

The Decision Shop Limited

**Directors' Report and Financial
Statements**

Registered Number 615225

Year ended 31 December 2002



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Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal Activities

The company's activity continues to be that of provider of ancillary advertising services.

Business Review

On 1 August 2003, WPP Group plc acquired the entire issued share capital of Cordiant Communications Group plc and therefore became the ultimate holding company of The Decision Shop Limited.

Results and Dividends

The results for the year are given in the profit and loss account on page 5. The loss on ordinary activities after taxation amounted to £31,587 (2001: £309,061), which has been transferred to reserves. The directors do not propose the payment of a dividend (2001: £nil).

Directors and Directors' Interests

The directors who held office during the year and subsequent changes were as follows:

	Date of appointment or resignation in the year
A. K. Boland	
M. Bungey	Resigned 31 March 2003
J. D. Buss	Resigned 10 May 2002
A. Chapman	Resigned 7 March 2003
M. Deady	Resigned 29 November 2002
M. Southwood	Resigned 1 May 2003
B. Walsh	
D. Williams	
C. Sweetland	Appointed 19 September 2003
P. Richardson	Appointed 19 September 2003
A. Scott	Appointed 19 September 2003
S. Wilson	Appointed 10 May 2002 Resigned 19 September 2003

None of the directors held any shares in the company either at the beginning or the end of the period.

The interest of those directors in office at the year end in options over shares of Cordiant Communications Group plc at the beginning and end of the year were as follows:

	Balance at 01/01/02 or date of appointment if later	Exercised during period	Granted during period	Lapsed during period	Balance at 31/12/02	Exercise price	Exercisable at 31/12/02
A. K. Boland	-	-	100,000	-	100,000	49p	-
A. K. Boland	50,152	-	-	-	50,152	164p	-
A Chapman	-	-	60,554	-	60,554	78p	-
A Chapman	76,306	-	-	-	76,306	105p	76,306
B. Walsh	-	-	9,420	-	9,420	78p	-
B. Walsh	52,217	26,109	-	-	26,108	105p	26,108
D. Williams	-	-	20,000	-	20,000	78p	-
D. Williams	50,152	-	-	-	50,152	164p	-
S. Wilson	30,000	-	-	-	30,000	78p	-

The market value of a share at 31 December 2002 was 33p and the range during 2002 was 31p to 110.5p.

The interests of those directors in office at the end of the year in the shares of Cordiant Communications Group plc at the beginning and end of the year were as follows:

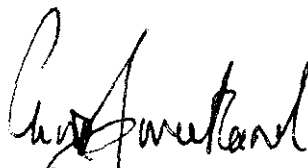
	Balance at 31/12/02	Balance at 31/12/01 or date of appointment if later
M. Southwood	8,940	8,940
D. Williams	2,600	2,600
S. M. Wilson	3,900	2,900

M Bungey was a director of Cordiant Communications Group plc at 31 December 2002 and, as such, his interests are shown in the Directors' Report and financial statements of that company.

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 annually.

By order of the Board



C. Sweetland
Director

121-141 Westbourne Terrace
London
W2 6JR

30 October 2003

Statement of Directors' Responsibilities

The directors are required by company law 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 for the foreseeable future.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have a 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.

Independent Auditors' Report to the Members of The Decision Shop Limited

We have audited the financial statements on pages 5 to 13.

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 auditor's 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

The directors are responsible for preparing the financial statements. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view, and have been 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.

Basis of audit 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 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.

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 2002 and of the loss of the company for the year then ended and the financial statements have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

30 October 2003

Profit and Loss Account for the Year Ended 31 December 2002

	Note	2002 £	2001 £
Turnover	2	698,346	1,050,283
Cost of sales	2	(128,574)	(236,067)
Revenue		569,772	814,216
Administrative expenses		(677,917)	(1,130,000)
Operating loss and loss on ordinary activities before interest	2	(108,145)	(315,784)
Interest receivable and similar income	5	40,406	6,723
Loss on ordinary activities before taxation		(67,739)	(309,061)
Tax on loss on ordinary activities	6	36,152	-
Loss on ordinary activities after taxation and retained loss for the year		(31,587)	(309,061)

All of the above results are derived from continuing operations.

