

IDK Media Limited

Accounts with directors' report and auditors' report
for the year ended 31 December 1997

Registered number: 2303633



Contents

	Page
Directors and Advisors	1
Directors' report	2
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-13

Directors and Advisors

Directors

AE Lloyd-Barnes

AH Kenyon

T Neligan

Secretary

E Page

Registered office

1 Paris Garden

London

SE1 8NU

Auditors

Arthur Andersen

20 Old Bailey

London EC4M 7AN

Directors' report

For the year ended 31 December 1997

The directors present their report and financial statements for the year ended 31 December 1997.

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 for the year satisfactory and are confident about its future prospects.

Results and dividends

The profit and loss account is set out on page 6 and shows a profit for the year of £432,104 (1996: £1,135,527), out of which the directors recommend the payment of a dividend of £432,000 (1996: £1,135,000). The balance of £104 (1996: £527) is transferred to reserves.

Directors' report (continued)

Directors

The directors of the company during the year were:

CJ Ingram	(resigned 25 July 1997)
AH Kenyon	
AE Lloyd-Barnes	
T Neligan	
NI Allmond	(resigned 16 June 1997)
PA Toynton	(resigned 27 June 1997)

Directors' interests in shares

AH Kenyon disposed of his interest in 2,450 ordinary shares of £1 each in the company on 24 February 1997, to the parent company Tempus Group PLC (formerly CIA Group PLC). None of the other directors have any interest in the share capital of the company.

The interests in the shares of Tempus Group PLC of the directors of the company at the year end were as follows:

	Ordinary shares of 5p each	
	31 December 1997	1 January 1997
	Number	Number
AE Lloyd-Barnes	8,705	5,069
AH Kenyon	25,238	21,072
T Neligan	-	-

Options over ordinary shares

	At 1 January 1997 Number	Granted in 1997 Number	Exercised in 1997 Number	At 31 December 1997 Number
AE Lloyd Barnes	47,268	-	3,636	43,632
AH Kenyon	11,617	5,085	4,166	12,536
T Neligan	10,025	-	-	10,025

Each of the directors of the Company are potential beneficiaries under the Tempus Group 1990 Employee Benefit Trust ("the Trust") and at 31 December 1997 were therefore deemed to have been interested in 2,044,474 (1 January 1997: 1,779,172) shares in Tempus Group PLC, being the number of such shares that day registered in the name of the The Tempus Group Trust company (1990) Limited for the benefit of the Trust.

Directors' report (continued)

Directors' interests in shares (*continued*)

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

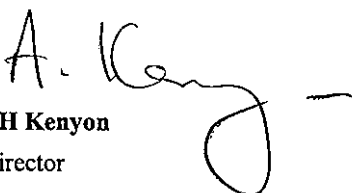
Charitable and political donations

During the year the company made charitable donations of £690 (1996: £925). No political donations were made.

Auditors

In 1994 Binder Hamlyn became part of the Arthur Andersen organisation. During 1997 Arthur Andersen were appointed and have indicated their willingness to continue as the company's auditors.

This report was approved by the Board on 2 September 1998.


AH Kenyon
Director

ARTHUR ANDERSEN

20 Old Bailey
London EC4M 7AN
0171 438 3000 Telephone
0171 489 6060 Facsimile

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

3 September 1997

Profit and loss account

For the year ended 31 December 1997

	Notes	1997 £	1996 £
Gross billings		<u>133,326,473</u>	<u>114,262,999</u>
Turnover	2	116,020,697	99,826,083
Cost of sales		<u>(112,590,785)</u>	<u>(97,095,216)</u>
Gross Profit		3,429,912	2,730,867
Administrative expenses		<u>(2,985,165)</u>	<u>(1,373,973)</u>
Operating profit		444,747	1,356,894
Interest receivable and similar income		<u>190,370</u>	<u>346,216</u>
Profit on ordinary activities before taxation	3	635,117	1,703,110
Tax on profit on ordinary activities	6	<u>(203,013)</u>	<u>(567,583)</u>
Profit on ordinary activities after taxation		432,104	1,135,527
Dividends	7	<u>(432,000)</u>	<u>(1,135,000)</u>
Retained profit for the year		104	527
Retained profit at beginning of year		<u>3,806</u>	<u>3,279</u>
Retained profit at end of year		<u>3,910</u>	<u>3,806</u>

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.

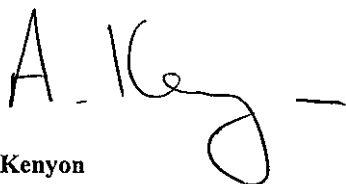
The accompanying notes form an integral part of these financial statements.

Balance sheet

31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible fixed assets	8	<u>20,679</u>	<u>59,177</u>
Current assets			
Debtors	9	11,812,123	12,393,596
Creditors: amounts falling due within one year	10	<u>(11,818,892)</u>	<u>(12,438,967)</u>
Net current liabilities		<u>(6,769)</u>	<u>(45,371)</u>
Net assets		<u>13,910</u>	<u>13,806</u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		<u>3,910</u>	<u>3,806</u>
Equity shareholders' funds	12	<u>13,910</u>	<u>13,806</u>

The financial statements on pages 6 to 13 were approved by the Board on 2 September 1998.



