

The Decision Shop Limited

**Directors' report and financial
statements**

Registered number 615225

Year Ended 31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

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

Results

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 £15,913 (1999: profit of £18,531), which has been transferred to reserves. The directors do not propose the payment of a dividend (1999: £nil).

Fixed assets

The movement in fixed assets is set out in note 7.

Directors and directors' interests

The directors who held office during the period were as follows:

M. Bungey	
A. Boland	(appointed 24 July 2000)
J. Buss	(appointed 19 January 2001)
A. Chapman	
M. Deady	(appointed 5 July 2001)
D.F. Ham	(appointed 31 January 2000; resigned 19 January 2001)
S.M. Howard	(resigned 17 March 2000)
M. Southwood	(appointed 5 July 2001)
B. Walsh	Chairman
D. Williams	

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

The interests of the directors in the shares of Cordiant Communications Group plc at the beginning and end of the period were as follows.

	* Balance at 31/12/99	Exercised during period	Granted during period	Lapsed During period	Balance at 31/12/00	Average exercise price	Exercisable at 31/12/00
A. Boland	50,152	-	-	-	50,152	164	-
A. Chapman	82,049	-	-	-	82,049	105	-
D.F. Ham	78,571	-	-	-	78,571	105	-
B. Walsh	59,337	-	-	-	59,337	105	-
D. Williams	50,152	-	-	-	50,152	164	-

* Or date of appointment if later

Directors' interests include share options granted.

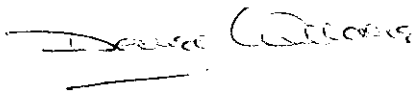
M.Bungey is a director of Cordiant Communications Group plc and, as such, his interests are shown in the Director's Report and Accounts of that company.

Directors' report *(continued)*

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.

By order of the board



D Williams
Secretary

121-141 Westbourne Terrace
London
W2 6JR

23rd April 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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 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.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Independent auditors' report to the members of The Decision Shop Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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 company is not disclosed.

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

15 May 2002

Profit and loss account

for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	1,149,658	1,265,196
Cost of sales		(328,137)	(261,651)
Gross profit		821,521	1,003,545
Administrative expenses		(836,810)	(984,780)
Operating (loss)/profit	3	(15,289)	18,765
Interest payable and similar charges	6	(624)	(234)
(Loss)/profit on ordinary activities before and after taxation	2-6	(15,913)	18,531
(Loss)/profit for the financial year		(15,913)	18,531
Retained (loss)/profit for the year		(15,913)	18,531

All the above results arise from continuing operations.

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

The historical cost profit/loss is the same as that shown above.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000		1999
		£	£	£
Fixed assets				
Tangible assets	7	15,388		11,962
Current assets				
Stock	8	12,461		5,157
Debtors	9	746,896		984,230
Cash at bank and in hand		1,364,544		1,108,519
		<u>2,123,901</u>		<u>2,097,906</u>
Creditors: amounts falling due within one year	10	<u>(461,502)</u>		<u>(416,168)</u>
Net current assets		1,662,399		1,681,738
Total assets less current liabilities		1,677,787		1,693,700
Net assets		1,677,787		1,693,700
Capital and reserves				
Called up share capital	11	101		101
Profit and loss account	12	1,677,686		1,693,599
Shareholders' funds				
Equity		1,677,787		1,693,700

These financial statements were approved by the board of directors on 23/04/02 and were signed on its behalf by:



A. Boland
Director

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

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

Profit recognition

Profits are recognised generally when work is billed. Fixed fees are recognised over the period of the related agreements.

Turnover

Turnover comprises amounts billed to clients excluding value added tax.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives 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.

Notes *(continued)*

1. Accounting policies *(continued)*

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 its estimated useful life or the term of the lease, whichever is shorter. 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, 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 which still have to be recharged.

Deferred tax

Deferred tax is provided on all timing differences between accounting profits and taxable profits to the extent that it is probable that a liability will crystallise in the foreseeable future.

Pension costs

Retirement benefits for employees of the company are provided by either defined benefit or defined contribution 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 and the cost of providing defined benefits is charged within the profit and loss account, based on recommendations by independent actuaries, in such a way as to provide for the liabilities evenly over the remaining working life of the employees.

2. Analysis of turnover and (loss)/profit on ordinary activities before taxation

The turnover and profit/loss before taxation is attributable to the provision of advertising services in the United Kingdom

Notes (continued)

3. (Loss)/profit on ordinary activities before taxation

	2000 £	1999 £
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration:		
Audit	6,000	5,500
Depreciation and other amounts written off tangible fixed assets:	7,617	10,651
Exchange (gains)/losses	(405)	2,205
Rentals payable under operating leases		
Hire of plant and machinery	1,992	1,992
Leasehold property net of sublease income	44,400	44,400
	<hr/>	<hr/>

4. Remuneration of directors

	2000 £	1999 £
Remuneration as executives	144,382	146,041
Contributions to money purchase pension schemes	31,642	23,363
	<hr/>	<hr/>
	176,024	169,404
	<hr/>	<hr/>

The emoluments of the highest paid director was £144,382 (1999: £146,041), and company pension contributions of £31,642 (1999: £23,363) were made to a money purchase scheme on his behalf.

