

641475

POWERS INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2001

 ERNST & YOUNG



Powers International Limited

Registered No. 641475

DIRECTORS

W Annasohn
N Baumann
A Turner

SECRETARY

M Lemay

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Barclays Bank PLC
Hammersmith and Ealing Corporate Centre
75 King Street
London W6 9GQ

SOLICITORS

Bird & Bird
90 Fetter Lane
London EC4A 1JP

REGISTERED OFFICE

100 Rochester Row
London SW1P 4JP

Powers International Limited

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 5 and shows the result for the year.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is acting as international media representatives and advertising sales contractors.

The directors are pleased with the trading performance of the company and are confident of its continued profitability.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as listed on page 1.

None of the directors had any interest in the share capital of the company.

THE SINGLE EUROPEAN CURRENCY

The directors are aware of the single European currency and are of the opinion that no material impact will result on the company.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

Director

14 MARCH 2002

Powers International Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POWER INTERNATIONAL LIMITED

We have audited the company's financial statements for the year ended 31 December 2001, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

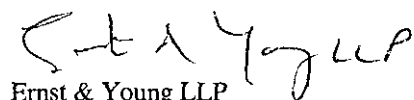
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

14 MARCH 2002

Powers International Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	2	2,647,595	3,609,750
Cost of sales		(2,330,058)	(3,037,432)
GROSS PROFIT		317,537	572,318
Administration expenses		(698,935)	(546,951)
		(381,398)	25,367
Other operating income	5	117,293	25,666
OPERATING LOSS	3	(264,105)	51,033
Interest receivable	6	5,676	10,927
Interest payable	7	(383)	(7,328)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(258,812)	54,632
Tax on profit on ordinary activities	8	-	(40,144)
LOSS FOR THE YEAR		(258,812)	14,488

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no gains or losses for the year other than those recognised in the profit and loss account.

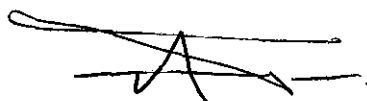
All the company's activities arose in respect of continuing operations.

Powers International Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	57,127	94,890
CURRENT ASSETS			
Debtors	10	439,262	1,422,499
Cash at bank and in hand		231,266	496,358
		670,528	1,918,857
CREDITORS: amounts falling due within one year	11	(521,516)	(1,548,796)
NET CURRENT ASSETS		149,012	370,061
TOTAL ASSETS LESS CURRENT LIABILITIES		206,139	464,951
CAPITAL AND RESERVES			
Called up share capital	12	442,000	442,000
Profit and loss account	13	(235,861)	22,951
		206,139	464,951
SHAREHOLDERS' FUNDS			
Equity		36,139	294,951
Non-equity		170,000	170,000
		206,139	464,951

Approved by the Board on



Director

14 MARCH 2002

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

Motor vehicles	–	25% per annum
Furniture and fittings	–	10% – 20% per annum
Computers and equipment	–	20% – 33% per annum
Leasehold improvements	–	20% per annum

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leased assets

Assets obtained under finance leases and hire purchase contracts are capitalised at fair value in the balance sheet.

The interest element of the lease obligations is charged to the profit and loss account over the period of the lease.

Rentals paid under operating leases are charged to the profit and loss account in equal annual instalments over the period of the lease.

Pensions cost

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the group in an independently administered fund.

Statement of cash flow

The company has taken advantage of the exemption allowed under Financial Reporting Standard No. 1 and not prepared a statement of cash flow, as the company is more than 90% owned and controlled by PubliGroupe SA, whose consolidated financial statements include the results of Powers International Limited, and are publicly available.

Powers International Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

2. TURNOVER

Turnover comprises the net value of billings (excluding VAT) of services in the normal course of business, following the transfer of an element of the trade to other group undertakings, and reflects the cost of advertising expenditure of the company's clients and the related commissions. Commissions are recognised as income when the related advertisements appear. All turnover arises solely within the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	2001	2000
	£	£
Auditors' remuneration	-	-
Depreciation of owned assets	37,763	57,023
Exchange differences	7,265	8,937
	<u>45,028</u>	<u>65,960</u>

Auditors' remuneration is borne by other group undertakings.

4. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors of the company during the year.

5. OTHER OPERATING INCOME

	2001	2000
	£	£
Indirect commissions received	7,260	23,767
Management charges receivable	-	-
Sundry income	110,033	1,899
	<u>117,293</u>	<u>25,666</u>

6. INTEREST RECEIVABLE

	2001	2000
	£	£
Interest on short-term bank deposits	5,649	10,903
Other	27	24
	<u>5,676</u>	<u>10,927</u>

Powers International Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

7. INTEREST PAYABLE

	2001	2000
	£	£
Bank loans and overdrafts	383	999
Other	—	6,329
	<u>383</u>	<u>7,328</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Underprovision in respect of prior years	—	40,144
	<u>—</u>	<u>40,144</u>

Losses made by other group companies have been utilised wherever possible to reduce the overall tax charge for the year.

9. TANGIBLE ASSETS

	<i>Furniture, fittings and leasehold improvements</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2001	168,607	133,398	302,005
Additions	—	—	—
At 31 December 2001	<u>168,607</u>	<u>133,398</u>	<u>302,005</u>
Depreciation:			
At 1 January 2001	88,547	118,568	207,115
Provided during the year	22,992	14,771	37,763
At 31 December 2001	<u>111,539</u>	<u>133,339</u>	<u>244,878</u>
Net book value:			
At 31 December 2001	<u>57,068</u>	<u>59</u>	<u>57,127</u>
At 1 January 2001	<u>80,060</u>	<u>14,830</u>	<u>94,890</u>

Powers International Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

10. DEBTORS

	2001 £	2000 £
Trade debtors	170,065	1,140,931
Amounts owed by group undertakings	109,121	2,683
Amounts owed by parent undertaking	–	109,121
Other debtors	157,745	169,764
Prepayments and accrued income	2,331	–
	<u>439,262</u>	<u>1,422,499</u>

All amounts shown under debtors fall due for payment within one year.

11. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	263,268	1,049,992
Amounts owed to group undertakings	151,489	33,313
Amounts owed to parent undertaking	–	424,618
Corporation tax	34,517	34,517
Other creditors	32,922	6,356
Accruals and deferred income	39,320	–
	<u>521,516</u>	<u>1,548,796</u>

12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	£	£	£	£
Ordinary shares of £1 each	400,000	400,000	272,000	272,000
Deferred ordinary shares of £1 each	170,000	170,000	170,000	170,000
	<u>570,000</u>	<u>570,000</u>	<u>442,000</u>	<u>442,000</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2001

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 January 2000	442,000	8,463	450,463
Profit for the year	—	14,488	14,488
At 31 December 2000	442,000	22,951	464,951
Loss for the year	—	(258,812)	(258,812)
At 31 December 2001	442,000	(235,861)	206,139

14. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemptions under FRS 8 from disclosing transactions with entities that are more than 90% owned within the PubliGroupe SA group, the consolidated financial statements of which are publicly available.

There are no other related party transactions requiring disclosure under FRS 8.

15. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the company is PubliGroupe SA, a company incorporated in Switzerland.

The smallest group in which the results of the company are consolidated is that headed by Publigroupe Holding (UK) Limited, a company registered in England. The largest group in which the results of the company are consolidated is that headed by the ultimate parent undertaking, whose financial statements are available from Avenue des Toises, Case Postale 3493, 1002 Lausanne, Switzerland.