AH Kenyon
Director

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 1997

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:

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.

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.

Notes to the financial statements (continued)

For the year ended 31 December 1997

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:

	1997 £	1996 £
Depreciation of tangible fixed assets		
- owned	7,046	22,262
Operating lease rentals		
- plant and machinery	-	2,376
Auditors' remuneration		
- audit	2,750	2,507
Loss on sale of fixed assets	-	20
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4 Staff costs

(1) Number of employees

The average monthly number of persons (including directors) employed by the company during the year was:

	1997 Number	1996 Number
	4	15
	<hr/>	<hr/>

(2) Employee costs

	£	£
Wages and salaries	546,400	675,449
Social security costs	44,256	68,740
Other pension costs	15,833	14,000
	<hr/>	<hr/>
	606,489	758,189
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Notes to the financial statements (continued)

For the year ended 31 December 1997

5 Directors' remuneration

	1997	1996
	£	£
(1) Emoluments		
The emoluments of directors of the company were:		
Remuneration (excluding bonus payments)	445,449	351,061
Bonus payments	57,000	68,459
Pension contributions	58,000	14,000
	<u>560,449</u>	<u>433,520</u>

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

	Highest paid director	
	1997	1996
	£	£
Remuneration	168,917	133,546
Pension contributions	58,000	14,000
	<u>226,917</u>	<u>147,546</u>

Notes to the financial statements (continued)

For the year ended 31 December 1997

6 Tax on profit on ordinary activities

	1997	1996
	£	£
Corporation tax at 31%/33% (1996-33%)	203,000	567,189
Adjustment in respect of prior years	13	394
	<u>203,013</u>	<u>567,583</u>

7 Dividends

	1997	1996
	£	£
Final proposed dividend of £43.20 per share (1996: £113.50)	<u>432,000</u>	<u>1,135,000</u>

8 Tangible fixed assets

	Office machinery £	Furniture Fixtures And Fittings £	Total £
Cost			
1 January 1997	115,851	36,911	152,762
Additions	8,988	-	8,988
Disposal	(69,480)	(16,652)	(86,132)
31 December 1997	<u>55,359</u>	<u>20,259</u>	<u>75,618</u>
Depreciation			
1 January 1997	75,231	18,354	93,585
Charge for the year	4,240	2,806	7,046
On disposal	(34,432)	(11,261)	(45,693)
31 December 1997	<u>45,040</u>	<u>9,899</u>	<u>54,939</u>
Net book value			
31 December 1997	<u>10,319</u>	<u>10,360</u>	<u>20,679</u>
31 December 1996	<u>40,620</u>	<u>18,557</u>	<u>59,177</u>

Notes to the financial statements (continued)

For the year ended 31 December 1997

9 Debtors

	1997 £	1996 £
Trade debtors	10,175,393	11,630,710
Amounts owed by parent undertaking	-	597,811
Amounts owed by subsidiary undertakings	592,657	-
Other debtors	21,761	4,125
Prepayments and accrued income	1,012,979	43,227
ACT recoverable	-	48,204
ACT recoverable (in more than 1 year)	-	69,519
Group relief receivable	9,333	-
	<u>11,812,123</u>	<u>12,393,596</u>

10 Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	11,091,958	10,035,698
Amounts owed to subsidiary undertakings	55,334	3,780
Other creditors	-	49,384
Corporation tax	133,481	510,321
Accruals and deferred income	106,119	635,265
Proposed dividend	432,000	1,135,000
ACT on proposed dividends	-	69,519
	<u>11,818,892</u>	<u>12,438,967</u>

11 Called up share capital

	1997 £	1996 £
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 1997

12 Reconciliation of movements in shareholders' funds

	1997	1996
	£	£
Profit for the financial year	432,104	1,135,527
Dividends	(432,000)	(1,135,000)
Net addition to shareholders' funds	104	527
Opening shareholders' funds	13,806	13,279
Closing shareholders' funds	13,910	13,806

13 Financial commitments

At 31 December 1997 the company had no operating lease or capital commitments (1996: £nil).

14 Related parties

CIA (UK) Holdings Limited, a subsidiary of Tempus Group PLC, is the company's majority shareholder. The minority shareholder was Anthony Howard Kenyon, the managing director, until 24 February 1997 when CIA (UK) Holdings Limited acquired his shares.

In the year to 31 December 1997 the following transactions, on normal commercial terms, occurred with CIA (UK) Holdings Limited.

Company and transaction	Amount	Balance outstanding
	Income/(Expense)	at 31 December 1997
	£	Debtor/(Creditor)
		£
<u>CIA (UK) Holdings Limited</u>		
Media and central services recharges	(1,567,452)	-

15 Ultimate parent undertaking

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

Tempus 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.