

ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO, SC

WWAV RAPP COLLINS GROUP LTD

DIRECTORS' REPORT AND
STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1994



REGISTERED NO: 1581935

WWAV RAPP COLLINS GROUP LTD

CONTENTS

| | PAGE |
|---|------|
| DIRECTORS AND ADVISORS | 1 |
| REPORT OF THE DIRECTORS | 2 |
| REPORT OF THE AUDITORS | 4 |
| PROFIT AND LOSS ACCOUNT | 5 |
| BALANCE SHEET | 6 |
| OTHER STATEMENTS | 7 |
| NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES | 8 |

WWAV RAPP COLLINS GROUP LTD

DIRECTORS:

J. R. Watson (Chairman and Managing Director)
C. R. Albert (Deputy Chairman)
B. R. Emsell (Deputy Chairman)
R. P. M. Ward (Deputy Chairman)
G. Brown
I. C. Cummings FCA
B. W. Curran ACA
J. A. Gehlcken
P. I. Jones
A. Kelley
L. J. Mair
A. W. Masters
L. Pearson
R. W. Schofield
R. D. Sector
B. D. Smith

COMPANY SECRETARY:

A. J. Sanford, FCIS

REGISTERED OFFICE:

Compass House
22 Redan Place
London W2 4SA

Telephone: 0171-727-7700

Registered in England and Wales No. 1581935

AUDITORS:

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

BANKERS:

Midland Bank plc
27-32 Poultry
PO Box 125
London
EC2P 2BX

WWAV RAPP COLLINS GROUP LTDDIRECTORS' REPORT

The directors submit their Report together with Company Accounts for the year ended 31 December 1994.

The Company's name was changed from WWAV Group plc on 11th April 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is the holding company for a number of subsidiary undertakings which specialise in direct mail, direct response advertising and which provide ancillary services within the direct marketing industry.

The full list of the subsidiaries and their activities is given in note 10 on page 14. These activities continue in 1995. In January 1994 the Company became a wholly-owned subsidiary of Diversified Agency Services Ltd.

FIXED ASSETS

Information relating to changes in amounts of fixed assets is given in note 9 to the accounts.

PROFIT AND LOSS ACCOUNT AND DIVIDEND

The Group loss on ordinary activities for the year before taxation was £345,136. No interim dividend was paid and the directors recommend payment of a final dividend for the year amounting to £430,000. The retained loss of £46,993 after taxation has been carried forward.

DIRECTORS AND THEIR INTERESTS

The names of the current directors are shown on page 1. P. I. Jones, B. R. Emsell and I. C. Cummings were appointed additional directors in January 1994 on which date A. Aghemo, R. Cerrutti, D. Lombardo, A. Mogetta and I. Samuels resigned. L. J. Mair was appointed as an additional director on 24th February 1995.

All of the other directors served throughout the year.

No director had an interest which requires disclosure under Paragraph 2 of Schedule 7 to the Companies Act 1985.

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 its Profit or Loss for that period. In preparing the 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 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.

WWAV RAPP COLLINS GROUP LTDDIRECTORS' REPORT (CONTINUED)**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company has maintained Directors' and Officers' Liability Insurance throughout the year.

EMPLOYEES

It is the Company's policy to keep all employees aware of financial and commercial matters as far as practicable. Involvement of employees in the performance of the Company is encouraged at meetings for all staff at which financial and other matters likely to be of interest are explained.

The Company's policy is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Any disabled person who is in employment receives, so far as practicable, the same opportunities for training, career development and promotion as other employees.

AUDITORS

A Resolution will be proposed at the forthcoming annual general meeting in accordance with Section 384 of the Companies Act 1985 to re-appoint Arthur Andersen as auditors of the Company for the ensuing year.

