

IDK Media Limited

Directors' report and financial statements
for the year ended 31 December 1996

Registered number: 2303633



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Directors and Advisors

Directors

AE Lloyd-Barnes

AH Kenyon

T Neligan

Secretary

E Page

Registered office

1 Paris Garden

London

SE1 8NU

Auditors

Binder Hamlyn

20 Old Bailey

London EC4M 7BH

Directors' report

For the year ended 31 December 1996

Financial Statements

The directors present their report and financial statements for the year ended 31 December 1996 .

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 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; 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.

Principal activities and review of the business

The principal activity of the company is the planning and buying of media advertising campaigns. The directors consider the results to be satisfactory.

Results and dividends

The profit and loss account is set out on page 5 and shows a profit for the year of £1,135,527 (1995: £787,452) , out of which the directors recommend the payment of a dividend of £1,135,000 (1995: £787,000). The balance of £527 (1995: £452) is transferred to reserves.

Directors' report (continued)

Directors

The directors of the company during the year were:

CJ Ingram
AH Kenyon
AE Lloyd-Barnes
T Neligan
NI Allmond
PA Toynton
JH Denekamp (resigned 20 December 1996)

Since the year end the following changes have occurred:

NI Allmond (resigned 16 June 1997)
PA Toynton (resigned 27 June 1997)
CJ Ingram (resigned 25 July 1997)

Directors' interests in shares

With the exception of AH Kenyon who had an interest in 2,450 ordinary shares of £1 each at 31 December 1996, none of the directors have any interest in the share capital of the company. AH Kenyon disposed of his interest in the company on 24 February 1997, to the parent company CIA Group PLC.

CJ Ingram and PA Toynton are both directors of the ultimate holding company, CIA Group PLC and their interests in the share capital of that company are disclosed in the financial statements of that company.

The interests in the shares of CIA Group PLC of those persons who were directors of the company at the year end were as follows:

	Ordinary shares of 5p each		Options over ordinary shares	
	31 December 1996	1 January 1996	31 December 1996	1 January 1996
	Number	Number	Number	Number
NI Allmond	-	-	41,801	68,231
AE Lloyd-Barnes	-	-	43,632	48,701
AH Kenyon	21,072	21,072	11,613	11,613
T Neligan	-	-	10,025	10,025

Save as set out above none of the directors at the year end had any disclosable interest in any shares in CIA Group PLC or any of its subsidiary undertakings.

Charitable and political donations

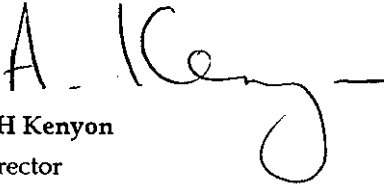
During the year the company made charitable donations of £925 (1995: £nil). No political donations were made.

Directors' report (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30 OCTOBER 1997

A handwritten signature in dark ink, appearing to read 'A. H. Kenyon' with a long horizontal stroke extending to the right.

30/10/97.

A H Kenyon
Director

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the shareholders of IDK Media Limited

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the 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.

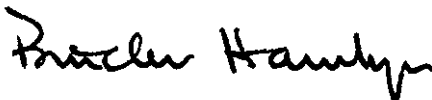
Basis of opinion

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 company's state of affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

30 October 1997

Profit and loss account

For the year ended 31 December 1996

	Notes	1996 £	1995 £
Gross billings		114,262,999	72,076,507
Turnover	2	99,826,083	64,383,786
Cost of sales		(97,095,216)	(62,205,771)
Gross Profit		2,730,867	2,178,015
Administrative expenses		(1,373,973)	(1,246,899)
Operating profit		1,356,894	931,116
Interest receivable and similar income		346,216	250,336
Profit on ordinary activities before taxation	3	1,703,110	1,181,452
Tax on profit on ordinary activities	6	(567,583)	(394,000)
Profit on ordinary activities after taxation		1,135,527	787,452
Dividends	7	(1,135,000)	(787,000)
Retained profit for the year		527	452
Retained profit at beginning of year		3,279	2,827
Retained profit at end of year		3,806	3,279

All of the above results derive from continuing activities and there were no acquisitions in the period.

