

PubliGroupe Holding (UK) Limited

Report and Financial Statements

31 December 2003



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PubliGroupe Holding (UK) Limited

Registered No. 3901247

Directors

D Hofer
L Fluckiger

Secretary

D Morris

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank PLC
Hammersmith and Ealing Corporate Centre
75 King Street
Hammersmith
London W6 9GQ

Solicitors

Bird & Bird
90 Fetter Lane
London EC4A 1JP

Registered office

Gordon House
10 Greencoat Place
London SW1P 1PH

Directors' report

The directors present their annual report and financial statements of the group for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities and review of the business

The group acts as international media representatives and advertising sales contractors.

The overall result for the year was anticipated, but the directors hope for an improvement in the forthcoming year.

Directors and their interests

The directors who served during the year ended 31 December 2003 were as follows:

D Hofer

N Baumann (resigned 4 November 2003)

R Martignoni (appointed 4 November 2003; resigned 1 March 2004)

Subsequent to the year end, L Fluckiger was appointed as a director on 1 March 2004.

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as the group's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



Director

27 OCT 2004

Statement of directors' responsibilities in respect of the financial statements

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 and of the group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of PubliGroupe Holding (UK) Limited

We have audited the group's financial statements for the year ended 31 December 2003 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group's circumstances, consistently applied and adequately disclosed.

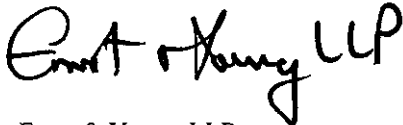
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report

to the members of PubliGroupe Holding (UK) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is stylized, with the "E" and "Y" being particularly prominent.

Ernst & Young LLP
Registered Auditor
London

29 OCT 2004

Group profit and loss account

for the year ended 31 December 2003

| | Notes | 2003 £ | 2002 £ |
|--|-------|-------------|--------------|
| Turnover | 2 | 9,462,292 | 12,275,198 |
| Cost of sales | | (7,773,342) | (10,142,741) |
| Gross profit | | 1,688,950 | 2,132,457 |
| Administrative expenses | | (2,629,873) | (2,874,067) |
| Other operating income | | 715,035 | 673,361 |
| Operating loss | 3 | (225,888) | (68,249) |
| Interest receivable | | 22,756 | 21,473 |
| Interest payable | 6 | (106,725) | (108,949) |
| Loss on ordinary activities before taxation | | (309,857) | (155,725) |
| Tax on loss on ordinary activities | 7 | (13,604) | 31,615 |
| Loss for the year | 16 | (323,461) | (124,110) |

Statement of total recognised gains and losses

There are no gains or losses for the year ended 31 December 2003 and the year ended 31 December 2002 other than those recognised in the profit and loss account.

Group balance sheet

at 31 December 2003

| | Notes | 2003 £ | 2002 £ |
|---|-------|--------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 677,175 | 719,498 |
| Tangible assets | 10 | 183,744 | 79,406 |
| | | <u>860,919</u> | <u>798,904</u> |
| Current assets | | | |
| Debtors | 12 | 2,397,881 | 3,667,507 |
| Cash at bank and in hand | | 448,404 | 257,338 |
| | | <u>2,846,285</u> | <u>3,924,845</u> |
| Creditors: amounts falling due within one year | 13 | (3,896,155) | (4,589,239) |
| | | <u>(1,049,870)</u> | <u>(664,394)</u> |
| Net current liabilities | | | |
| Total assets less current liabilities | | <u>(188,951)</u> | <u>134,510</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100 | 100 |
| Profit and loss account | 16 | (189,051) | 134,410 |
| | | <u>(188,951)</u> | <u>134,510</u> |
| Equity shareholders' funds | 16 | <u>(188,951)</u> | <u>134,510</u> |


