

The Ogilvy Group (Holdings) Limited

Financial statements 31 December 1993
together with directors' and auditors' reports

Registered number: 45810



Directors' report

For the year ended 31 December 1993

The directors present their annual report, together with the financial statements and auditors' report, for the year ended 31 December 1993.

Principal activity

The principal activity of the company is to provide advertising and allied services.

Business review, results and dividends

The loss after tax for the financial year was £4,239,000 (1992 - £2,907,000). The directors do not recommend the payment of a dividend (1992 - £nil) for the year. A statement of movement on reserves is given in note 18 to the financial statements.

From 1 February 1993, the employment contracts of a substantial number of staff and directors were reassigned back to The Ogilvy Group (Holdings) Limited from subsidiary undertakings of the Company. These were Ogilvy and Mather Management Services, Primary Contact Services and Creative Services Unit Management Services.

Subsequent events

Details of important events affecting the company which have taken place since the end of the financial year are given in note 24 to these financial statements.

Directors and their interests

The directors who served during the year are shown below, together with subsequent changes.

M. J. Walsh	(Chairman)
B.L.F. Borthwick	(resigned 8 February 1994)
C.P. Sweetland	(appointed 25 November 1993)
P. Walker	(appointed 8 February 1994)

The directors have no interests required to be disclosed under Schedule 7 of the Companies Act 1985 (1992 - nil).

Fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Charitable and political contributions

Donations made by the company for charitable purposes in the United Kingdom amounted to £57,000 (1992 - £44,000). No political donations were made (1992 - nil).

Disabled persons

It is the company's endeavour to provide employment to disabled persons (including those who become disabled whilst in its employ) commensurate with their skills and, where appropriate, to make available training facilities to enable a better use of their skills.

Directors' report (continued)

Employee consultations

The company places considerable value on the involvement of its employees and keeps them informed, through newsletters and normal departmental communication channels, on matters affecting them as employees and on various factors affecting the performance of the company.

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 and of the profit or loss of the company 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 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

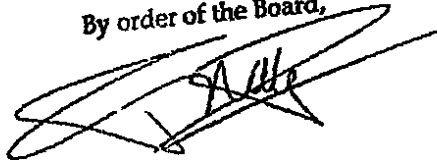
The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended), the company has maintained insurance cover for the directors against liabilities in relation to the company.

10 Cabot Square
Canary Wharf
London
E14 4QB

By order of the Board,



P. Walker
Secretary

8 July 1994

Auditors' report

London

To the Shareholders of The Ogilvy Group (Holdings) Limited:

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 8.

Respective responsibilities of directors and auditors

As described in their report the company's directors are responsible for the preparation of the 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 company's state of affairs at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

8 July 1994

Profit and loss account

For the year ended 31 December 1993

All activities derive from continuing operations.

	Notes	1993 £000's	1992 As restated £000's
Turnover	2	205,429	221,298
Cost of sales		(165,331)	(182,229)
Gross profit		40,098	39,069
Administrative expenses		(42,746)	(41,519)
Operating loss		(2,648)	(2,450)
Investment income	3	1,304	3,952
Amounts written off investments	4	-	(433)
Interest payable and similar charges	5	(2,532)	(5,529)
Loss on ordinary activities before taxation	6	(3,876)	(4,460)
Tax (charge) credit on loss on ordinary activities	8	(363)	1,553
Retained loss for the year	18	(4,239)	(2,907)

A statement of movement on reserves is given in note 18 to the financial statements.

Statement of recognised gains and losses

For the year ended 31 December 1993

	Notes	1993 £000's	1992 £000's
Retained loss for the year		(4,239)	(2,907)
Transfer of capital reserve to profit and loss account	18	24,904	-
Total recognised gains (losses) relating to the year		20,665	(2,907)

The accompanying notes are an integral part of this profit and loss account and this statement.