Registered Office

Compass House
22 Redan Place
London W2 4SA

By Order of the Board



A. J. Sanford
Secretary

28th April 1995

LondonAUDITORS' REPORT TO THE MEMBERS OFWWAV RAPP COLLINS GROUP LTD

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the financial statements and 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 circumstances of the Company, 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 at 31 December 1994 and of the Company's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

28th April 1995

WWAV RAPP COLLINS GROUP LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

| | Notes | 1994 | 1993 |
|---|-------|-------------|-------------|
| | | £ | £ |
| FEES AND COMMISSIONS - continuing operations | 1c | 686,420 | 1,431,576 |
| Other Income | 2 | 1,891,507 | 1,671,694 |
| Administrative Expenses | | (2,797,158) | (2,130,224) |
| | | (905,651) | (458,530) |
| OPERATING (LOSS)/PROFIT - continuing operations | | (219,231) | 973,046 |
| EXCEPTIONAL ITEMS | 7 | | |
| Continuing operations | | 23,950 | (178,575) |
| Discontinuing operations | | — | 202,931 |
| | | 23,950 | 24,356 |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST | | (195,281) | 997,402 |
| Net Interest Payable | 3 | (149,855) | (295,683) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | (345,136) | 701,719 |
| TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES | | | |
| Tax charge on exceptional activities | | (7,863) | (1,882) |
| Tax credit on all other activities | 6 | 736,006 | 272,108 |
| | | 728,143 | 270,226 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 383,007 | 971,945 |
| Dividends payable | 8 | (430,000) | — |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | (46,993) | 971,945 |
| Retained profits/(losses) brought forward | | 551,350 | (420,595) |
| RETAINED PROFITS CARRIED FORWARD | | £504,357 | £551,350 |

A statement of movements on reserves is given in note 16.

The accompanying notes are an integral part of this profit and loss account.

WWAV RAPP COLLINS GROUP LTDBALANCE SHEETAT 31 DECEMBER 1994

| | Note | 1994 | | 1993 | |
|---|------|------------------|-------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 425,691 | | 388,200 |
| Investments | 10 | | 2,622,339 | | 2,038,012 |
| | | | <u>3,048,030</u> | | <u>2,426,212</u> |
| CURRENT ASSETS | | | | | |
| Work in Progress | | 1,649 | | — | |
| Debtors | 11 | 6,447,478 | | 3,707,172 | |
| Bank balances and cash | | 1,000 | | 1,000 | |
| | | <u>6,450,127</u> | | <u>3,708,172</u> | |
| CREDITORS: Amounts falling due within one year | 12 | (7,226,337) | | (3,753,599) | |
| NET CURRENT LIABILITIES | | | (776,210) | | (45,427) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>2,271,820</u> | | <u>2,380,785</u> |
| CREDITORS: Amounts falling due after more than one year | 13 | — | | (61,972) | |
| PROVISIONS FOR LIABILITIES AND CHARGES | 14 | (151,502) | | (151,502) | |
| | | | (151,502) | | (213,474) |
| | | | <u>£2,120,318</u> | | <u>£2,167,311</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 15 | | 497,906 | | 497,906 |
| Share premium | 16 | | 1,118,055 | | 1,118,055 |
| Profit and loss account | 16 | | 504,357 | | 551,350 |
| | | | <u>£2,120,318</u> | | <u>£2,167,311</u> |

The accompanying notes are an integral part of this balance sheet.

Approved by the Board on 28th April 1995

John R. Watson.....)
)
) Directors
)
 Brian W. Curran.....)

WWAV RAPP COLLINS GROUP LTD**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between the reported profit for 1994 and 1993 and the profit for those years restated on an historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Note | 1994 £ | 1993 £ |
|--|------|------------|------------|
| Profit for the financial year | | 383,007 | 971,945 |
| Dividends | 8 | (430,000) | — |
| | | ----- | ----- |
| Retained profit for the financial year | | (46,993) | 971,945 |
| | | | |
| Shareholders' funds at 1 January | | 2,167,311 | 1,195,366 |
| | | ----- | ----- |
| Shareholders' funds at 31 December | | £2,120,318 | £2,167,311 |
| | | ===== | ===== |

NOTES TO THE ACCOUNTS**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, with the exception of (b) and (j) is set out below.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of a leasehold property and in accordance with applicable Accounting and Reporting Standards.

(b) Consolidation

The Company has taken advantage of the exemption from preparing consolidated financial statements in accordance with Section 228 Companies Act 1985.

(c) Fees and Commissions

Fees and commissions represent invoiced amounts, exclusive of Value Added Tax.