Director

27 OCT 2004

Company balance sheet

at 31 December 2003

| | Notes | 2003 £ | 2002 £ |
|---|-------|----------------------|----------------------|
| Fixed assets | | | |
| Investments | 11 | 1,646,917 | 1,646,917 |
| Current assets | | | |
| Debtors | 12 | 758 | 739 |
| Cash at bank and in hand | | 3,990 | 4,010 |
| Creditors: amounts falling due within one year | 13 | 4,748 (1,960,069) | 4,749 (1,851,026) |
| Net current liabilities | | (1,955,321) | (1,846,277) |
| Total assets less current liabilities | | (308,404) | (199,360) |
| Capital and reserves | | | |
| Called up share capital | 15 | 100 | 100 |
| Profit and loss account | 16 | (308,504) | (199,460) |
| Equity shareholders' funds | 16 | (308,404) | (199,360) |



Director

27 OCT 2004

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis, supported by a statement of intent from the ultimate parent undertaking to provide all necessary financial support to enable the company's operations to continue for the foreseeable future and to enable it to meet its liabilities as and when they fall due.

Basis of consolidation

The group financial statements incorporate the financial statements of PubliGroupe Holding (UK) Limited and all of its subsidiary undertakings made up to 31 December 2003.

Goodwill

Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill arising on acquisitions during the year is being amortised evenly over its estimated useful economic life of 20 years.

The carrying value of goodwill is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to two continuing activities, that of international media representatives and advertising sales contractors.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

| | | |
|------------------------|---|----------------------|
| Motor vehicles | - | 25% per annum |
| Furniture and fittings | - | 10% to 25% per annum |
| Computer equipment | - | 20% to 33% per annum |
| Leasehold improvements | - | 20% per annum |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at cost.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Notes to the financial statements

at 31 December 2003

1. Accounting policies (continued)

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are retranslated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

All other leases are treated as 'operating leases'. Their annual rentals are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

Contributions to the group's defined contribution pension scheme are charged in the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

2. Turnover

Turnover comprises the net value of billings, excluding value added tax, of services in the normal course of business as set out in the principal activity in the directors' report.

The analysis of turnover by geographical market has been omitted as the directors are of the opinion that such disclosure would be seriously prejudicial to the interests of the group.

Notes to the financial statements

at 31 December 2003

3. Operating loss

This is stated after charging:

| | 2003 | 2002 |
|--|--------|--------|
| | £ | £ |
| Loss on disposal of fixed assets | 2,935 | — |
| Depreciation | 59,558 | 66,195 |
| Auditors' remuneration | 26,000 | 35,700 |
| Operating lease rentals - land and buildings | 44,219 | 69,840 |
| Goodwill amortisation | 42,323 | 42,323 |

4. Directors' emoluments

| | 2003 | <i>Restated</i> 2002 |
|-----------------------|------|-------------------------|
| | £ | £ |
| Directors' emoluments | — | — |

Directors' emoluments for the prior year have been restated to £nil. The remuneration disclosed in 2002 related to a director of one of the subsidiary undertakings, who is not a director of PubliGroupe Holding (UK) Limited.

During the year ended 31 December 2003, £13,435 (2002 - £13,435) was paid to former directors.

5. Staff costs

| | 2003 | 2002 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 786,050 | 816,844 |
| Social security costs | 89,816 | 107,719 |
| Other pension costs | 51,669 | 51,184 |
| | <u>927,535</u> | <u>975,747</u> |

The average weekly number of employees (including directors) during the year was as follows:

| | 2003 No. | 2002 No. |
|---------------------------|-------------|-------------|
| Office and management | 6 | 6 |
| Advertising and promotion | 14 | 18 |
| | <u>20</u> | <u>24</u> |

Notes to the financial statements

at 31 December 2003

6. Interest payable

| | 2003 £ | 2002 £ |
|--|----------------|----------------|
| Bank loans and overdrafts | 5,552 | 2,177 |
| Interest on loan from parent undertaking | 101,173 | 106,772 |
| | <u>106,725</u> | <u>108,949</u> |

7. Taxation

(a) Tax on loss on ordinary activities

| | 2003 £ | 2002 £ |
|--------------------------------------|---------------|-----------------|
| Current tax: | | |
| UK corporation tax | — | — |
| Adjustment in respect of prior years | 13,604 | (31,615) |
| Total current tax (note 7(b)) | <u>13,604</u> | <u>(31,615)</u> |

