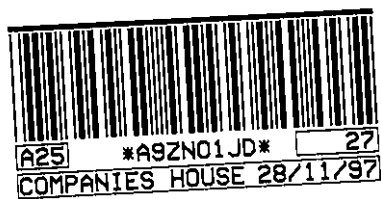


ALLAN BURROWS LIMITED
(Registration number: 756112)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1996



ALLAN BURROWS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their report and the audited accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The company's principal activities continued to be that of graphic design and advertising.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company has had a successful year. The directors are confident that the company's growth will continue. To meet this future growth, additional space and facilities were acquired during the year. This, together with increased group corporate costs resulted in a net loss before taxation for the year.

The directors expect continued growth in the coming year.

RESULTS AND DIVIDENDS

The loss for the financial year was £36,310 (1995 profit : £59,812) and has been transferred to reserves. The directors do not recommend the payment of a dividend (1995:..£nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as follows:

N Clark
RW Hearne
DG Moore
P Mosley
DR Price
BH Procter (Chairman)
EC Rodway
MJ Silcock
LJ Wetherell

None of the directors had any material contract with the company or any interest in the shares of the company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year liability insurance was purchased and maintained for the directors and officers of the company as permitted by Section 310 (3) of the Companies Act 1985.

ALLAN BURROWS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. In preparing those financial statements, the directors are required to:

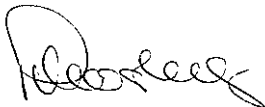
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office. A resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



P Mosley
Director

31 October 1997

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF ALLAN BURROWS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
and Registered Auditors

31 October 1997

ALLAN BURROWS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>1996</u>	<u>1995</u>
	£	£
TURNOVER	6,173,523	3,876,813
COST OF SALES	(2,881,532)	(1,285,366)
	<u> </u>	<u> </u>
GROSS PROFIT	3,291,991	2,591,447
Administrative expenses	(3,287,732)	(2,474,421)
	<u> </u>	<u> </u>
OPERATING PROFIT	4,259	117,026
Loss on disposal of assets	(3,331)	(9,800)
Interest receivable (Note 5)	1,750	5,548
Interest payable (Note 6)	(38,988)	(52,985)
	<u> </u>	<u> </u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 2)	(36,310)	59,789
Tax credit on (loss)/profit on ordinary activities (Note 7)	-	23
	<u> </u>	<u> </u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES (Note 14)	(36,310)	59,812
	<u> </u>	<u> </u>

The company had no recognised gains or losses other than those reflected in the profit and loss account above. The activity recorded above relates exclusively to continuing operations.

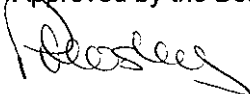
The notes on pages 6 to 14 form an integral part of these financial statements.

ALLAN BURROWS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS		
Tangible assets (Note 8)	163,596	206,005
	<hr/>	<hr/>
CURRENT ASSETS		
Unbilled costs	297,645	223,000
Debtors (Note 9)	2,248,617	876,150
Cash at bank and in hand	16,893	33,371
	<hr/>	<hr/>
	2,563,155	1,132,521
CREDITORS (amounts falling due within one year) (Note 10)	(2,523,500)	(1,098,290)
	<hr/>	<hr/>
NET CURRENT ASSETS	39,655	34,231
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	203,251	240,236
CREDITORS (amounts falling due after more than one year) (Note 11)	(675)	(1,350)
	<hr/>	<hr/>
	202,576	238,886
	<hr/>	<hr/>
EQUITY CAPITAL AND RESERVES		
Called up share capital (Note 13)	4,100	4,100
Profit and loss account (Note 14)	198,476	234,786
	<hr/>	<hr/>
	202,576	238,886
	<hr/>	<hr/>

Approved by the Board on 31 October 1997 and signed on its behalf by:



P Mosley
Director

The notes on pages 6 to 14 form an integral part of these financial statements.

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

(1) Accounting convention

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

(2) Turnover

Turnover represents net invoiced goods and services, excluding value added tax.

(3) Income recognition

Income is recognised when invoiced, costs incurred prior to this point are held in the balance sheet as unbilled costs.

(4) Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease or contract in such a way as to give a reasonably constant charge on the outstanding liability. All rentals payable in respect of operating leases have been charged against profit for the year.