(d) Tangible fixed assets

Tangible fixed assets have been depreciated so as to write them off over their anticipated useful lives at the following annual rates:-

| | | |
|--------------------------------|---|---|
| Leasehold property | — | over period to first rent review or period of lease |
| Leasehold improvements | — | At 15% or 10% on cost or over period of lease |
| Furniture and equipment | — | 15% on cost |
| Computer software: | | 25% on cost |
| Computer equipment | — | 33.3% on cost |
| Motor vehicles | — | 25% on cost |
| Motor vessel | — | 15% on cost |
| Leased assets | — | At above rates as appropriate |

To the extent that tangible fixed assets have been fully depreciated, they are excluded from the accumulated costs and depreciation under the classification of "Expiries."

(e) Investments

Other fixed asset investments are stated at cost less a provision for any permanent diminution in value.

(f) Pensions

Pension costs are accounted for on the basis of charging the cost of providing for pensions over the period during which the Company benefits from the employee's services.

(g) Work in progress

Work in progress is valued at the lower of cost and net realisable value.

(h) Deferred taxation

Deferred taxation has been provided at 33% (1993 33%) using the liability method in respect of timing differences, to the extent that it is probable that a liability will crystallise.

(i) Finance and operating leases

Assets held under finance leases, and the corresponding obligations under those leases are included in the balance sheet. The assets are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease on a straight line basis. Operating lease payments have been charged to the Profit and Loss account.

(j) Under the provisions of Financial Reporting Standard No. 1, the Company has not prepared a cashflow statement because it is a wholly owned subsidiary of a parent incorporated in the European Community, Diversified Agency Services Ltd. Diversified Agency Services Ltd has prepared consolidated accounts which contain a cashflow statement which includes the cashflows of the Company.

WWAV RAPP COLLINS GROUP LTD

NOTES TO THE ACCOUNTS (CONTINUED)

| 2. INVESTMENT INCOME | 1994 | 1993 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| Dividends | 1,889,650 | 1,656,230 |
| Bank deposit interest received | 216 | 5,219 |
| Other interest | 1,641 | 10,245 |
| | <u>£1,891,507</u> | <u>£1,671,694</u> |

| 3. NET INTEREST PAYABLE | 1994 | 1993 |
|---|-----------------|-----------------|
| | £ | £ |
| Group interest (received)/paid | (55,600) | 168,884 |
| Finance lease interest | 7,329 | 12,335 |
| Bank loans and overdrafts wholly repayable within 5 years | 193,916 | 94,089 |
| Other interest | 4,210 | 20,375 |
| | <u>£149,855</u> | <u>£295,683</u> |

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit on ordinary activities has been arrived at after charging:-

| | 1994 | 1993 |
|---|-------------------|-------------------|
| | £ | £ |
| Staff costs (note 5) | 1,965,788 | 1,338,385 |
| Depreciation of tangible fixed assets | 69,041 | 171,472 |
| Amortisation of leasehold property | 12,442 | 29,079 |
| Operating lease payments for equipment | 1,944 | 731 |
| Operating lease payments for motor vehicles | 28,104 | 24,301 |
| Operating lease payments for properties | 212,302 | 65,000 |
| Auditors' remuneration for Audit work | 6,900 | 15,000 |
| Auditors' remuneration for other Accountancy work | 8,695 | 6,909 |
| | <u> </u> | <u> </u> |

WWAV RAPP COLLINS GROUP LTD

NOTES TO THE ACCOUNTS (CONTINUED)

5. DIRECTORS AND OTHER EMPLOYEES

1994

1993

The average weekly number of persons employed by the Company during the year was as follows:-

| | | |
|----------------|-------|-------|
| Administration | 58 | 48 |
| | ----- | ----- |
| | 58 | 48 |
| | ===== | ===== |

Staff costs include the following:-

| | | |
|---------------------------------------|------------|------------|
| | £ | £ |
| Wages and salaries | 1,667,204 | 1,155,740 |
| Social security costs | 137,442 | 109,901 |
| Pension costs | 158,878 | 67,250 |
| Payments on termination of employment | 2,264 | 5,494 |
| | ----- | ----- |
| | £1,965,788 | £1,338,385 |
| | ===== | ===== |

The emoluments of the directors were as follows:-

| | | |
|----------------------------|----------|----------|
| Remuneration as executives | £485,305 | £335,022 |
| | ===== | ===== |

The emoluments of the Chairman and highest paid director amounted to £120,540 (1993 - £113,984) excluding pension contributions.

