

**Company Registration No. 964286**

**Atlas Advertising Limited**

**Report and Financial Statements**

**31 December 2005**



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# **Atlas Advertising Limited**

## **Report and financial statements 2005**

| <b>Contents</b>                                 | <b>Page</b> |
|---|-------------|
| <b>Directors' report</b>                        | <b>1</b>    |
| <b>Statement of directors' responsibilities</b> | <b>3</b>    |
| <b>Independent auditors' report</b>             | <b>4</b>    |
| <b>Profit and loss account</b>                  | <b>6</b>    |
| <b>Balance sheet</b>                            | <b>7</b>    |
| <b>Notes to the accounts</b>                    | <b>8</b>    |

# Atlas Advertising Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities and business review

The principal activities of the company are to act as advertising agents and consultants.

### Results and dividends

Operating profit before interest is comparable to prior year and in line with management expectations. The profit for the year after taxation was £861,959 (2004: £631,112).

No dividends were declared in the year ended 31 December 2005 (2004: £nil)

### Future prospects

In July 2006 the decision was taken to close the operations of the company with immediate effect.

### Directors and their interests

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

P Richardson  
A Scott  
C Sweetland

The interests of P Richardson in the share options, restricted stock and shares of WPP Group PLC, the ultimate parent undertaking, are shown in the annual report and accounts of WPP Group PLC.

The interests of A Scott and C Sweetland in share options, restricted stock and shares of WPP Group PLC, the ultimate parent undertaking, at 31 December 2005 and 31 December 2004 are detailed below:

### Share Options

|             | 31 December<br>2004<br>Number | Granted | Exercised | 31 December<br>2005<br>Number |
|-------------|-------------------------------|---------|-----------|-------------------------------|
| A Scott     | 59,349                        | -       | -         | 59,349                        |
| A Scott     | *5,505                        | -       | -         | 5,505                         |
| C Sweetland | 138,055                       | -       | -         | 138,055                       |

\*ADR - Each ADR (American Depositary Receipt) represents an option over five ordinary shares in WPP Group plc.

# Atlas Advertising Limited

## Directors' report

### Directors and their interests (continued)

#### Restricted Stock

|             | 31 December<br>2004<br>Number | Granted<br>2005<br>Number | Vested<br>2005<br>Number | 31 December<br>2005<br>Number | Grant<br>Date | Vest<br>date |
|-------------|-------------------------------|---------------------------|--------------------------|-------------------------------|---------------|--------------|
| A Scott     | 5,148                         | -                         | 5,148                    | -                             | Jan 2002      | Mar 2005     |
| A Scott     | 852                           | -                         | 852                      | -                             | Feb 2003      | Mar 2005     |
| A Scott     | 436                           | -                         | 436                      | -                             | Feb 2004      | Mar 2005     |
| A Scott     | -                             | 19,262                    | -                        | 19,262                        | May 2005      | Mar 2008     |
| A Scott     | -                             | 15,040                    | -                        | 15,040                        | Nov 2005      | Mar 2007     |
| A Scott     | -                             | 5,930                     | -                        | 5,930                         | Nov 2005      | Nov 2008     |
| C Sweetland | 9,953                         | -                         | 9,953                    | -                             | Jan 2002      | Mar 2005     |
| C Sweetland | 1,705                         | -                         | 1,705                    | -                             | Feb 2003      | Mar 2005     |
| C Sweetland | 669                           | -                         | 669                      | -                             | Feb 2004      | Mar 2005     |
| C Sweetland | -                             | 19,262                    | -                        | 19,262                        | Mar 2005      | Mar 2008     |
| C Sweetland | -                             | 16,050                    | -                        | 16,050                        | Nov 2005      | Mar 2007     |
| C Sweetland | -                             | 8,896                     | -                        | 8,896                         | Nov 2005      | Nov 2008     |

C Sweetland held 47,133 shares in WPP Group PLC at 31 December 2005.

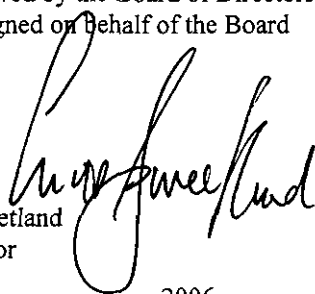
The directors have no other interests in any other group company.

#### Auditors

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

C Sweetland  
Director



2006

## **Atlas Advertising Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

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 as at the end of the financial year 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;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business (may be omitted if a separate statement on going concern is made by the directors).

