

TED BATES HOLDINGS LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1995



Registered number - 553986

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31st December 1995 which were approved by the board on 10th July 1996.

ACTIVITIES AND RESULTS

The company is a holding company and received no income and incurred no expenditure during the year.

DIRECTORS

The directors who served during the period and were appointed subsequently were:

M. Bungey	
A. Chapman	
P.G. Howell	(Appointed 28th June 1996)
A.M. Jans	(Resigned 28th June 1996)
D.I.C. Weatherseed	

No director held any interest in the shares of the company. The interests of the directors who held office at the end of the year in the shares of other group companies were as follows:

	Cordiant plc - Ordinary shares	
	31st December 1995	31st December 1994 *
M. Bungey	375,510	240,515
A. Chapman	6,860	6,860
P.G. Howell	70,686	-
A.M. Jans	11,365	11,365

* Share options included in these interests have been restated to reflect the bonus element of the rights issue in December 1995.

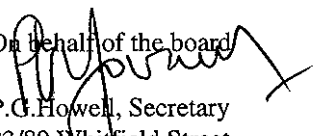
Directors' interests include shares held in pension schemes and share options granted. During the year, M. Bungey and P.G. Howell were granted options to subscribe for 134,995 and 64,686 ordinary shares of Cordiant plc respectively, adjusted for the bonus element of the rights issue.

The company maintains various insurances for directors as are permitted by Section 310 (3)(a) of the Companies Act 1985.

ELECTIVE RESOLUTIONS

The company has passed resolutions under sections 252, 366A and 386 of the Companies Act 1985 dispensing with the requirements to lay accounts and reports before the company in general meeting, hold annual general meetings and reappoint auditors each year. A resolution under section 250 not to appoint auditors as the company is dormant will be proposed at an extraordinary general meeting to be called for that purpose.

On behalf of the board


P.G. Howell, Secretary
83/89 Whitfield Street
London W1A 4XA
10th July 1996

STATEMENT OF 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 for that year. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them with consistency;
- * 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 maintaining 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 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.

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF TED BATES HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 6.

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 31st December 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
London
10th July 1996

BALANCE SHEET
As at 31st December

	Notes	1995 £	1994 £
FIXED ASSETS			
Investments	2	50,101	50,101
CURRENT ASSETS			
Debtors	3	8,287,081	8,287,081
CREDITORS: amounts falling due within one year	4	<u>(12,283,804)</u>	<u>(12,283,804)</u>
NET CURRENT LIABILITIES		<u>(3,996,723)</u>	<u>(3,996,723)</u>
NET LIABILITIES		<u><u>(3,946,622)</u></u>	<u><u>(3,946,622)</u></u>
 CAPITAL AND RESERVES			
Called up share capital	5	50,000	50,000
Profit and loss account	6	(3,996,622)	(3,996,622)
EQUITY SHAREHOLDERS' DEFICIT	6	<u><u>(3,946,622)</u></u>	<u><u>(3,946,622)</u></u>

These financial statements were approved by the board of directors on 10th July 1996 and were signed on its behalf by :



A. Chapman
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Accounting convention

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

Cordiant plc has indicated that it is its intention to continue to provide sufficient funds to enable Ted Bates Holdings Limited to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

The company's ultimate holding company publishes a consolidated cash flow statement in compliance with Financial Reporting Standard 1, in which the cashflows of the company are consolidated, and the company is therefore not required to publish a separate cash flow statement.

Group financial statements are not prepared as this company is a wholly owned subsidiary of another body corporate registered in England and Wales and as such is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. Consequently these financial statements present information about the company as an individual undertaking and not about its group.

(b) Investments

Fixed asset investments are valued at cost less provisions for permanent diminution in value.

2. FIXED ASSET INVESTMENTS

	Cost £	Provision £	Net £
Subsidiary undertakings :			
At the beginning and end of year	<u>50,208</u>	<u>107</u>	<u>50,101</u>

At 31st December 1995, the principal subsidiary companies, all of which are incorporated and registered in England and Wales, were as follows:

	Proportion of shares held		Activity
	Ordinary	Deferred ordinary	
Ted Bates Limited	100 %	Not applicable	Dormant
The Decision Shop Limited	100 %	100 %	*

* The activity of the company is providing computer and computer research facilities.

3. DEBTORS

	1995 £	1994 £
Amounts owed by group companies:		
Holding company and fellow subsidiary undertakings	<u>8,287,081</u>	<u>8,287,081</u>

NOTES TO THE FINANCIAL STATEMENTS

4. CREDITORS: amounts falling due within one year

	1995	1994
	£	£
Amounts owed to group companies:		
Holding company and fellow subsidiary undertakings	12,233,804	12,233,804
Subsidiary undertakings	50,000	50,000
	<u>12,283,804</u>	<u>12,283,804</u>

5. SHARE CAPITAL

	1995	1994
	£	£
EQUITY :		
Authorised, allotted, called up and fully paid :		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

6. PROFIT AND LOSS ACCOUNT AND MOVEMENT IN SHAREHOLDERS' DEFICIT

The company did not trade during the year nor the previous year and has received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss, and there was no movement on the shareholders' deficit.

7. CONTINGENT LIABILITIES

The company is grouped for VAT purposes with other group companies. Consequently the company is contingently liable for the VAT of those companies.

8. ULTIMATE HOLDING COMPANY

The ultimate holding company is Cordiant plc, which is registered in England and Wales.
These financial statements are consolidated into those of Cordiant plc, copies of which can be obtained from the secretary at 83/89 Whitfield Street, London W1A 4XA.