The emoluments of the directors, excluding pension contributions, fall within the following ranges:

| | | |
|---------------------|-------|-------|
| | 1994 | 1993 |
| £ 0 - £ 5,000 | 15 | 13 |
| £10,000 - £15,000 | 1 | 2 |
| £50,001 - £55,000 | 1 | — |
| £80,001 - £85,000 | 1 | 1 |
| £90,001 - £95,000 | 1 | — |
| £110,001 - £115,000 | — | 1 |
| £120,001 - £125,000 | 1 | — |
| | ===== | ===== |

WWAV RAPP COLLINS GROUP LTDNOTES TO THE ACCOUNTS (CONTINUED)

| 6. TAXATION | | 1994 £ | 1993 £ |
|--|-------------------------|-------------------|-------------------|
| UK Corporation tax on profits for the year at 33 % (1993 33%) | | — | (10,450) |
| Group relief receivable at 33% (1993 33%) | | (738,664) | (261,197) |
| Under provision in respect of previous years | | 1,521 | 3,421 |
| Deferred taxation at 33 % (1993 33%) (See Note 14) | | 9,000 | (2,000) |
| | | <u>£(728,143)</u> | <u>£(270,226)</u> |
| CHARGE | | | |
| Classified as: | | | |
| Trading activities | | (736,006) | (272,108) |
| Exceptional items | | 7,863 | 1,882 |
| | | <u>£(728,143)</u> | <u>£(270,226)</u> |
| 7. EXCEPTIONAL ITEMS | | 1994 £ | 1993 £ |
| Rapp Collins Partnership transfer of business | (Continuing Activity) | (23,950) | 178,575 |
| Disposal of Compton & Woodhouse | (Discontinued Activity) | — | (254,189) |
| WWAV Paris project appraisal | (Discontinued Activity) | — | 51,258 |
| | | <u>£(23,950)</u> | <u>£(24,356)</u> |
| 8. DIVIDENDS | | 1994 £ | 1993 £ |
| Proposed dividend for the year of approximately 21.59 pence per share (1993 Nil) | | <u>£430,000</u> | <u>£ —</u> |

NOTES TO THE ACCOUNTS (CONTINUED)

9. TANGIBLE FIXED ASSETS

| | -Assets under Finance-leases | | | | | |
|---------------------|------------------------------|-------------------|------------------------|------------------------------|---------------------|------------------------------------|
| | Motor Vehicles £ | Motor Vessel £ | Computer Software £ | Furniture and Equipment £ | Motor Vehicles £ | Short-term Leasehold Property £ |
| | | | | | | Total £ |
| COST/VALUATION | | | | | | |
| At 1 January 1994 | 21,938 | 80,000 | 101,009 | 118,922 | 55,602 | 907,874 |
| Additions | — | — | 20,210 | 136,938 | — | 221,011 |
| Group transfers | — | — | — | (18,968) | — | (18,968) |
| Disposals | — | (80,000) | — | — | (55,602) | (135,602) |
| Expiries | — | — | (92,885) | (14,375) | — | (360,729) |
| At 31 December 1994 | £21,938 | £ — | £28,334 | £222,517 | £ — | £613,586 |
| DEPRECIATION | | | | | | |
| At 1 January 1994 | 5,691 | 9,000 | 94,331 | 38,536 | 29,667 | 519,674 |
| Charge for year | 5,484 | 10,000 | 7,279 | 39,766 | 6,512 | 81,483 |
| Group transfers | — | — | — | 2,646 | — | 2,646 |
| Disposals | — | (19,000) | — | — | (36,179) | (55,179) |
| Expiries | — | — | (92,885) | (14,375) | — | (360,729) |
| At 31 December 1994 | £11,175 | £ — | £8,725 | £66,573 | £ — | £187,895 |
| NET BOOK VALUE | | | | | | |
| At 31 December 1994 | £10,763 | £ — | £19,609 | £155,944 | £ — | £425,691 |
| At 31 December 1993 | £16,247 | £71,000 | £6,678 | £80,386 | £25,935 | £388,200 |