Statement of total recognised gains and losses

There were no recognised gains and losses other than the profit for the year as shown above.

Balance sheet

31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible fixed assets	8	<u>59,177</u>	<u>55,686</u>
Current assets			
Debtors	9	12,393,596	7,937,119
Creditors: amounts falling due within one year	10	<u>(12,438,967)</u>	<u>(7,979,526)</u>
Net current liabilities		<u>(45,371)</u>	<u>(42,407)</u>
Net assets		<u>13,806</u>	<u>13,279</u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		<u>3,806</u>	<u>3,279</u>
Equity shareholders' funds	12	<u>13,806</u>	<u>13,279</u>

The financial statements on pages 6 to 13 were approved by the Board on 30 OCTOBER 1997

A. Kenyon - 30/10/97 -

A H Kenyon
Director

Notes to the financial statements

For the year ended 31 December 1996

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:-

a) Basis of accounting

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

No cash flow statement is presented as the company has no cash or cash equivalents, and therefore no cash flows within the company result from transactions undertaken by the company.

b) Gross billings, turnover and recognition of income

Gross billings represents the cost of advertising placed, after negotiated discounts and excluding VAT, calculated in line with the Association of Media Independents' recommended formula.

Turnover comprises the net value of amounts invoiced to clients, excluding VAT, and normally reflects the costs of advertising expenditure of the company's clients and the related commissions and fees charged. Commissions are recognised as income when the related advertisement appears. Fees are recognised when they are billed in accordance with the agreements with clients.

c) Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated, useful life as follows:

Motor vehicles	- 25% per annum
Office machinery	- 20% per annum
Furniture, fixtures and fittings	- 10% per annum

d) Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

e) Taxation

Corporation tax payable is provided on taxable profits at current rates.

Deferred taxation (which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities) is calculated on the liability method. Deferred tax is provided at current rates of taxation on timing differences to the extent that a tax liability is expected to arise in the foreseeable future.

Notes to the financial statements (continued)

For the year ended 31 December 1996

1 Accounting policies (continued)

f) Pensions costs

Pension costs represent contributions made to defined contribution personal pension schemes on behalf of certain directors and employees of the company.

2 Turnover

Turnover derives from the company's principal activity and arises primarily in the United Kingdom.

3 Profit on ordinary activities before taxation

is stated after charging:	1996 £	1995 £
Depreciation of tangible fixed assets		
- owned	22,262	23,165
Operating lease rentals		
- plant and machinery	2,376	1,956
Auditors' remuneration		
- audit	2,507	2,549
Loss on sale of fixed assets	20	-
	<hr/>	<hr/>

4 Staff costs

	1996 Number	1995 Number
(1) Number of employees		
The average monthly number of persons (including directors) employed by the company during the year was:	15	13
	<hr/>	<hr/>
	£	£
(2) Employee costs		
Wages and salaries	675,449	614,189
Social security costs	68,740	63,217
Other pension costs	14,000	16,625
	<hr/>	<hr/>
	758,189	694,031
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Notes to the financial statements (continued)

For the year ended 31 December 1996

5 Directors' remuneration

	1996	1995
	£	£
(1) Emoluments		
The emoluments of directors of the company were:		
Remuneration (excluding bonus payments)	351,061	312,396
Bonus payments	68,459	63,685
Pension contributions	14,000	16,625
	<u>433,520</u>	<u>392,706</u>

Fees and other emoluments disclosed above (excluding share options) include the following amounts paid to:

	Chairman		Highest paid director	
	1996	1995	1996	1995
	£	£	£	£
Remuneration	-	-	133,546	129,232
Pension contributions	-	-	14,000	16,625
	<u>-</u>	<u>-</u>	<u>147,546</u>	<u>145,857</u>

(2) Bandings

Directors' emoluments (excluding pension contributions and share options) were in the following ranges:

	1996	1995
	Number	Number
£0 - £5,000	3	1
£60,001 - £65,000	-	1
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-
£100,001 - £105,000	-	1
£115,001 - £120,000	1	-
£130,001 - £135,000	<u>1</u>	<u>-</u>

Three of the directors were also directors of other affiliated companies and receive all emoluments from those companies.