(5) Deferred tax

Provision is made for taxation deferred by capital allowances and other timing differences, except to the extent that the potential tax liability is not expected to become payable in the foreseeable future.

(6) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Amortisation of leasehold improvements is made on a straight line basis over the life of the lease. Depreciation of other tangible fixed assets is made on a reducing balance basis at 25% per annum.

(7) Pensions

The company operates a defined contribution pension scheme, the finances of which are independent from the company. Contributions paid by the company in respect of certain employees are charged to the profit and loss account as they become payable.

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(8) Cashflow statement

The company, which is a wholly owned subsidiary, has elected to take advantage of the exemption provided in Financial Reporting Standard 1 and does not produce a cash flow statement.

2 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Hire of equipment	2,851	15,654
Operating lease rentals - buildings	84,416	70,000
Auditors' remuneration	8,475	8,000
Depreciation - owned assets	50,407	64,267
- leased assets	<u>1,575</u>	<u>12,118</u>

3 EMPLOYEE AND STAFF COSTS

Wages and salaries	1,589,064	1,270,774
Social security costs	195,653	137,044
Pension costs	126,623	120,938
Redundancy costs	<u>1,667</u>	<u>-</u>
	<u>1,913,007</u>	<u>1,528,756</u>

The average number of employees during the year was 69 (1995: 61)

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

4 DIRECTORS' EMOLUMENTS

Directors' emoluments (including pension contributions) for executive and other services were as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Directors' emoluments	784,247	697,534
	<u> </u>	<u> </u>

Directors' emoluments include amounts payable to directors under a bonus scheme of £202,214 (1995: £140,817).

	<u>1996</u>	<u>1995</u>
	£	£
Chairman (excluding pension contributions)	128,328	118,169
	<u> </u>	<u> </u>
Highest paid director (excluding pension contributions)	138,701	118,391
	<u> </u>	<u> </u>

The other directors received emoluments (excluding pension contributions) in the following ranges:

	<u>1996</u>	<u>1995</u>
	Number	Number
£nil - £ 5,000	2	2
£55,001 - £60,000	-	2
£60,001 - £65,000	1	1
£65,001 - £70,000	1	-
£70,001 - £75,000	1	-
£75,001 - £80,000	-	1
£85,001 - £90,000	1	-
£95,001 - £100,000	-	1
£110,001 - £115,000	1	-
	<u> </u>	<u> </u>

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

5 INTEREST RECEIVABLE

	<u>1996</u>	<u>1995</u>
	£	£
Bank deposit interest	1,750	5,548
	<u> </u>	<u> </u>

6 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Interest payable to group undertakings	5,906	42,477
Interest payable on bank overdraft	27,900	39
Finance lease charges	1,548	2,979
Other interest payable	3,634	7,490
	<u> </u>	<u> </u>
	38,988	52,985
	<u> </u>	<u> </u>

7 TAX CREDIT ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax credit in the profit and loss account comprises:

	<u>1996</u>	<u>1995</u>
	£	£
UK corporation tax based on the profit for the year at 33% (1995: 33%)	-	-
Over provision in prior year	-	23
	<u> </u>	<u> </u>
	-	23
	<u> </u>	<u> </u>

No tax is reflected in the current year due to the loss incurred and in the prior year due to the availability of group relief for which no charge has been made.

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
At 1 January 1996	7,272	504,889	15,400	527,561
Additions	-	16,404	-	16,404
Disposals	-	-	(15,400)	(15,400)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	7,272	521,293	-	528,565
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>				
At 1 January 1996	4,769	309,794	6,993	321,556
Charge for the year	500	49,906	1,576	51,982
Disposals	-	-	(8,569)	(8,569)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	5,269	359,700	-	364,969
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net book amount</u>				
At 31 December 1996	2,003	161,593	-	163,596
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	2,503	195,095	8,407	206,005
	<hr/>	<hr/>	<hr/>	<hr/>

Included in furniture and equipment at 31 December 1996 are assets held under finance leases with a cost value of £23,100 (1995: £23,100) and accumulated depreciation of £20,866 (1995: £18,972).