WWAV RAPP COLLINS GROUP LTD
NOTES TO THE ACCOUNTS (CONTINUED)

| 10. INVESTMENTS | 1994 | 1993 |
|---|------------|-------------|
| | £ | £ |
| COST | | |
| Brought forward | 2,038,012 | 1,817,064 |
| Additions | 584,427 | 2,641,836 |
| Disposals | (100) | (2,420,886) |
| Amounts written off | — | (2) |
| | ----- | ----- |
| | £2,622,339 | £2,038,012 |
| | ===== | ===== |
| Subsidiary Undertakings | £1,145,339 | £561,012 |
| Unlisted Investments (note 23) | £1,477,000 | £1,477,000 |
| | ===== | ===== |
| Additions Represent: | | |
| Consideration paid to minority shareholders of: | | |
| WWAV Rapp Collins North Ltd | 296,484 | 43,680 |
| The Computing Group Limited | 287,943 | 132,695 |
| Hooton Schofield Ltd | — | 11,961 |
| Consideration paid for Redeemable Ordinary Shares: | | |
| Compton & Woodhouse Ltd | — | 976,500 |
| | ----- | ----- |
| | £584,427 | £1,164,836 |
| Consideration paid for Unlisted Investments: | | |
| Pridewood Enterprises Ltd | — | 1,477,000 |
| | ----- | ----- |
| | £584,427 | £2,641,836 |
| | ===== | ===== |
| Disposals Represent: | | |
| Publishers Clearing House Ltd | 100 | — |
| Compton & Woodhouse Ltd: | | |
| Ordinary Shares | — | 1,444,386 |
| Redeemable Ordinary Shares | — | 976,500 |
| | ----- | ----- |
| | £100 | £2,420,886 |
| | ===== | ===== |

WWAV RAPP COLLINS GROUP LTDNOTES TO THE ACCOUNTS (CONTINUED)**10. INVESTMENTS (CONTINUED)**

| SHARES IN GROUP COMPANIES:- | Nature of Business | Percentage owned |
|--|------------------------|------------------|
| WWAV Rapp Collins Limited | Direct Marketing | 100.00% |
| The Computing Group Limited | Computer services | 100.00% |
| WWAV Rapp Collins North Limited | Direct Marketing | 100.00% |
| HLB Limited | List Broking | 100.00% |
| Hooton Schofield Limited | Direct Mail processing | 100.00% |
| TCG Worldwide Limited | Dormant | 100.00% |
| Direct Art Limited | Dormant | 100.00% |
| The Direct Marketing Computer Centre Limited | Dormant | 100.00% |
| The London Lettershop Limited | Dormant | 100.00% |
| Data Decisions Limited | Dormant | 100.00% |
| WWAV Trustees Limited | Dormant | 100.00% |

All the above companies were incorporated in England

WWAV RAPP COLLINS GROUP LTD

NOTES TO THE ACCOUNTS (CONTINUED)

11. DEBTORS

| | 1994 | 1993 |
|--|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 20,370 | 20,904 |
| Other debtors | 66,734 | 104,716 |
| Prepayments | 57,233 | 13,433 |
| Immediate parent and fellow subsidiaries | 2,789,707 | — |
| Subsidiary undertakings (see below) | 2,346,244 | 2,309,811 |
| Employee share scheme trust | — | 293,228 |
| Corporation tax | 811,524 | 264,886 |
| Dividends receivable | 322,725 | 679,730 |
| VAT | 32,941 | 20,464 |
| | <u>£6,447,478</u> | <u>£3,707,172</u> |

Within the amounts due from subsidiary undertakings are loans which are repayable after more than one year:-

| | | |
|-----------------------------|-------------------|-------------------|
| Hooton Schofield Limited | 1,000,000 | 1,000,000 |
| The Computing Group Limited | 1,000,000 | 1,000,000 |
| | <u>£2,000,000</u> | <u>£2,000,000</u> |