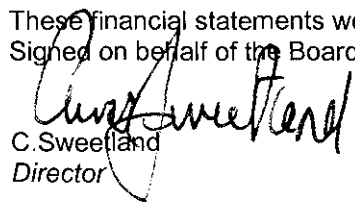
There were no recognised gains or losses other than those shown above.

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

Balance Sheet at 31 December 2002

	Note	31 December 2002 £	31 December 2001 £
Fixed Assets			
Tangible assets	7	<u>4,517</u>	<u>9,520</u>
Current assets			
Work in progress		1,050	22,376
Debtors	8	195,903	483,487
Cash at bank and in hand		<u>1,215,338</u>	<u>1,265,031</u>
		<u>1,412,291</u>	<u>1,770,894</u>
Creditors: amounts falling due within one year	9	<u>(79,675)</u>	<u>(291,694)</u>
Net current assets		<u>1,332,616</u>	<u>1,479,200</u>
Total assets less current liabilities		<u>1,337,133</u>	<u>1,488,720</u>
Provisions for liabilities and charges	10	-	(120,000)
Net assets		<u>1,337,133</u>	<u>1,368,720</u>
Capital and reserves			
Called up share capital	11	101	101
Profit and loss account	12	1,337,032	1,368,619
Shareholders' funds - equity		<u>1,337,133</u>	<u>1,368,720</u>

These financial statements were approved by the Board of Directors on 30 October 2003.
Signed on behalf of the Board of Directors


C. Sweetland
Director

Notes (Forming Part of the Financial Statements)

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 1985, except as noted below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

In compliance with Financial Reporting Standard 1 (revised) the financial statements of Cordiant Communications Group plc include a consolidated cash flow statement and therefore the company is not required to prepare a cash flow statement.

Turnover, cost of sales and revenue

Turnover comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned. Cost of sales comprises media payments and production costs. Turnover and revenue are stated exclusive of VAT, sales taxes and trade discounts.

Revenue is derived from commissions or fees. Traditionally, revenue was calculated as commission based on total media and production expenditure. In recent years, changes in compensation arrangements have meant that revenue has become a mixture of commissions and fees which are negotiated and agreed with clients on an individual basis. Revenue is recognised when the service is performed in accordance with the terms of the contractual arrangement.

For project based business, revenue is derived from a mixture of fees for services performed and retainer fees which are specific to the contract with the client. In such cases, revenue is recognised when the service has been performed, in accordance with the contractual arrangements and the stage of completion of the work.

Fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. Additions, improvements and major renewals are capitalised. Maintenance repairs and minor renewals are expensed as incurred. The cost of tangible fixed assets less the estimated residual value is written off by equal annual instalments over the expected useful lives of the assets as follows:

Furniture and equipment	- 6 years
Computer Equipment	- 4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and of the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and comprises mainly outlays incurred on behalf of clients and work in progress under project arrangements. Provision is made for irrecoverable costs where appropriate.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or event that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

Retirement benefits for employees of the company are provided by defined contribution schemes or defined benefit schemes, which are funded by contributions from company employees.

The company's share of contributions to defined contribution schemes are charged within the profit and loss account of the year in which they become payable.

The company is unable to identify its share of the Cordiant Group Pension Scheme assets and liabilities on a consistent and reasonable basis and hence has taken advantage of the exemption within FRS 17 to account for the scheme as if it were a defined 'contribution scheme'.

2. Loss on ordinary activities before interest

The turnover and loss before taxation are attributable to the provision of ancillary advertising services in the United Kingdom.