Included in motor vehicles at 31 December 1996 are assets held under finance leases with a cost of £nil (1995: £15,400) and accumulated depreciation of £nil (1995: £6,993).

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

9 DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	1,335,049	737,041
Amounts owed by group undertakings	817,327	51,580
Prepayments and accrued income	86,373	82,136
Other debtors	9,868	5,393
	<hr/>	<hr/>
	2,248,617	876,150
	<hr/>	<hr/>

10 CREDITORS (amounts falling due within one year)

	<u>1996</u>	<u>1995</u>
	£	£
Bank loans and overdrafts	1,218,960	-
Trade creditors	462,235	182,653
Amounts owed to group undertakings	562	546,048
Accrued bonuses	222,843	135,342
Other taxation and social security costs	56,788	116,091
Accruals and deferred income	560,761	93,254
Finance lease obligations (Note 12)	1,351	24,902
	<hr/>	<hr/>
	2,523,500	1,098,290
	<hr/>	<hr/>

11 CREDITORS (amounts falling due after more than one year)

	<u>1996</u>	<u>1995</u>
	£	£
Finance lease obligations (Note 12)	675	1,350
	<hr/>	<hr/>

ALLAN BURROWS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

12 LEASE OBLIGATIONS

The company has the following obligations under finance leases:

	<u>1996</u>	<u>1995</u>
	£	£
Payable within one year	2,387	28,643
Payable between one and five years	1,193	2,386
	<hr/>	<hr/>
Total gross obligations	3,580	31,029
Finance charges allocated to future periods	(1,554)	(4,777)
	<hr/>	<hr/>
	2,026	26,252
	<hr/>	<hr/>
Net obligations under finance leases:		
Amounts due within one year (Note 10)	1,351	24,902
Amounts due after one year (Note 11)	675	1,350
	<hr/>	<hr/>
	2,026	26,252
	<hr/>	<hr/>

The company has the following obligations under operating leases:

Rentals payable within one year in respect of commitments for buildings:

	<u>1996</u>	<u>1995</u>
	£	£
Expiring in less than one year	8,000	5,333
Expiring in two to five years	81,550	62,000
	<hr/>	<hr/>
	89,550	67,333
	<hr/>	<hr/>

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

13 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised share capital		
5,000 ordinary shares of £1 each	5,000	5,000
10,000 "A" ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	15,000	15,000
	<hr/>	<hr/>
Allotted, issued		
4,000 ordinary shares of £1 each - fully paid	4,000	4,000
10,000 "A" ordinary shares of £1 each - 1p paid	100	100
	<hr/>	<hr/>
	4,100	4,100
	<hr/>	<hr/>
The shares rank pari passu in all respects.		

14 PROFIT AND LOSS ACCOUNT

	<u>1996</u>
	£
At 1 January 1996	234,786
Loss for the financial year	(36,310)
	<hr/>
At 31 December 1996	198,476
	<hr/>

ALLAN BURROWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
(Loss)/profit for the financial year	(36,310)	59,812
	—	—
Net (reduction in)/addition to shareholders' funds	(36,310)	59,812
Opening shareholders' funds	238,886	179,074
	—	—
Closing shareholders' funds	202,576	238,886
	=====	=====

16 COMPOSITE BANK GUARANTEE

On 24 February 1997 the company provided a guarantee to the National Westminster Bank plc in respect of the indebtedness of Young & Rubicam Holdings (UK) Limited and its subsidiary undertakings.

17 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Young & Rubicam Inc., incorporated in the United States of America, which is the largest group to consolidate these financial statements. The immediate parent undertaking is Young & Rubicam Group Limited, a company incorporated and registered in England. The smallest group to consolidate the financial statements of the company is Young & Rubicam Holdings (UK) Limited, a company incorporated and registered in England.

Consolidated accounts of Young & Rubicam Holdings (UK) Limited may be obtained from Greater London House, Hampstead Road, London NW1 7QP. The group accounts of Young & Rubicam Inc. are not available to the public.

18 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Young & Rubicam Holdings (UK) Limited and is included in its consolidated financial statements which are available to the public. The company is therefore exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Young & Rubicam Holdings (UK) Limited group. Balances outstanding at the year end are shown within debtors (note 9) and creditors (note 10).