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 Atlas Advertising Limited**

We have audited the financial statements of Atlas Advertising Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 18. These financial statements have been prepared under 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 United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Atlas Advertising Limited (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

*31 August 2006*

# Atlas Advertising Limited

## **Profit and loss account** **Year ended 31 December 2005**

|  | Note | 2005<br>£             | 2004<br>£             |
|--|------|-----------------------|-----------------------|
| <b>Turnover</b>  | 2    | 22,517,679            | 24,661,863            |
| Cost of sales  |      | (20,909,891)          | (22,993,662)          |
| <b>Gross profit</b>  |      | <u>1,607,788</u>      | <u>1,668,201</u>      |
| Administrative expenses  |      | (808,189)             | (1,080,225)           |
| <b>Operating profit before interest</b>  | 3    | <u>799,599</u>        | <u>587,976</u>        |
| Interest receivable and similar income   | 6    | 67,144                | 36,129                |
| Interest payable and similar charges   | 7    | (906)                 | (1,074)               |
| <b>Profit on ordinary activities before taxation</b>                                     |      | <u>865,837</u>        | <u>623,031</u>        |
| Tax on profit on ordinary activities   | 8    | (3,878)               | 8,081                 |
| <b>Profit on ordinary activities after taxation<br/>and retained profit for the year</b> | 13   | <u><u>861,959</u></u> | <u><u>631,112</u></u> |

All operations of the company continued throughout both years.

There are no recognised gains or losses in either the current year or the previous year other than the results for the financial years ended 31 December 2005 and 31 December 2004, respectively, as stated above, therefore no statement of total recognised gains and losses is required.



# Atlas Advertising Limited

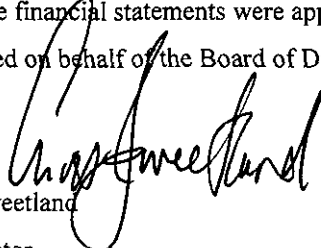
## Balance sheet 31 December 2005

|   | Note | 2005<br>£          | 2004<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Tangible assets                                       | 9    | 17,225             | 41,965             |
|   |      | <u>17,225</u>      | <u>41,965</u>      |
| <b>Current assets</b>                                 |      |                    |                    |
| Work in progress                                      |      | 52,095             | 132,356            |
| Debtors   | 10   | 2,541,210          | 62,223             |
| Cash at bank and in hand                              |      | 2,814,051          | 3,717,317          |
|   |      | <u>5,407,356</u>   | <u>3,911,896</u>   |
| <b>Creditors: amounts falling due within one year</b> | 11   | <u>(2,874,318)</u> | <u>(2,265,557)</u> |
| <b>Net current assets</b>                             |      | <u>2,533,038</u>   | <u>1,646,339</u>   |
| <b>Total assets less current liabilities</b>          |      | <u>2,550,263</u>   | <u>1,688,304</u>   |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 12   | 2,000              | 2,000              |
| Profit and loss account                               | 13   | 2,548,263          | 1,686,304          |
| <b>Equity shareholders' funds</b>                     | 14   | <u>2,550,263</u>   | <u>1,688,304</u>   |

These financial statements were approved by the Board of Directors on

2006.

Signed on behalf of the Board of Directors

  
C Sweetland

Director

# Atlas Advertising Limited

## Notes to the accounts Year ended 31 December 2005

### 1. Accounting policies

#### Basis of preparation

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

#### Accounting convention

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The company has taken advantage of the exemption under Financial Reporting Standard 1 (revised) not to prepare a cash flow statement as it is a wholly owned subsidiary of WPP Group plc, which prepares consolidated financial statements, including a cash flow statement, which are publicly available.

#### Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation and any provision for impairment. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives which range from four to six years. Specific depreciation rates are as follows:

|                                  |                       |
|----------------------------------|-----------------------|
| Computer equipment               | 4 years straight-line |
| Fixtures, fittings and equipment | 10 year straight-line |

#### Turnover and revenue recognition

Turnover comprises the gross amounts billable to clients (excluding trade discounts, VAT and similar taxes) in respect of commission based income together with the total of other fees earned. Revenue is recognised when services are provided, in accordance with the terms of the contractual arrangement

#### 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 included in the profit and loss account.

#### Work in progress

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

#### Current tax

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

#### Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

#### Pension costs

Retirement benefits for employees of the company are provided by defined contribution schemes, which are funded by contributions from the company and its employees. The company's share of contributions to defined contribution schemes is charged within the profit and loss account of the year in which they become payable.