Balance sheet

31 December 1993

	Notes	1993 £000's	1992 £000's
Fixed assets			
Tangible assets	9	8,154	8,776
Investments	10	26,524	26,400
		<u>34,678</u>	<u>35,176</u>
Current assets			
Stocks and work-in-progress	11	2,235	3,938
Debtors falling due after more than one year	12	12,655	11,320
Debtors falling due within one year	13	40,978	49,634
Cash at bank and in hand		2,838	-
		<u>58,706</u>	<u>64,892</u>
Creditors: Amounts falling due within one year	14	(52,834)	(53,097)
Net current assets		<u>5,872</u>	<u>11,795</u>
Total assets less current liabilities		<u>40,550</u>	<u>46,971</u>
Creditors: Amounts falling due after more than one year	15	(28,353)	(42,696)
Provisions for liabilities and charges	16	(3,122)	(2,061)
		<u>9,075</u>	<u>2,214</u>
Capital and reserves			
Called-up share capital	17	98	98
Capital reserve	18	1,902	15,706
Other reserves	18	107	107
Profit and loss account	18	6,968	(13,697)
	19	<u>9,075</u>	<u>2,214</u>

Signed on behalf of the Board

P. Walker

Director



8 July 1994

The accompanying notes are an integral part of this balance sheet.

Notes to financial statements

31 December 1993

1 Statement of accounting policies

The accounting policies adopted by The Ogilvy Group (Holdings) Limited, all of which have been applied consistently throughout the year and the preceding year, are set out below.

a) Basis of accounting

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

b) Obligation to prepare group accounts

The company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain, and is not required to prepare group accounts under S.229 of the Companies Act 1985.

c) Cash flow statement

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cash flow statement because its ultimate parent undertaking, WPP Group plc, which is incorporated in Great Britain, has prepared consolidated accounts which include a cash flow statement incorporating the financial statements of the company.

d) Restatement of prior year comparative

The accounts have been presented in accordance with Financial Reporting Standard No. 3 and the prior year comparative figures have been restated accordingly.

e) Turnover

Turnover represents the total amount invoiced to clients in respect of charges for advertising and allied services (excluding VAT and similar taxes and trade discounts) in the normal course of business.

f) Investments

Fixed asset investments are shown at cost less amounts written off. Provisions for temporary fluctuations in value are made if material. Provisions are made for permanent reductions in value.

Investments in subsidiary undertakings are shown at cost. Subsequent to their purchase, the trade and assets of certain subsidiary undertakings were transferred to the company. These subsidiary undertakings now act as dormant agents for the company. Provision is made against the cost of these investments if there has been a permanent diminution in value in the underlying trades subsequent to their transfer. The names of these subsidiary undertakings are given in Note 10 to the financial statements.

g) Stocks

Work-in-progress comprises unbilled production costs, which represent the accumulated costs of uncompleted production work not yet billed to clients, after making appropriate provisions for irrecoverable expenditure. Raw materials and consumables are stated at cost.

Notes to financial statements (continued)

1 Statement of accounting policies (continued)

h) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end.

Transactions denominated in foreign currencies during the year are translated at the rate ruling at the date of the transaction.

i) Taxation

Corporation tax is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured.

Provision is made for taxation in respect of timing differences between profits or losses as computed for taxation purposes and the profits or losses shown in the financial statements, at the rate of tax likely to be in force at the time of reversal, unless there is a reasonable probability that the tax will not become payable in the foreseeable future.

j) Fixed assets and depreciation

Fixed assets are stated at original historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Short leasehold buildings	length of lease
Plant and machinery, fixtures and fittings	4 to 10 years
Motor vehicles	4 to 5 years

Residual value is calculated on prices prevailing at the date of acquisition.

Major expenditure for renewal and replacements is capitalised and repairs and maintenance are charged to the profit and loss account as incurred. When fixed assets are sold or retired both the cost and the related depreciation are removed from the financial statements and any gain or loss on the transaction is included in the profit and loss account.

k) Pension costs

The company operates a defined benefit pension scheme. Prior to its closure to new members in February 1992, the scheme was available to all full time permanent employees who had attained the age of 22. For more recent employees, the company contributes to their personal pension plans.

