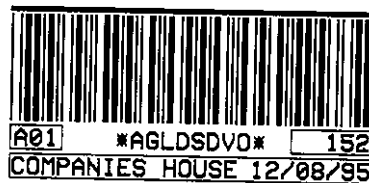


THE DECISION SHOP LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1994

Registered number - 615225



DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31st December 1994 which were approved by the board on 10th August 1995.

ACTIVITIES AND RESULTS

The principal activity of the company continues to be the provision of computer and computer research facilities.

The profit for the year amounted to £367,992 (1993 : £77,090) which has been transferred to reserves.

FIXED ASSETS

The movement in fixed assets is set out in note 8.

DIRECTORS

The directors during the year were as follows

B. Walsh (Chairman)
M. Bungey
A. Chapman

No director had interests in the shares of the company.

M. Bungey and A. Chapman are directors of the company's parent company, Ted Bates Holdings Limited, and their interests in shares of other group companies are disclosed in the financial statements of that company.

No other director who held office at the end of the year had an interest in the shares of other group companies.

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

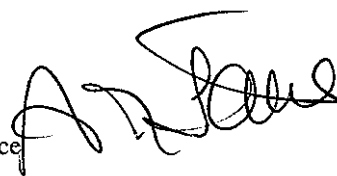
AUDITORS

On 6th February 1995 the auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

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.

On behalf of the board
A. M. Jans, Secretary
121-141 Westbourne Terrace
London W2 6JR
10th August 1995



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 THE DECISION SHOP LIMITED

We have audited the financial statements on pages 4 to 10.

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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
London
10th August 1995

PROFIT AND LOSS ACCOUNT
For the year ended 31st December

	Note	1994 £	1993 £
TURNOVER	2	2,134,682	1,376,793
Cost of sales		(796,554)	(425,816)
GROSS PROFIT		<u>1,338,128</u>	<u>950,977</u>
Net operating expenses		(970,013)	(873,887)
OPERATING PROFIT		<u>368,115</u>	<u>77,090</u>
Interest payable	4	(123)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	3	367,992	77,090
Retained profit brought forward		448,682	371,592
RETAINED PROFIT CARRIED FORWARD		<u><u>816,674</u></u>	<u><u>448,682</u></u>

All the above results arise from continuing operations.

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

BALANCE SHEET

As at 31st December

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	8	24,077	46,474
CURRENT ASSETS			
Work in progress		7,978	13,331
Debtors	9	462,377	551,997
Cash at bank and in hand		<u>1,195,922</u>	<u>710,890</u>
		1,666,277	1,276,218
CREDITORS: amounts falling due within one year	10	<u>(873,579)</u>	<u>(873,909)</u>
NET CURRENT ASSETS		792,698	402,309
NET ASSETS		<u>816,775</u>	<u>448,783</u>
CAPITAL AND RESERVES			
Called up share capital	11	101	101
Profit and loss account		<u>816,674</u>	<u>448,682</u>
SHAREHOLDERS' FUNDS:			
EQUITY		816,675	448,683
NON-EQUITY		<u>100</u>	<u>100</u>
	13	<u>816,775</u>	<u>448,783</u>

These financial statements were approved by the board of directors on 10th August 1995 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.

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.

(b) Income recognition

Income is recognised when billed.

(c) Deferred taxation

Deferred taxation 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.

(d) Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. The cost of tangible fixed assets is written down to the estimated residual value by equal annual instalments over the expected useful lives as follows:

Furniture and equipment	- 6 years
Motor vehicles	- 4 years

(e) Leasing commitments

Assets obtained under finance leases are capitalised and depreciated over the shorter of the useful life of the asset and the term of the lease. The interest element of the payments is charged to the profit and loss account over the period of the agreement, so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Rentals paid under operating leases are charged to the profit and loss account as incurred.

(f) Pension contributions

The company's share of contributions to defined contribution schemes is charged against profits for the year in which they become payable. The cost of providing defined benefits is charged against profits, based on recommendations by independent actuaries, in such a way as to provide for the liabilities evenly over the remaining service lives of the employees.

(g) 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.