# Atlas Advertising Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 2. Turnover

The activities of the company during 2005 and 2004 were principally to act as advertising agents and consultants.

The turnover of the company by origin in 2005 and 2004 arose from the principal activity of the company and originated in the United Kingdom.

The company's assets are held in the United Kingdom.

An analysis of turnover by geographical destination follows:

|                | 2005<br>£         | 2004<br>£         |
|----------------|-------------------|-------------------|
| Rest of World  | 22,386,743        | 22,856,312        |
| Rest of Europe | 20,014            | 1,188,991         |
| United Kingdom | 110,922           | 616,560           |
|                | <u>22,517,679</u> | <u>24,661,863</u> |

#### 3. Operating profit before interest

Operating profit before interest is stated after charging/(crediting):

|  | 2005<br>£ | 2004<br>£ |
|--|-----------|-----------|
| Depreciation and other amounts written off tangible fixed assets |           |           |
| - owned  | 24,740    | 30,538    |
| Auditors' remuneration   | 10,000    | 10,000    |
| Exchange gains/(losses)  | 10,115    | (7,281)   |
| Write back of intercompany creditor                              | (238,498) |           |
|  | <u></u>   | <u></u>   |

#### 4. Directors' remuneration

All remuneration expenses in both 2005 and 2004 were borne by the ultimate parent company, WPP Group PLC.

# Atlas Advertising Limited

## Notes to the accounts Year ended 31 December 2005

### 5. Staff costs

Particulars of employees (including executive directors) are as shown below:

|   | 2005<br>£      | 2004<br>£      |
|---|----------------|----------------|
| Employee costs during the year amounted to: |                |                |
| Wages and salaries                          | 524,333        | 554,905        |
| Social security costs                       | 66,057         | 66,554         |
| Other pension costs                         | 27,045         | 33,361         |
|   | <u>617,435</u> | <u>654,820</u> |

The average number of persons employed by the company during the year was:

|                                   | 2005<br>No. | 2004<br>No. |
|-----------------------------------|-------------|-------------|
| Creative and administrative staff | <u>6</u>    | <u>6</u>    |

### 6. Interest receivable and similar income

|                       | 2005<br>£     | 2004<br>£     |
|-----------------------|---------------|---------------|
| Bank deposit interest | <u>67,144</u> | <u>36,129</u> |

### 7. Interest payable and similar charges

|                          | 2005<br>£  | 2004<br>£    |
|--------------------------|------------|--------------|
| Bank loans and overdraft | -          | 338          |
| Bank charges             | 906        | 736          |
|                          | <u>906</u> | <u>1,074</u> |

# Atlas Advertising Limited

## Notes to the accounts Year ended 31 December 2005

### 8. Taxation

The tax credit is based on the profit for the year and comprises:

|   | 2005<br>£      | 2004<br>£    |
|---|----------------|--------------|
| <i>Current taxation</i>   |                |              |
| Corporation tax at 30% (2003 – 30%)   | -              | -            |
| Adjustment in respect of prior periods  | -              | -            |
| Total current tax   | -              | -            |
| <i>Deferred taxation</i>  |                |              |
| Origination and reversal of timing differences  | -              | 8,081        |
| Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods | (3,878)        | -            |
|   | <u>(3,878)</u> | <u>8,081</u> |

Corporation tax is payable at 30 % on taxable profits for the period. However, losses are available from other group companies to reduce taxable profits to nil under the group relief provisions. There is no corresponding payment by the claimant company for the losses.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2004: 30%). A reconciliation of the tax charge calculated using this standard rate, and the actual charge, is shown below.

|   | 2005<br>£ | 2004<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before tax                    | 861,959   | 623,031   |
| Tax on profit on ordinary activities at standard rate (30%) | 258,588   | 186,909   |
| Factors affecting charge for the year:                      |           |           |
| Capital allowances in deficit/(excess) of depreciation      | 7,422     | (9,161)   |
| Non taxable income  | (70,386)  |           |
| Expenses not deductible for tax purposes                    | 2,764     | (5,809)   |
| Adjustments to tax charge in respect of group relief        | (198,388) | (171,939) |
| Current tax charge for the year                             | <u>-</u>  | <u>-</u>  |

A deferred tax asset of £ 18,049 has not been provided for in respect of accelerated capital allowances due to the uncertainty of recoverability of this asset in the short term.