The assets of the defined benefit scheme are held independently of the company in a trust fund.

Notes to financial statements (continued)

1 Statement of accounting policies (continued)

k) Pension costs (continued)

The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of the scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid is shown as a separately identified liability or asset in the balance sheet.

The funding policy of the company is to maintain a fund of 100% of the projected past service liabilities.

Further information on pension costs is provided in note 21.

l) Leases

The company enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset at the inception of the lease with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its expected useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to the profit and loss account. Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the year and future commitments is given in note 22.

2 Segment information

The activities of the company during 1993 and 1992 were principally related to the provision of advertising and allied services. The directors believe that such activities comprise a unified class of business which cannot be further refined into segments.

The company's turnover by origin in 1993 and 1992 arose within the United Kingdom.

Contributions to turnover by geographical area by destination were as follows:

	1993 £000's	1992 £000's
United Kingdom	196,257	208,191
Rest of Europe	6,167	9,319
North America	2,009	3,726
Rest of World	996	62
	<u>205,429</u>	<u>221,298</u>

Notes to financial statements (continued)

3 Investment income

Investment income comprises:

	1993 £000's	1992 £000's
Income from shares in subsidiary undertakings (all unlisted)	96	1,367
Foreign Exchange (loss) gain	52	18
Interest receivable from group undertakings	1,066	2,488
Other interest receivable and similar income	90	79
	<u>1,304</u>	<u>3,952</u>

4 Amounts written off investments

	1993 £000's	1992 £000's
Due to permanent reductions in value	-	433

5 Interest payable and similar charges

	1993 £000's	1992 £000's
On bank loans and overdrafts, and other loans		
- repayable within 5 years, not by instalments	1,489	2,636
- repayable within 5 years, by instalments	173	182
	<u>1,662</u>	<u>2,818</u>
On loans from group undertakings	870	2,711
	<u>2,532</u>	<u>5,529</u>

Included in the above is the interest element of charges payable under finance leases amounting to £173,000 (1992 - £182,000).

Notes to financial statements (continued)

6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging (crediting):

	1993 £000's	1992 As restated £000's
a) Depreciation of tangible fixed assets		
i. owned	975	722
ii. held under finance leases	365	443
b) Hire of Plant & Machinery under operating leases	1,646	1,792
c) Other operating lease rentals	322	322
d) (Profit) loss on sale of fixed assets	(14)	7
e) Auditors' remuneration		
i. audit fee	105	124
ii. other	42	38
f) Staff costs (see note 7)	14,494	2,847
g) Management charge in respect of provision of employment services	5,123	19,917
h) Variation from regular pension costs (see note 7)	(900)	(1,388)
i) Reorganisation costs	128	663

In the prior year reorganisation costs arising on the rationalisation of the UK operating divisions were shown as exceptional items under the provisions of Statement of Standard Accounting Practice No. 6.

Under Financial Reporting Standard No. 3 these costs are now included within administrative expenses on the face of the profit and loss account.

7 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1993 £000's	1992 £000's
Wages and salaries	12,895	2,493
Social security costs	1,149	243
Other pension costs	450	111
	<u>14,494</u>	<u>2,847</u>

The pension cost for the year is after deduction of a credit of £900,000 (1992 - £1,388,000) in respect of the amortisation of surpluses (see note 21).

Notes to financial statements (continued)

7 Staff costs (continued)

	Number	Number
The average number of persons employed by the company during the year, all of whom were employed within advertising and allied services, was:	<u>405</u>	<u>90</u>

Directors' remuneration:

Remuneration in respect of directors of the company was as follows:

	1993 £000's	1992 £000's
Other emoluments (including pension contributions)	<u>280</u>	<u>269</u>

The directors' remuneration shown above (excluding pensions and pension contributions) included:

	£000's	£000's
Chairman (and highest paid director)	<u>180</u>	<u>178</u>

The table below shows the number of directors whose emoluments, excluding pension contributions, were within the following ranges:

	Number	Number
£ 10,001 - £ 15,000	1	-
£ 90,001 - £ 95,000	1	1
£175,001 - £180,000	<u>1</u>	<u>1</u>

8 Tax (charge) credit on loss on ordinary activities

	1993 £000's	1992 £000's
UK corporation tax credit at 33% (1992 - 33%)	1,244	1,628
Deferred tax arising from		
- capital allowances	224	(733)
- pensions	95	335
- other timing differences	(850)	402
Adjustments in respect of prior years	<u>(1,076)</u>	<u>(79)</u>
	<u>(363)</u>	<u>1,553</u>

Notes to financial statements (continued)

9 Tangible fixed assets

The movement in the year was as follows:

	Short leasehold buildings £000's	Plant and machinery £000's	Fixtures and fittings £000's	Total £000's
Cost				
At 1 January 1993	7,098	2,930	2,707	12,735
Additions	21	572	125	718
Disposals	-	(76)	(61)	(137)
At 31 December 1993	<u>7,119</u>	<u>3,426</u>	<u>2,771</u>	<u>13,316</u>
Depreciation				
At 1 January 1993	(421)	(2,045)	(1,493)	(3,959)
Charge for year	(375)	(550)	(415)	(1,340)
Disposals	-	76	61	137
At 31 December 1993	<u>(796)</u>	<u>(2,519)</u>	<u>(1,847)</u>	<u>(5,162)</u>
Net book value				
At 1 January 1993	<u>6,677</u>	<u>885</u>	<u>1,214</u>	<u>8,776</u>
At 31 December 1993	<u>6,323</u>	<u>907</u>	<u>924</u>	<u>8,154</u>
Leased assets included in the above:				
Net book value				
At 1 January 1993	-	278	538	816
At 31 December 1993	-	109	443	552

Notes to financial statements (continued)

10 Fixed asset investments

The movement in the year was as follows:

	Shares in and advances to group undertakings £000's
Cost	
At 1 January 1993	30,192
Additions	124
At 31 December 1993	<u>30,316</u>
Provisions for diminution in value	
At 1 January 1993	3,792
Written off in the year	-
At 31 December 1993	<u>3,792</u>
Net book value	
At 1 January 1993	<u>26,400</u>
At 31 December 1993	<u>26,524</u>

Notes to financial statements (continued)

10 Fixed asset investments (continued)

Principal subsidiary undertakings:

The company holds the following beneficial interests:

	Share of capital		Country of incorporation
	Equity %	Preference %	
Ogilvy & Mather Limited	100		Great Britain
Ogilvy & Mather Direct Limited	100		Great Britain
Ogilvy & Mather Partners Limited	100		Great Britain
Ogilvy, Adams & Rinehart Limited	100	100	Great Britain
Ogilvy & Mather International Media Limited	100		Great Britain
Creative Services Unit Limited	100		Great Britain
Primary Contact Limited	100		Great Britain
Ogilvy & Mather Public Relations Limited	100		Great Britain
Ogilvy & Mather Dataconsult Limited	100		Great Britain
Direct Vision Associates Limited	100		Great Britain
Artwork Direct Limited	100		Great Britain

The above subsidiary undertakings are shown at cost less provision for permanent diminution in value and are dormant agents for the company (see note 1f):

S.H. Benson International Limited	100	Great Britain
S.H. Benson Properties Limited	100	Great Britain
Tripstock Limited	100	Great Britain
Jermyn Street Communication Centre Limited	100	Great Britain

S.H. Benson International Limited and Tripstock Limited are engaged in holding group investments. S.H. Benson Properties Limited and Jermyn Street Communications Centre Limited provide office services.

Research International Group Limited	100	Great Britain
Ogilvy & Mather Teleservices Limited (formerly Ogilvy & Mather Teleconsult Limited)	51	Great Britain

Ogilvy & Mather Teleservices Limited is engaged in advertising and allied services. Research International Group Limited provides market research services.