(b) Factors affecting current tax charge/(credit)

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

| | 2003 £ | 2002 £ |
|--|---------------|-----------------|
| Loss on ordinary activities before tax | (309,857) | (155,725) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002 - 30%) | (92,957) | (46,718) |
| Expenses not deductible for tax purposes | 36,524 | 44,127 |
| Capital allowances in (excess)/arrears of depreciation | (595) | 6,015 |
| Other timing differences | 28,627 | (3,424) |
| Adjustment in respect of previous years | 13,604 | (31,615) |
| Tax losses carried back to prior year | 10,876 | — |
| Unrelieved tax losses carried forward | 17,525 | — |
| Total current tax charge/(credit) (note 7(a)) | <u>13,604</u> | <u>(31,615)</u> |

(c) Factors that may affect future tax charges

No recognition has been made for the deferred tax assets in respect of the net accelerated depreciation of £21,798 (2002 - £21,253), other timing differences of £86,416 (2002 - £nil) and capital losses of £312,975 (2002 - £312,975). The assets can only be set off against future suitable profits, and at present, it is unclear whether there will be such profits in the foreseeable future.

8. Profit and loss account

PubliGroupe Holding (UK) Limited has not presented its own profit and loss account as permitted by section 230 of the Companies Act 1985. The loss on ordinary activities after taxation for the financial year is £109,044 (2002 - loss of £115,198).

Notes to the financial statements

at 31 December 2003

9. Intangible fixed assets

| <i>Group</i> | <i>Goodwill</i> £ |
|--|----------------------|
| Cost: | |
| At 1 January 2003 and 31 December 2003 | 846,467 |
| Amortisation: | |
| At 1 January 2003 | 126,969 |
| Providing during the year | 42,323 |
| At 31 December 2003 | 169,292 |
| Net book value: | |
| At 31 December 2003 | 677,175 |
| At 1 January 2003 | 719,498 |

Goodwill arising on the acquisition of The Powers Turner Group Limited and Powers International Limited is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

10. Tangible fixed assets

| <i>Group</i> | <i>Motor vehicles</i> £ | <i>Furniture, equipment and leasehold improvements</i> £ | <i>Total</i> £ |
|--------------------------|----------------------------|---|-------------------|
| Cost: | | | |
| At 1 January 2003 | 60,175 | 440,972 | 501,147 |
| Additions | – | 163,896 | 163,896 |
| Disposals | – | (88,824) | (88,824) |
| At 31 December 2003 | 60,175 | 516,044 | 576,219 |
| Depreciation: | | | |
| At 1 January 2003 | 52,640 | 369,101 | 421,741 |
| Provided during the year | 7,535 | 52,023 | 59,558 |
| Eliminated on disposals | – | (88,824) | (88,824) |
| At 31 December 2003 | 60,175 | 332,300 | 392,475 |
| Net book value: | | | |
| At 31 December 2003 | – | 183,744 | 183,744 |
| At 1 January 2003 | 7,535 | 71,871 | 79,406 |

Notes to the financial statements

at 31 December 2003

11. Investments

| <i>Company</i> | <i>Shares in unlisted subsidiary undertakings £</i> |
|--|---|
| Cost: | |
| At 1 January 2003 and 31 December 2003 | 1,646,917 |

The fixed asset investments represent the cost of the company's holding in the following subsidiary undertakings, all of which have been consolidated in the group's results.

| <i>Name</i> | <i>Proportion of voting rights</i> | <i>Nature of business</i> |
|---------------------------------|--|-------------------------------------|
| Powers International Limited | 100% | International media representatives |
| The Powers Turner Group Limited | 100% | International media representatives |
| Colin Turner (London) Limited | 100% | Dormant |

Colin Turner (London) Limited is a wholly-owned subsidiary of The Powers Turner Group Limited.