# Atlas Advertising Limited

## Notes to the accounts Year ended 31 December 2005

### 9. Tangible fixed assets

|                                   | Computers<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£ |
|-----------------------------------|----------------|---|------------|
| <b>Cost</b>                       |                |   |            |
| At 1 January and 31 December 2005 | 49,425         | 138,451                                     | 187,876    |
| <b>Accumulated depreciation</b>   |                |   |            |
| At 1 January 2005                 | 47,620         | 98,291                                      | 145,911    |
| Charge for the year               | 1,515          | 23,225                                      | 24,740     |
| At 31 December 2005               | 49,135         | 121,516                                     | 170,651    |
| <b>Net book value</b>             |                |   |            |
| At 31 December 2005               | 290            | 16,935                                      | 17,225     |
| At 31 December 2004               | 1,805          | 40,160                                      | 41,965     |

### 10. Debtors

|  | 2005<br>£        | 2004<br>£     |
|--|------------------|---------------|
| Trade debtors                            | 2,439,873        | 16,268        |
| Amounts owed by other group undertakings | -                | 948           |
| Deferred tax asset                       | -                | 3,878         |
| Other debtors                            | 55,527           | 11,450        |
| Prepayments and accrued income           | 45,810           | 29,679        |
|  | <u>2,541,210</u> | <u>62,223</u> |

#### a) Deferred taxation

Deferred tax asset/(liability) consists of the following amounts:

|  | 2005<br>£ | 2004<br>£ |
|--|-----------|-----------|
| Capital allowances in excess of depreciation | -         | 3,878     |

A deferred tax asset of £18,031 has not been provided for in respect of accelerated capital allowances due to the uncertainty of recoverability of this asset in the short term.

#### b) Movement in deferred taxation

|  | £       |
|--|---------|
| As at 1 January 2005                               | 3,878   |
| Charged to the profit and loss account in the year | (3,878) |
| As at 31 December 2005                             | -       |

# Atlas Advertising Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 11. Creditors: amounts falling due within one year

|  | 2005<br>£        | 2004<br>£        |
|--|------------------|------------------|
| Trade creditors                          | 2,082,351        | 1,397,393        |
| Amounts owed to other group undertakings | 277,267          | 455,077          |
| Other creditors                          | 5,890            | 5,890            |
| Accruals and deferred income             | 508,810          | 407,196          |
|  | <u>2,874,318</u> | <u>2,265,556</u> |

#### 12. Called up share capital

|   | 2005<br>£    | 2004<br>£    |
|---|--------------|--------------|
| <b>Authorised :</b>                       |              |              |
| 2,000 ordinary shares of £1 each          | <u>2,000</u> | <u>2,000</u> |
| <b>Called up, allotted and fully paid</b> |              |              |
| 2,000 ordinary shares of £1 each          | <u>2,000</u> | <u>2,000</u> |

#### 13. Reserves

|                             | Profit<br>and loss<br>account<br>£ |
|-----------------------------|------------------------------------|
| Balance at 1 January 2005   | 1,686,304                          |
| Profit for the year         | 861,959                            |
| Balance at 31 December 2005 | <u>2,548,263</u>                   |

#### 14. Reconciliation of movement in equity shareholders' funds

|   | 2005<br>£        | 2004<br>£        |
|---|------------------|------------------|
| Profit for the financial year                           | 861,959          | 631,112          |
| Equity shareholder's funds at the beginning of the year | <u>1,688,304</u> | <u>1,057,192</u> |
| Equity shareholder's funds at the end of the year       | <u>2,550,263</u> | <u>1,688,304</u> |

#### 15. Pension scheme

The group also operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £27,045 (2004 – £33,361).

## **Atlas Advertising Limited**

### **Notes to the accounts**

#### **Year ended 31 December 2005**

**16. Related party transactions**

The company has taken advantage of the exemption under FRS8 not to disclose the details of transactions with other WPP Group companies as it is ultimately 100% owned by WPP Group plc, the consolidated accounts of which are publicly available.

**17. Post balance sheet event**

In [July 2006] the decision was taken to close the operations of the company with immediate effect. The company has sufficient assets to cover all liabilities.

**18. Ultimate parent company**

The ultimate parent company is WPP Group plc, a company incorporated in Great Britain. The immediate parent company is Garrott Dorland Crawford Holdings Limited. The largest and only group in which the results of Atlas Advertising Limited are consolidated is that headed by WPP Group plc. The address from which copies of the consolidated financial statements can be obtained is 27 Farm Street, London, W1J 5RJ.