LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF SCHOLZ & FRIENDS LONDON LIMITED

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

Kingston Smith LLP

Ian Graham (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

30/8/2013

**Chartered Accountants
Statutory Auditor**

141 Wardour Street
London
W1F 0UT

SCHOLZ & FRIENDS LONDON LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Administrative expenses		(446)	(24,694)
Other operating income		252,750	252,750
Operating profit	2	252,304	228,056
Other interest receivable and similar income	3	182	160
Profit on ordinary activities before taxation		252,486	228,216
Tax on profit on ordinary activities	4	-	-
Profit for the year	9	252,486	228,216

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

SCHOLZ & FRIENDS LONDON LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		£	£	£	£
Current assets					
Debtors	5	115,362		137,598	
Cash at bank and in hand		87,016		80,015	
		<u>202,378</u>		<u>217,613</u>	
Creditors: amounts falling due within one year	6	<u>(10,427,832)</u>		<u>(10,677,003)</u>	
Total assets less current liabilities		(10,225,454)		(10,459,390)	
Provisions for liabilities	7	<u>(38,065)</u>		<u>(56,615)</u>	
		<u>(10,263,519)</u>		<u>(10,516,005)</u>	
Capital and reserves					
Called up share capital	8		8		8
Share premium account	9		1,184,871		1,184,871
Profit and loss account	9		(11,448,398)		(11,700,884)
Shareholders' funds	10		<u>(10,263,519)</u>		<u>(10,516,005)</u>

Approved by the Board and authorised for issue on

29/08/2013


J K Tiedemann
Director

Company Registration No. 03398022

SCHOLZ & FRIENDS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company meets its day to day working capital requirements through ongoing support from its parent company

The parent company, Scholz & Friends Group GmbH, has committed to continue to support the company for at least 12 months from the date of approval of these financial statements such that the company can continue to meet liabilities as they fall due. Therefore the directors believe it appropriate to prepare the accounts on a going concern basis

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.4 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Operating profit	2012	2011
	£	£
Operating profit is stated after charging		
Operating lease rentals	270,575	270,575
Auditors' remuneration (including expenses and benefits in kind)	6,050	5,750
and after crediting		
Profit on foreign exchange transactions	(289,657)	(263,867)

SCHOLZ & FRIENDS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

3 Investment income	2012	2011
	£	£
Bank interest	182	160
	<u>182</u>	<u>160</u>

4 Taxation	2012	2011
Total current tax	-	-

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	252,486	228,216
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.49%)

	61,859	60,454
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Effects of
Tax losses utilised

	(61,859)	(60,454)
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	<u>(61,859)</u>	<u>(60,454)</u>
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Current tax charge for the year

	<u>-</u>	<u>-</u>
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The company has estimated losses of £ 3,180,741 (2011 - £ 3,317,626) available for carry forward against future trading profits

5 Debtors	2012	2011
	£	£
Trade debtors	50,867	72,242
Other debtors	-	416
Prepayments and accrued income	64,495	64,940
	<u>115,362</u>	<u>137,598</u>

SCHOLZ & FRIENDS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

6 Creditors: amounts falling due within one year	2012 £	2011 £
Amounts owed to parent and fellow subsidiary undertakings	10,303,757	10,533,829
Taxes and social security costs	4,255	5,219
Accruals and deferred income	119,820	137,955
	<u>10,427,832</u>	<u>10,677,003</u>

7 Provisions for liabilities	Other £
Balance at 1 January 2012	56,615
Profit and loss account	(18,550)
	<u>38,065</u>

Provision has been made for the estimated unavoidable future cost of those parts of the company's leased property of future rental shortfalls on the currently sublet parts of the property

8 Share capital	2012 £	2011 £
Allotted, called up and fully paid		
8 Ordinary shares of £1 each	8	8
	<u>8</u>	<u>8</u>

9 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 January 2012	1,184,871	(11,700,884)
Profit for the year	-	252,486
	<u>1,184,871</u>	<u>(11,448,398)</u>

SCHOLZ & FRIENDS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

10 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the financial year	252,486	228,216
Opening shareholders' funds	(10,516,005)	(10,744,221)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>(10,263,519)</u>	<u>(10,516,005)</u>

11 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire Between two and five years	252,750	252,750
	<u> </u>	<u> </u>

12 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
Administration	3	3
	<u> </u>	<u> </u>

Employment costs

	2012	2011
	£	£
Wages and salaries	17,000	7,083
Social security costs	1,327	652
	<u> </u>	<u> </u>
	<u>18,327</u>	<u>7,735</u>

SCHOLZ & FRIENDS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

13 Control

The directors regard Scholz & Friends Group GmbH, a company incorporated and registered in Germany, as the immediate parent company and WPP plc, a Company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which company is a member is WPP plc, incorporated in Jersey

The parent undertaking of the smallest such group is Lexington International BV, registered in the Netherlands

Copies of the financial statements of WPP plc are available at www.wpp.com Copies of the financial statements of Lexington International BV can be obtained from Laan op Zuid 167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London W1J 5RJ, UK

14 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group