	2002 £	2001 £
Loss on ordinary activities before interest is stated after charging:		
Auditors' remuneration:		
Audit	3,839	4,000
Depreciation and other amounts written off tangible fixed assets - owned	5,005	12,021
Rentals payable under operating leases		
Hire of plant and machinery	-	996
Leasehold property net of sublease income	33,391	47,573

3. Remuneration of directors

	2002 £	2001 £
Remuneration of executives	135,799	131,250
	<u>135,799</u>	<u>131,250</u>

The emoluments of the highest paid director were £135,799 (2001: £131,250), and the company pension contributions of £16,538 (2001: £55,912) were made to the money purchase scheme on his behalf.

The emoluments of A Boland, D Williams, M Bungey and S Wilson are borne by Cordiant Group Limited. Although management charges are made by the company's fellow subsidiary undertaking, Cordiant Group Limited in the opinion of group management, it is not possible to allocate part of these charges to the remuneration of individual directors.

The emoluments of A Chapman, M Deady and M Southwood are borne by PSD Associates Limited. In the opinion of group management, it is not possible to allocate part of these costs to the company and no recharge therefore has been made.

4. Staff numbers and costs

	2002 Number of employees	2001
Average number of persons employed by the company (including directors) during the period:		
Selling and distribution	5	7
	<u>5</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	344,160	380,255
Social security costs	35,931	42,652
Other pension costs (see note 15)	27,556	71,259
	<u>407,647</u>	<u>494,166</u>

5. Interest receivable and similar income

	2002 £	2001 £
Bank deposit interest	40,406	6,723
Receivable from group undertakings		
	<u>40,406</u>	<u>6,723</u>

6. Taxation

	2002 £	2001 £
UK corporation tax		
Current tax charge	(36,152)	-
Tax credit on loss on ordinary activities	<u>(36,152)</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2001: higher) than the standard rate of corporation tax in the UK (30%, 2001: 30 %). The differences are explained below.

Reconciliation of the Company's current tax to the United Kingdom statutory rate:

	2002 £	2001 £
Tax on pre tax profit/(loss) at 30%	(20,322)	(92,718)
Effects of:		
Permanent differences between expenditures charged in arriving at income and expenditures allowed for tax purposes	12,888	1,807
Tax effect of timing differences	(28,718)	27,838
(Losses) group relieved for no consideration		63,073
Current tax charge	<u>(36,152)</u>	<u>-</u>

Factors that may affect future tax charges

A deferred tax asset has not been recognised on the loss carried forward from prior years as there is currently insufficient evidence that the asset is recoverable in the foreseeable future.

7. Tangible fixed assets

	Motor Vehicles £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2002	56,041	15,467	45,720	117,228
Disposals	(34,524)	-	-	(34,524)
At 31 December 2002	21,517	15,467	45,720	82,704
Depreciation				
At 1 January 2002	54,868	15,077	37,761	107,706
Charge for period	1,173	240	3,592	5,005
Disposals	(34,524)	-	-	(34,524)
At 31 December 2002	21,517	15,317	41,353	78,187
Net book value				
At 31 December 2002	-	150	4,367	4,517
At 31 December 2001	1,173	390	7,959	9,522

8. Debtors

	2002 £	2001 £
Due within one year:		
Trade debtors	112,102	158,471
Amounts owed by parent and fellow subsidiary undertakings	45,445	240,286
Amounts owed by undertakings in which the company has a participating interest	-	-
Tax recoverable	36,152	-
Deferred tax	-	-
Other debtors	861	21,271
Prepayments and accrued income	1,343	63,459
	<u>195,903</u>	<u>483,487</u>

9. Creditors

	2002 £	2001 £
Due within one year:		
Bank loans and overdrafts	-	-
Finance leases and hire purchase	-	-
Trade creditors	17,783	57,000
Amounts owed to group and fellow subsidiary undertakings	25,906	133,694
Taxation and social security	15,112	-
Other creditors	-	-
Accruals and deferred income	20,874	101,000
Dividends payable	-	-
	<u>79,675</u>	<u>291,694</u>

10. Provisions for liabilities and charges

	Provisions and similar obligations £
At 1 January 2002	120,000
Utilised during period	120,000
At 31 December 2002	<u>-</u>

Provision related to potential ex gratia payments.