Notes to the financial statements (continued)

For the year ended 31 December 1996

6 Tax on profit on ordinary activities

	1996 £	1995 £
Corporation tax	567,189	394,000
Adjustment in respect of prior years	394	-
	<u>567,583</u>	<u>394,000</u>

7 Dividends

	1996 £	1995 £
Final proposed dividend of £113.50 per share (1995: £78.70)	<u>1,135,000</u>	<u>787,000</u>

8 Tangible fixed assets

	Motor vehicles £	Office machinery £	Furniture fixtures and fittings £	Total £
Cost				
1 January 1996	16,420	101,154	26,266	143,840
Additions	-	14,697	11,076	25,773
Disposal	(16,420)	-	(431)	(16,851)
31 December 1996	<u>-</u>	<u>115,851</u>	<u>36,911</u>	<u>152,762</u>
Depreciation				
1 January 1996	16,075	56,901	15,178	88,154
Charge for the year	345	18,330	3,587	22,262
On disposal	(16,420)	-	(411)	(16,831)
31 December 1996	<u>-</u>	<u>75,231</u>	<u>18,354</u>	<u>93,585</u>
Net book value				
31 December 1996	<u>-</u>	<u>40,620</u>	<u>18,557</u>	<u>59,177</u>
31 December 1995	<u>345</u>	<u>44,253</u>	<u>11,088</u>	<u>55,686</u>

Notes to the financial statements (continued)

For the year ended 31 December 1996

9 Debtors

	1996 £	1995 £
Trade debtors	11,630,710	7,671,187
Amounts owed by parent undertaking	597,811	213,040
Other debtors	4,125	2,220
Prepayments and accrued income	43,227	2,468
ACT recoverable	48,204	-
ACT recoverable (in more than 1 year)	69,519	48,204
	<u>12,393,596</u>	<u>7,937,119</u>

10 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	10,035,698	6,762,162
Amounts owed to fellow subsidiary undertakings	3,780	1,763
Other creditors	49,384	-
Corporation tax	510,321	369,411
Accruals and deferred income	635,265	59,190
Proposed dividend	1,135,000	787,000
ACT on proposed dividends	69,519	-
	<u>12,438,967</u>	<u>7,979,526</u>

11 Called up share capital

	1996 £	1995 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Notes to the financial statements (continued)

For the year ended 31 December 1996

12 Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit for the financial year	1,135,527	787,452
Dividends	(1,135,000)	(787,000)
Net addition to shareholders' funds	527	452
Opening shareholders' funds	13,279	12,827
Closing shareholders' funds	13,806	13,279

13 Financial commitments

At 31 December 1996 the company had no operating lease or capital commitments (1995: £nil).

14 Related parties

CIA (UK) Holdings Limited, a subsidiary of CIA Group PLC, is the company's majority shareholder. The minority shareholder is Anthony Howard Kenyon, the managing director.

In the year to 31 December 1996 the following transactions, on normal commercial terms, occurred with CIA (UK) Holdings Limited.

Company and transaction	Amount	Balance outstanding
	Income/(Expense)	at 31 December 1996
	£	Debtor/(Creditor)
		£
<u>CIA (UK) Holdings Limited</u>		
Media and central services recharges	(150,000)	Nil

15 Ultimate parent undertaking

The company's ultimate parent undertaking is CIA Group PLC, a company registered in England and Wales.

CIA Group PLC is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements are available from 1 Paris Garden, London, SE1 8NU.