Powers International Limited

Report and Financial Statements

31 December 2003

Registered No. 641475

Directors
D Hofer
A C Turner
L Fluckiger

Secretary
D Morris

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

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
Gordon House
10 Greencoat Place
London SW1P 1PH

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 6 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities and review of the business

The company acts as international media representatives and advertising sales contractors.

The directors are pleased with the trading performance of the company and are confident that it will return to profitability in the future.

Directors and their interests

The directors of the company during the year were as follows:

D Hofer	
A C Turner	
N Baumann	(resigned 4 November 2003)
R Martignoni	(appointed 4 November 2003; resigned 1 March 2004)

Subsequent to the year end, L Fluckiger was appointed as a director on 1 March 2004.

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Director

27 OCT 2004

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 Powers International Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

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.

Independent auditors' report

to the members of Powers International Limited (continued)

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

28 October 2004

Profit and loss account

for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	1,462,490	1,958,144
Cost of sales		(1,214,059)	(1,670,466)
Gross profit		248,431	287,678
Administrative expenses		(418,589)	(451,083)
Other operating income		113,432	80,864
Operating loss	3	(56,726)	(82,541)
Interest receivable		8,938	324
Interest payable	6	(1,408)	(1,478)
Loss on ordinary activities before taxation		(49,196)	(83,695)
Tax on loss on ordinary activities	7	–	31,615
Retained loss for the year		(49,196)	(52,080)

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.

Balance sheet

at 31 December 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible fixed assets	8	28,652	41,988
Current assets			
Debtors	9	446,369	630,137
Cash at bank and in hand		34,556	6,412
		480,925	636,549
Creditors: amounts falling due within one year	10	(404,714)	(524,478)
Net current assets		76,211	112,071
Total assets less current liabilities		104,863	154,059
Capital and reserves			
Called up share capital	11	442,000	442,000
Profit and loss account	12	(337,137)	(287,941)
		104,863	154,059
Shareholders' funds			
Equity		(65,137)	(15,941)
Non-equity		170,000	170,000
		104,863	154,059

Director

27 OCT 2004

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of preparation

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

Depreciation

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

Furniture and fittings	-	10% - 20% per annum
Computers and equipment	-	20% - 33% per annum
Leasehold improvements	-	20% per annum

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are retranslated 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.

Leasing commitments

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

Statement of cash flows

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 and has not prepared a statement of cash flows, as the company is at least 90% owned and controlled by PubliGroupe SA, whose consolidated financial statements include the results of Powers International Limited, and are publicly available.

Notes to the financial statements

at 31 December 2003

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 from continuing activities.

3. Operating loss

This is stated after charging:

	2003	*2002*
	£	*£*
Loss on disposal of fixed assets	2,935	–
Depreciation of owned fixed assets	13,336	19,564

Auditors' remuneration is borne by other group undertakings.

4. Directors' emoluments

No emoluments were paid to the directors of the company during the year (2002 - £nil).

5. Staff costs

Staff costs are borne by The Powers Turner Group, a fellow subsidiary undertaking.

6. Interest payable

	2003	*2002*
	£	*£*
Bank loans and overdrafts	1,408	1,478

7. Taxation

(a) Tax on loss on ordinary activities

	2003	*2002*
	£	*£*
Current tax:		
UK corporation tax	–	–
Tax over provided in prior years	–	(31,615)
	–	(31,615)

Notes to the financial statements

at 31 December 2003

7. Taxation (continued)

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003 £	2002 £
Loss on ordinary activities before tax	(49,196)	(83,695)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002 - 30%)	(14,759)	(25,109)
Expenses not deductible for tax purposes	–	2,551
Capital allowances in excess of depreciation	(405)	(5)
Group relief	–	22,563
Prior year adjustment	–	(31,615)
Unrelieved tax losses carried forward	15,164	–
Total current tax credit	–	(31,615)

(c) Factors that may affect future tax charges

No recognition has been made for the deferred tax asset in respect of the net accelerated depreciation of £4,640 (2002 - £5,027), unutilised capital losses of £312,975 (2002 - £312,975) and unrelieved trade losses of £15,164 (2002 - £nil). The asset can only be set off against future suitable profits, and at present, it is unclear whether there will be such profits in the foreseeable future.

8. Tangible assets

	Furniture, fittings and leasehold improvements £	Computer equipment £	Total £
Cost:			
At 1 January 2003	173,032	133,398	306,430
Disposals	(88,824)	–	(88,824)
At 31 December 2003	84,208	133,398	217,606
Depreciation:			
At 1 January 2003	131,103	133,339	264,442
Provided during the year	13,336	–	13,336
Disposals	(88,824)	–	(88,824)
At 31 December 2003	55,615	133,339	188,954
Net book value:			
At 31 December 2003	28,593	59	28,652
At 1 January 2003	41,929	59	41,988

Notes to the financial statements
at 31 December 2003

9. Debtors

	2003	*2002*
	£	*£*
Trade debtors	258,156	382,349
Amounts owed by group undertakings	109,000	109,000
Other debtors	47,807	132,387
Prepayments and accrued income	31,406	6,401
	446,369	630,137

10. Creditors: amounts falling due within one year

	2003	*2002*
	£	*£*
Trade creditors	3,558	181,478
Amounts owed to group undertakings	335,000	220,650
Other creditors	2,076	14,593
Accruals and deferred income	64,080	107,757
	404,714	524,478

11. Share capital

		Authorised	*Allotted, called up and fully paid*	
	2003	*2002*	*2003*	*2002*
	£	*£*	*£*	*£*
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
	570,000	570,000	442,000	442,000

The deferred ordinary shares of £1 each carry no voting rights, no entitlement to dividends and rank below the ordinary shares in the event of the company being wound up.

Notes to the financial statements

at 31 December 2003

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	*Profit and loss account* £	*Total share-holders' funds* £
At 1 January 2002	442,000	(235,861)	206,139
Loss for the year	–	(52,080)	(52,080)
At 1 January 2003	442,000	(287,941)	154,059
Loss for the year	–	(49,196)	(49,196)
At 31 December 2003	442,000	(337,137)	104,863

13. Related party transactions

The company has taken advantage of the exemptions under FRS 8 from disclosing transactions with entities that are at least 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.

14. 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.

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.