12. CREDITORS: Amounts falling due within one year

| | 1994 | 1993 |
|---|-------------------|-------------------|
| | £ | £ |
| Bank overdraft | 5,731,868 | 2,860,918 |
| Trade creditors | 49,177 | 46,528 |
| Other creditors including tax and social security | 643,974 | 580,679 |
| Accruals | 371,318 | 41,042 |
| Provision for costs arising on transfer of business | — | 178,575 |
| Subsidiary undertaking | — | 24,490 |
| Mortgage (secured see note 19) | — | 6,428 |
| Finance leases (secured see note 13) | — | 14,939 |
| Dividends payable | 430,000 | — |
| | <u>£7,226,337</u> | <u>£3,753,599</u> |

WWAV RAPP COLLINS GROUP LTD
NOTES TO THE ACCOUNTS (CONTINUED)

13. CREDITORS: Amounts falling due after more than one year

| | 1994 | 1993 |
|------------------------------|-------|---------|
| | £ | £ |
| Finance leases (secured) | — | 9,756 |
| Mortgage (secured) (Note 19) | — | 52,216 |
| | ----- | ----- |
| | £ — | £61,972 |
| | ===== | ===== |

The finance leases were secured on the assets held under those lease agreements.

14. PROVISIONS FOR LIABILITIES AND CHARGES

a) Provision against Investment

The provision of £151,502 shown in the balance sheet represents a provision against the value of the investment in TCG Worldwide Ltd of £10,000, together with the accumulated losses brought forward to date (1993 - £151,502). These losses were incurred prior to the Company changing its name from WWAV Business Ltd to TCG Worldwide Ltd on 24th November 1994.

| | 1994 | 1993 |
|--|---------|----------|
| | £ | £ |
| b) Deferred taxation | | |
| Provision brought forward | (9,000) | (7,000) |
| Transfer from/(to) profit and loss account | 9,000 | (2,000) |
| | ----- | ----- |
| | £ — | £(9,000) |
| | ===== | ===== |
| Disclosed as debtors | £ — | £9,000 |
| | ===== | ===== |

15. CALLED UP SHARE CAPITAL

| | 1994 | 1993 |
|---|----------|----------|
| | £ | £ |
| Authorised 2,140,000 ordinary shares of 25p | £535,000 | £535,000 |
| | ===== | ===== |
| Allotted and fully paid 1,991,624 ordinary shares 25p | £497,906 | £497,906 |
| | ===== | ===== |

WWAV RAPP COLLINS GROUP LTD
NOTES TO THE ACCOUNTS (CONTINUED)

| 16. RESERVES | Share Premium | Profit & Loss | Total |
|--|---------------|---------------|------------|
| at 1st January 1994 | 1,118,055 | 551,350 | 1,669,405 |
| Retained Profit for the financial year | — | (46,993) | (46,993) |
| | ===== | ===== | ===== |
| at 31st December 1994 | £1,118,055 | £504,357 | £1,622,412 |
| | ===== | ===== | ===== |

17. OPERATING LEASES

There are commitments on operating leases for the following year amounting to:-

| | LEASES EXPIRING | | | Total |
|------------------------|--------------------|----------------|-------------------|----------|
| | Within 1 year £ | 2-5 years £ | Over 5 years £ | £ |
| | | | 1994 | |
| Land and buildings | — | — | 225,700 | 225,700 |
| Other operating leases | 9,705 | 26,132 | — | 35,837 |
| | ===== | ===== | ===== | ===== |
| | £9,705 | £26,132 | £225,700 | £261,537 |
| | ===== | ===== | ===== | ===== |
| | | | 1993 | |
| Land and buildings | — | — | 590,000 | 590,000 |
| Other operating leases | 1,964 | 16,086 | — | 18,050 |
| | ===== | ===== | ===== | ===== |
| | £1,964 | £16,086 | £590,000 | £608,050 |
| | ===== | ===== | ===== | ===== |

WWAV RAPP COLLINS GROUP LTD

NOTES TO THE ACCOUNTS (CONTINUED)

18. FINANCE LEASE COMMITMENTS

The future minimum lease payments to which the Company is committed as at 31 December are as follows:-

1994

| | GROSS LIABILITY £ | FINANCE CHARGES £ | NET LIABILITY £ |
|------|-------------------------|-------------------------|-----------------------|
| 1995 | — | — | — |
| 1996 | — | — | — |
| | ----- | ----- | ----- |
| | £ — | £ — | £ — |
| | ===== | ===== | ===== |