Notes to financial statements (continued)

10 Fixed asset investments (continued)

	Share of capital		Country of incorporation
	Equity %	Preference %	
Kingsway Media Services Limited	100		Great Britain
Mather & Benson Advertising Limited	100		Great Britain
Ogilvy & Mather Scottish Investment Limited	100		Great Britain
Campaign Planning Limited	100		Great Britain

The above companies are dormant

Ogilvy & Mather Management Services	100	Great Britain
Ogilvy & Mather Direct Management Services	100	Great Britain
Primary Contact Services	100	Great Britain
Creative Service Unit Management Services	100	Great Britain

These companies provide employee and related services to the company.

Particulars of certain subsidiaries, none of which are material in relation to the company's financial statements and balance sheet, are omitted from the above lists.

11 Stocks and work-in-progress

The following are included in the net book value of stocks and work-in-progress:

	1993 £000's	1992 £000's
Raw materials and consumables	17	46
Work-in-progress	2,218	3,892
	<u>2,235</u>	<u>3,938</u>

12 Debtors falling due after more than one year

The following are included in the net book value of debtors falling due after more than one year:

	1993 £000's	1992 £000's
Amounts owed by group undertakings	12,655	11,064
Pension prepayment	-	256
	<u>12,655</u>	<u>11,320</u>

Notes to financial statements (continued)

13 Debtors falling due within one year

The following are included in the net book value of debtors falling due within one year:

	1993 £000's	1992 £000's
Trade debtors	23,230	24,803
Amounts owed by group undertakings	7,868	14,399
UK corporation tax recoverable	7,108	6,930
Prepayments and other debtors		
- pension prepayment	234	253
- other	1,086	1,882
- dividends receivable	1,452	1,367
	<u>40,978</u>	<u>49,634</u>

14 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1993 £000's	1992 £000's
Obligations under finance leases	331	462
Bank loans and overdrafts	764	2,126
Trade creditors	28,376	25,557
Amounts owed to group undertakings	6,199	10,139
Other creditors		
- VAT	2,069	2,859
- social security and PAYE	893	741
- other creditors and accruals	13,981	10,625
Deferred income	221	588
	<u>52,834</u>	<u>53,097</u>

15 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1993 £000's	1992 £000's
Obligations under finance leases	221	386
Amounts due to group undertakings	20,892	35,260
Long term loan	7,050	7,050
Other creditors	190	-
	<u>28,353</u>	<u>42,696</u>

The long term loan is unsecured and is repayable within two to five years, not by instalments.

Notes to financial statements (continued)

16 Provisions for liabilities and charges

Provisions for liabilities and charges are made up as follows:

Deferred taxation

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that part of the liability will crystallise. There is no unprovided deferred taxation (1992 - £nil)

	1993 £000's	1992 £000's
Accelerated capital allowances	2,409	2,633
Other timing differences related to		
- pensions	28	123
- current assets and liabilities	9	(841)
- ACT recoverable	(300)	(1,150)
	<u>2,146</u>	<u>765</u>
<i>Leasehold provision</i>		
Provisions for leasehold costs	976	1,296
	<u>3,122</u>	<u>2,061</u>

The movement on deferred taxation comprises:

	1993 £000's
At 1 January 1993	765
Charged (credited) to profit and loss in respect of	
- capital allowances	(224)
- pensions	(95)
- other timing differences	850
ACT refunded	<u>850</u>
At 31 December 1993	<u>2,146</u>

Notes to financial statements (continued)

16 Provisions for liabilities and charges (continued)

The movement on provisions for leasehold costs comprises:

	£000's
At 1 January 1993	1,296
Charge to the profit and loss account	128
Expenditure in the year	(448)
At 31 December 1993	<u>976</u>

17 Called-up share capital

	1993 £000's	1992 £000's
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
Ordinary shares of £1 each	<u>98</u>	<u>98</u>

18 Reserves

The movement on reserves was as follows:

	Capital reserve £000's	Other reserves £000's	Profit and loss account £000's	Total £000's
At 1 January 1993	15,706	107	(13,697)	2,116
Capital contribution	11,100	-	-	11,100
Transfers	(24,904)	-	24,904	-
Retained loss for the year	-	-	(4,239)	(4,239)
At 31 December 1993	<u>1,902</u>	<u>107</u>	<u>6,968</u>	<u>8,977</u>

The capital contribution in 1993 was made by the company's parent undertaking, WPP Group plc.