12. Debtors

| | <i>2003</i> | <i>Group 2002</i> | <i>2003</i> | <i>Company 2002</i> |
|---|------------------|-----------------------|-------------|-------------------------|
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Trade debtors | 1,650,285 | 2,348,229 | — | — |
| Amounts owed by fellow group undertakings | — | 417,430 | — | — |
| Other debtors | 269,567 | 194,912 | 758 | 739 |
| Prepayments and accrued income | 478,029 | 706,936 | — | — |
| | <u>2,397,881</u> | <u>3,667,507</u> | <u>758</u> | <u>739</u> |

A subsidiary undertaking has granted a rent deposit deed for £61,647 (2002- £nil) to the leaseholder of its rented premises. The amount is included in other debtors

Notes to the financial statements

at 31 December 2003

13. Creditors: amounts falling due within one year

| | <i>Group</i> | | <i>Company</i> | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Trade creditors | 562,769 | 1,287,007 | — | 19 |
| Amounts owed to group undertakings | 1,708,656 | 1,562,136 | 1,956,000 | 1,846,000 |
| Other taxes and social security costs | 71,689 | 186,311 | — | — |
| Corporation tax | 13,604 | — | — | — |
| Other creditors | 243,975 | 35,475 | 475 | 5,007 |
| Accruals and deferred income | 1,295,462 | 1,518,310 | 3,594 | — |
| | <u>3,896,155</u> | <u>4,589,239</u> | <u>1,960,069</u> | <u>1,851,026</u> |

14. Commitments under operating leases

At the year end the group had annual commitments under non-cancellable operating leases as set out below:

| <i>Group and Company</i> | <i>Land and buildings</i> | |
|--------------------------------|---------------------------|---------------|
| | 2003 | 2002 |
| | £ | £ |
| Operating leases which expire: | | |
| Within one year | — | 35,000 |
| In two to five years | — | 56,030 |
| In over five years | 129,000 | — |
| | <u>129,000</u> | <u>91,030</u> |

15. Share capital

| | <i>Authorised</i> | |
|----------------------------|---|------------|
| | 2003 | 2002 |
| | £ | £ |
| Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| | <i>Allotted, called up and fully paid</i> | |
| | 2003 | 2002 |
| | £ | £ |
| Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Notes to the financial statements

at 31 December 2003

16. Reconciliation of shareholders' funds and movements on reserves

| <i>Group</i> | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total</i> |
|---------------------|----------------------|--------------------------------|--------------|
| | £ | £ | £ |
| At 1 January 2002 | 100 | 258,520 | 258,620 |
| Loss for the year | – | (124,110) | (124,110) |
| At 1 January 2003 | 100 | 134,410 | 134,510 |
| Loss for the year | – | (323,461) | (323,461) |
| At 31 December 2003 | 100 | (189,051) | (188,951) |
| <i>Company</i> | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total</i> |
| | £ | £ | £ |
| At 1 January 2002 | 100 | (84,262) | (84,162) |
| Loss for the year | – | (115,198) | (115,198) |
| At 1 January 2003 | 100 | (199,460) | (199,360) |
| Loss for the year | – | (109,044) | (109,044) |
| At 31 December 2003 | 100 | (308,504) | (308,404) |

17. Pension commitments

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. There is an overpaid contribution at the year end included in 'Other debtors' (note 12) of £2,485 (2002 - outstanding contribution included in 'Other creditors' of £9,372).

18. Related party transactions

The group has taken advantage of the exemption under FRS 8 from disclosing transactions with entities that are more than 90% owned within the PubliGroupe SA group, the consolidated financial statements of which are publicly available.

There are no other related party transactions requiring disclosure under FRS 8.

19. Statement of cash flows

The company has taken advantage of the exemption allowed under FRS 1 and has not prepared a statement of cash flows as it is at least 90% owned and controlled by PubliGroupe SA, whose consolidated financial statements include the result of PubliGroupe Holding (UK) Limited and are publicly available.

20. Ultimate parent undertaking

The ultimate parent undertaking and largest and smallest group in which the results of the company are consolidated is PubliGroupe SA, a company incorporated in Switzerland. Its financial statements are available from Avenue des Toises, Case Postale 3493, 1002 Lausanne, Switzerland.