1993

| | GROSS LIABILITY £ | FINANCE CHARGES £ | NET LIABILITY £ |
|------|-------------------------|-------------------------|-----------------------|
| 1994 | 17,780 | 2,841 | 14,939 |
| 1995 | 11,048 | 1,292 | 9,756 |
| | ----- | ----- | ----- |
| | £28,828 | £4,133 | £24,695 |
| | ===== | ===== | ===== |

19. MORTGAGE OUTSTANDING

| | 1994 £ | 1993 £ |
|------------------|-----------|-----------|
| Brought Forward | 58,644 | — |
| Additions | — | 64,000 |
| Interest Charged | 3,870 | 5,602 |
| Payments | (62,514) | (10,958) |
| | ----- | ----- |
| Carried Forward | £ — | £58,644 |
| | ===== | ===== |

The Mortgage of £64,000 was repayable over 7 years and was secured on the motor vessel. Interest was charged at 3% above Finance House Base Rate and as at 31st December 1993 the total outstanding liability was £58,644.

20. CONTINGENT LIABILITIES

a) WWAV Rapp Collins Group Ltd, jointly and severally with its subsidiary undertakings, has entered into a £2,500,000 collective net overdraft facility with Midland Bank plc. Midland Bank plc has the right to apply positive cash balances of the company against indebtedness or liability of any of the other companies named in the agreement. This facility is guaranteed by Omnicom Group Inc.

b) The Company has guaranteed to provide financial and trading support for Hooton Schofield Limited for the foreseeable future. The balance sheet deficit of Hooton Schofield Limited at 31 December 1994 was £945,814 (1993 : £1,011,841).

No provision has been made in these accounts either against any sums owed to WWAV Rapp Collins Group Ltd at 31 December 1994, nor against the value of the investments in subsidiaries, with the exception of a provision against the amounts owed by TCG Worldwide Limited and the value of the investment in that subsidiary (Note 14). The book value of the investment in Hooton Schofield Limited was £50,442 at 31 December 1994 (1993 : £50,442).

c) The Company has guaranteed amounts due to a finance company in respect of lease purchases of equipment by Hooton Schofield Limited. At the balance sheet date this liability amounted to £17,006 (1993 : £45,373).

WWAV RAPP COLLINS GROUP LTDNOTES TO THE ACCOUNTS (CONTINUED)**21. PENSION SCHEME**

The company operates two money purchase pension schemes.

Employees - WWAV Rapp Collins Group Ltd Pension Plan.

The plan is an insured scheme independently administered by the pension scheme provider. The pension cost charge represents employer's contributions and amounted to £628,737. All contributions due within the year were paid.

Executive - WWAV Directors Pension Scheme.

The assets of the scheme are held separately from those of the company in a self-administered fund. The pension cost charge represents employer's contributions payable of £194,356. No contributions were outstanding at the year end.

22. CAPITAL COMMITMENTS

| | 1994 £ | 1993 £ |
|--------------------------------------|------------------|-------------------|
| a) Authorised but not contracted for | £26,000 ===== | £413,000 ===== |
| b) Contracted for but not provided | £ — ===== | £22,318 ===== |

23. UNLISTED INVESTMENT IN PRIDEWOOD ENTERPRISES LTD

The preference shares are redeemable in three equal annual tranches commencing 31st December 2000, and until redeemed, yield a net dividend of 10% per annum.

WWAV RAPP COLLINS GROUP LTDNOTES TO THE ACCOUNTS (CONTINUED)**24. ULTIMATE HOLDING COMPANY**

Following the sale of the Company in January 1994 the Company's results are included in the consolidated accounts of its United Kingdom parent company, Diversified Agency Services Ltd, whose principal place of business is at 239 Old Marylebone Road, London NW1 5QT.

The largest group in which the company's results are included is the consolidated accounts of the ultimate holding company, Omnicom Group Inc., a company incorporated in the United States of America. These consolidated accounts are available to the public and may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York 10022. USA.

25. PRIOR PERIOD COMPARATIVES

The information relating to the year ended 31 December 1993, which is shown in these accounts for comparative purposes only, has been extracted from the previous year's accounts which were audited by Moores Rowland. The auditors' report on these accounts was unqualified.