Capital contributions in earlier years were made by Sirius Holdings Limited and The Ogilvy Group Inc. whose boards of directors have passed resolutions declaring such capital contributions to be distributable by The Ogilvy Group (Holdings) Limited. Previously the resolutions passed by these companies had required the capital contributions to be held within a capital reserve. Accordingly, a transfer has been made between the capital reserve and the profit and loss account.

Notes to financial statements (continued)

19 Reconciliation of movement in shareholders' funds

	1993 £000's	1992 £000's
Retained loss for the year	(4,239)	(2,907)
Capital contribution received, subsequently transferred to the profit and loss account	11,100	10,000
Change in shareholders' funds	6,861	7,093
Opening shareholders' funds	2,214	(4,879)
Closing shareholders' funds	9,075	2,214

20 Capital commitments

At the end of the year, capital commitments were:

	1993 £000's	1992 £000's
Contracted for but not provided for	57	91
Authorised but not contracted for	200	195
	257	286

21 Pension commitments

The pension charge for the year was £450,000 (1992 - £111,000).

In accordance with Statement of Standard Accounting Practice No. 24 an adjustment was made to increase profit by £900,000 (1992 - £1,388,000) to reflect an anticipated reduction in future pension contributions, following a valuation of the pension scheme by a professionally qualified actuary using the projected unit method.

At 25 February 1991, the market value of the scheme's assets was £40,720,000, this being sufficient to cover 115% of the benefits that had accrued to members after allowing for the expected future increases in earnings. The reason for this was the investment performance. The company continued to take a contribution holiday during 1993. Contributions from the company commenced again in January 1994.

The scheme has been closed to new members since February 1992.

Notes to financial statements (continued)

22 Financial commitments

The minimum annual rentals under operating leases are as follows:

	Land and buildings £000's	Plant and machinery £000's	Motor vehicles £000's	Total £000's
1993				
Operating leases which expire		180	124	304
- within one year	322	91	765	1,178
- within 2 - 5 years	-	5	-	5
- after 5 years	<u>322</u>	<u>276</u>	<u>889</u>	<u>1,487</u>
1992				
Operating leases which expire	-	171	274	445
- within one year	241	437	803	1,481
- within 2 - 5 years	-	-	6	6
- after 5 years	<u>241</u>	<u>608</u>	<u>1,083</u>	<u>1,932</u>

There are no commitments in respect of finance leases entered into before the balance sheet date but due to commence after that date.

23 Contingent liabilities

On 1 July 1992, the company entered into a credit agreement whereby it is party to a guarantee of WPP Group plc's banking facilities. Under this guarantee the company is jointly and severally liable for the borrowings of WPP Group plc and certain of its subsidiary undertakings.

24 Subsequent events

Pursuant to a resolution of the company in general meeting passed on 30 March 1994, the authorised share capital of the company was increased to 2,000,000 ordinary shares of £1 each. At the same general meeting, a resolution was passed to allot 1,901,600 ordinary shares of £1 each (credited as fully-paid) by way of a capitalisation of the capital reserve. These shares rank par passu in all respects with the company's existing issued ordinary £1 shares.

The issue was made because the directors considered that the existing ordinary share capital of the company was inappropriate given the size of the company's operations. As such the issue forms part of the continuing rationalisation of the capital and reserves of the company.

Notes to financial statements (continued)

25 Ultimate parent undertaking

The ultimate parent undertaking and the only group in which the results of The Ogilvy Group (Holdings) Limited are consolidated is that headed by WPP Group plc, incorporated in Great Britain. The consolidated accounts of WPP Group plc are available from 27 Farm Street, London W1X 6RD.

The immediate parent undertaking of The Ogilvy Group (Holdings) Limited is Sirius Holdings Limited.