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under	-	1
Money purchase schemes	31,642	23,363
	<hr/>	<hr/>

Notes (continued)

5. Staff numbers and costs

	Number of employees	
	2000	1999
Average number of persons employed by the company (including directors) during the period	7	9

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	420,633	496,310
Social security costs	48,609	56,195
Other pension costs (see note 16)	50,255	47,062
	<u>519,497</u>	<u>599,567</u>

6. Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts	624	234

7. Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
Cost			
At 1 January 2000	15,467	34,677	50,144
Additions	-	11,043	11,043
	<u>15,467</u>	<u>45,720</u>	<u>61,187</u>
At 31 December 2000	15,467	45,720	61,187
Depreciation			
At 1 January 2000	(12,600)	(25,582)	(38,182)
Charge for period	(2,132)	(5,485)	(7,617)
	<u>(14,732)</u>	<u>(31,067)</u>	<u>(45,799)</u>
At 31 December 2000	(14,732)	(31,067)	(45,799)
Net book value			
At 31 December 2000	735	14,653	15,388
At 31 December 1999	2,867	9,095	11,962

Notes (continued)

8. Stocks

	31 December 2000 £	31 December 1999 £
Work in progress	12,461	5,157

9. Debtors

	31 December 2000 £	31 December 1999 £
Trade debtors	547,466	226,980
Amounts owed by:		
Parent and fellow subsidiary undertakings	139,947	697,802
Other debtors	3,168	1,651
Prepayments and accrued income	56,315	57,797
	<u>746,896</u>	<u>984,230</u>

10. Creditors: amounts falling due within one year

	31 December 2000 £	31 December 1999 £
Bank loans and overdrafts	29,920	16,607
Trade creditors	111,729	32,561
Amounts owed to group undertakings	145,749	168,416
Taxation and social security	23,928	19,864
Other creditors	11,277	52,906
Accruals and deferred income	138,899	125,814
	<u>461,502</u>	<u>416,168</u>

Notes (continued)

11. Called up share capital

	31 December 2000 £	31 December 1999 £
<i>Authorised, allotted, called up and fully paid</i>		
Equity:		
100 'A' Ordinary shares of 1p each	1	1
100 Deferred ordinary shares of 100p each	100	100
Non-equity:		
6 'B' Ordinary shares of 1p each	-	-
	<hr/> 101	<hr/> 101
	<hr/> <hr/>	<hr/> <hr/>

Holders of the non-equity 'B' Ordinary shares hold 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' shareholders when the gross amount paid in respect of that financial year or other period exceeds £100,000,000.

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 £2 million 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 2000	1,693,599
Retained loss for the period	(15,913)
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At 31 December 2000	1,677,686
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Notes (continued)

13. Reconciliation of movement in shareholders funds

	2000 £	1999 £
Profit/(loss) for the year	(15,913)	18,531
Shareholders funds at the beginning of the year	1,693,700	1,675,169
	<hr/>	<hr/>
Shareholders funds at the end of the year	1,677,787	1,693,700
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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 company, together with other group companies, has given a cross guarantee to secure the borrowings of other group companies. At 31st December 2000 these borrowings amounted to £187.5 million (1999: £67.4 million).

The company has provided an unlimited guarantee in respect of the group overdraft facility, to which the company has access. Other companies within the group overdraft facility have also provided such guarantees. Borrowings under this facility at 31 December 2000 amounted to £1.0 million (1999: £0 million), and the overall facility limit is £6 million.

15. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2000		31 December 1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
In the second to fifth years inclusive	-	1,992	-	1,992
Over five years	44,400	-	44,400	-
	<hr/>	<hr/>	<hr/>	<hr/>
	44,400	1,992	44,400	1,992
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

16. Pension scheme

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

Company contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost over employees' service lives with the company and are determined by an independent qualified actuary on the basis of triennial valuations using the attained age method.

In addition, contributions are made to certain employee self administered schemes and personal pension schemes.

The normal cost of contributions to the defined benefit scheme for the period was £32,821 (1999: £23,364), and the normal cost of contributions to the Money Purchase Scheme for the period was £17,434 (1999: £23,699).

17. 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.

18. Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company is Cordiant Communications Group plc, which is registered in England and Wales. These financial statements are consolidated into those of Cordiant Communications Group plc. Copies of the consolidated financial statements can be obtained from the Secretary, 121 - 141 Westbourne Terrace, London, W2 6JR.