2. TURNOVER

The turnover and profit before taxation are attributable to the provision of computer and computer research facilities. All billings are made in the UK.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1994	1993
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible assets	11,012	36,575
Auditors' remuneration (including expenses)	5,000	5,000
Operating lease payments - land and buildings	13,844	19,712

4. INTEREST PAYABLE

	1994	1993
	£	£
Short term interest	123	-

NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEES

	1994 No.	1993 No.
Average number of employees (including directors)	<u>10</u>	<u>9</u>
Employee costs (including directors)	£	£
Wages and salaries	547,074	392,691
Social security costs	54,714	39,565
Pension contributions	<u>19,006</u>	<u>17,004</u>
	<u>620,794</u>	<u>449,260</u>

6. DIRECTORS' EMOLUMENTS

	1994 £	1993 £
Emoluments as executives	216,746	157,442.
Contributions to pension schemes	<u>9,435</u>	<u>9,435</u>
	<u>226,181</u>	<u>166,877</u>

The chairman who was also the highest paid director received emoluments for the year, excluding pension contributions, of £216,746 (1993: £157,442). No other director received any emoluments for the period (1993: £nil). The number of UK directors whose emoluments, excluding pension contributions, fell in each £ 5,000 bracket was as follows,

	1994 No.	1993 No.
£ 0 - £ 5,000	2	2
£ 155,000 - £ 160,000	-	1
£ 215,000 - £ 220,000	<u>1</u>	<u>-</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge to taxation on the profit for this year and the previous year has been eliminated by the utilisation of losses surrendered by other group companies for which no payment was made or will be made.

NOTES TO THE FINANCIAL STATEMENTS

8. TANGIBLE FIXED ASSETS

	Furniture and equipment £	Motor vehicles £	Total £
Cost:			
At 1st January 1994	133,527	69,394	202,921
Additions	16,265	-	16,265
Intra-group transfers	-	(69,394)	(69,394)
Disposals	(21,768)	-	(21,768)
At 31st December 1994	<u>128,024</u>	<u>-</u>	<u>128,024</u>
Depreciation:			
At 1st January 1994	(115,694)	(40,753)	(156,447)
Charge for period	(8,809)	(2,203)	(11,012)
Intra-group transfers	-	42,956	42,956
Disposals	20,556	-	20,556
At 31st December 1994	<u>(103,947)</u>	<u>-</u>	<u>(103,947)</u>
Net Book Value:			
At 31st December 1994	<u>24,077</u>	<u>-</u>	<u>24,077</u>
At 31st December 1993	<u>17,833</u>	<u>28,641</u>	<u>46,474</u>

9. DEBTORS

	1994 £	1993 £
Trade debtors	384,802	197,369
Amounts owed by holding company and fellow subsidiary undertakings	47,587	347,384
Other debtors	5,997	1,034
Prepayments and accrued income	23,991	6,210
	<u>462,377</u>	<u>551,997</u>

10. CREDITORS: amounts falling due within one year

	1994 £	1993 £
Bank overdrafts	-	45,774
Trade creditors	161,715	159,700
Amounts owed to holding company and fellow subsidiary undertakings	205,303	474,402
Other taxes and social security	45,334	17,020
Other creditors	246	42,800
Accruals and deferred income	460,981	134,213
	<u>873,579</u>	<u>873,909</u>

NOTES TO THE FINANCIAL STATEMENTS

11. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised, allotted, called up and fully paid:		
100 Ordinary shares of 1p each	1	1
100 Deferred ordinary shares of £1 each	100	100
	<u>101</u>	<u>101</u>

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. DEFERRED TAXATION

The company has no deferred tax liabilities, neither provided nor unprovided (1993 : £nil).

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit for the year	367,992	77,090
Net increase in shareholders' funds	367,992	77,090
Opening shareholders' funds	448,783	371,693
Closing shareholders' funds	<u>816,775</u>	<u>448,783</u>

14. OPERATING LEASES

At 31st December 1994 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1994 £	1993 £
Operating leases which expire:		
within one year	-	15,475
in the second to fifth years	-	-
thereafter	44,400	-
	<u>44,400</u>	<u>15,475</u>

NOTES TO THE FINANCIAL STATEMENTS

15. PENSION COSTS

The company is a member of the Cordiant Group Pension Scheme, a defined benefit scheme, and the Cordiant Group Money Purchase Plan.

The Cordiant Group Pension Scheme is a fully funded defined benefit scheme. The assets of the scheme are held in a separate trustee administered fund.

The Cordiant Group Pension Scheme was revalued at 1st April 1992 using the Attained Age Method and showed assets with a market value at that date of £21.4 million which represents a funding level of 110%. This surplus has since been partially utilised by increases in pensions being paid and an employer contribution holiday which ceased on 30th June 1992. The principal assumptions used in the valuation were an investment return of 9% and salary increases of 7%.

The pension costs during the period in respect of the above schemes amounted to £19,006 (1993 : £17,004).

16. 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.

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is Cordiant plc (formerly Saatchi & Saatchi Company 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.