11. Called up share capital

	2002 £	2001 £
Authorised, allotted, called-up and fully paid		
Equity:		
100 'A' Ordinary shares of 1p each (2001:1p)	1	1
100 Deferred Ordinary shares of £1 each	100	100
Non-equity		
6 'B' Ordinary shares of 1p each	-	-
	<u>101</u>	<u>101</u>

Holders of the non-equity 'B' Ordinary shares have no voting rights. Holders of the non-equity 'B' Ordinary shares rank after distributions have been made to 'A' Ordinary shareholders and are entitled to the amount paid up on such shares upon the winding up of the company. Holders of the non-equity 'B' Ordinary shares have the right to receive a dividend at the rate of 5% of the dividend paid to equity 'A' Ordinary shareholders when the gross amount paid in respect of that financial year or other period exceeds £100 million.

The Deferred Ordinary shares entitle the holders thereof to a fixed cumulative dividend at the rate of 5% per annum for any financial year in which net distributable profits exceed £20 million.

On a winding up, the holders of the Deferred Ordinary shares are entitled to a return of the capital paid up on these shares, after a total of £2million has been distributed in respect of each of the Ordinary shares of the company.

The Deferred Ordinary shares do not entitle the holders to attend or vote at any general meeting.

12. Share premium and reserves

	Profit and Loss Account £
At 1 January 2002	1,368,619
(Loss) for the year	(31,587)
At 31 December 2002	<u>1,337,032</u>

13. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit/ (loss) for the year	(31,587)	(309,061)
Shareholders' funds at the beginning of the year	1,368,720	1,677,781
Shareholders' funds/ (deficit) at the end of the year	<u>1,337,133</u>	<u>1,368,720</u>

14. Guarantees and contingent liabilities

The company is grouped for VAT purposes with certain other group companies. Consequently, the company is contingently liable for the VAT liabilities of those companies. The quarter end for the VAT group does not fall on the 31 December 2002, therefore the full amount of the potential liability cannot be quantified with recoverable accuracy.

The Company, together with other group companies, has given a cross guarantee to secure the borrowings of other group companies. At 31 December 2002 these borrowings amounted to £230.6 million (2001: £231 million). In addition, the company has given a fixed and floating charge to guarantee these borrowings.

15. Pension scheme

The company's employees participate in the Cordiant Group Pension Scheme, a funded group scheme providing defined benefit and in the Cordiant Group Money Purchase Plan, a funded group defined contribution scheme. Particulars of the defined benefit scheme are disclosed in the accounts of Cordiant Communications Group plc.

The company is unable to identify its share of the defined benefit scheme assets and liabilities on a consistent and reasonable basis and hence has taken advantage of the exemption conferred by FRS 17 to account for the scheme as if it were a defined contribution scheme.

The normal cost of contributions to the defined benefit scheme for the period was £13,978 (2001: £54,135) and the normal cost of contributions to the Group Money Purchase Plan for the period was £13,578 (2001: £17,124).

16. Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned group undertakings.

17. Ultimate parent company and parent undertaking of smallest group of which the company is a member

Until 31 July 2003, the ultimate parent company was Cordiant Communications Group plc, which is registered in England and Wales. The immediate holding company is Ted Bates Holdings Limited, which is registered in England and Wales. These financial statements are consolidated into those of Cordiant Communications Group plc for the year ended 31 December 2002. Copies of the above consolidated financial statements can be obtained from the Secretary, 1 - 5 Midford Place, London, W1T 5BH.

From 1st August 2003, the ultimate parent company is WPP Group plc, which is registered in England and Wales. Copies of the group financial statements for WPP subsidiary undertakings for the year ended 31 December 2002 can be obtained from the Secretary, WPP Group plc, 27 Farm Street, London, W1X 6RD.