

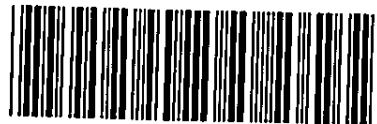
LUDGATE COMMUNICATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

Registered number: 2529743

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LUDGATE COMMUNICATIONS LIMITED

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007.

Principal activities

The company is engaged in property management

Review of business and future developments

The company will continue to fulfil its current role as a property management company.

Results and dividends

The company's loss for the financial year amounted to £201,000 (2006: £455,000). No dividends were declared or paid during the year (2006: £nil)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below

K Greene

P Perry - deceased 22nd December 2007

N Taffinder - appointed 22nd December 2007

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. The financial statements are required by law to 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 apply them consistently, make judgements and estimates that are reasonable and prudent and, prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. Although the company has net liabilities, it is the current intention of the ultimate parent company, The Interpublic Group of Companies Inc, to continue to support the company and therefore the directors consider it appropriate that the accounts have been prepared on a going concern basis.

LUDGATE COMMUNICATIONS LIMITED

Directors' report for the year ended 31 December 2007 (*continued*)

Statement of directors' responsibilities (*continued*)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquires of other directors and the auditors and any other steps required by the directors' duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



K Greene
Director

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LUDGATE COMMUNICATIONS LIMITED

Independent auditors' report to the members of Ludgate Communications Limited

We have audited the financial statements of Ludgate Communications Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 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.

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 2007 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

30 September 2008

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

LUDGATE COMMUNICATIONS LIMITED

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		128	173
Cost of sales - recurring		(128)	(173)
- exceptional	8	41	(239)
Gross profit/(loss)		41	(239)
Administrative expenses		(19)	(48)
Operating profit/(loss)	3	22	(287)
Interest payable and similar charges	4	(223)	(175)
Loss on ordinary activities before taxation		(201)	(462)
Tax on loss on ordinary activities	5	-	7
Loss for the financial year		(201)	(455)

All amounts relate to continuing activities

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

There are no recognised gains or losses other than those included in the profit and loss account above

LUDGATE COMMUNICATIONS LIMITED

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Current assets			
Debtors	6	186	370
		186	370
Creditors: amounts falling due within one year	7	(4,939)	(4,643)
Net current liabilities		(4,753)	(4,273)
Provision for liabilities	8	-	(279)
Net liabilities		(4,753)	(4,552)
Capital and reserves			
Called up share capital	9	-	-
Share premium account	10	580	580
Profit and loss reserve	10	(5,333)	(5,132)
Total shareholders' deficit	11	(4,753)	(4,552)

The financial statements on pages 4 to 13 were approved by the board of directors on 30/9/08 and were signed on its behalf by



K Greene
Director

30/9/08

LUDGATE COMMUNICATIONS LIMITED

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies which have been applied consistently throughout the year are set out below.

(a) Parent support

It is the current intention of the ultimate parent undertaking, The Interpublic Group of Companies Inc, to continue to finance the company to enable it to meet its liabilities as they fall due. The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

(b) Turnover

Turnover represents rental and service charge income receivable net of value added tax. Revenues are recognised when the service is rendered and the outcome of the transaction can be measured reliably.

(c) Taxation

Current tax, including UK corporation 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.

(d) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

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Notes to the financial statements for the year ended 31 December 2007 *(continued)*

1 Accounting policies *(continued)*

(e) Onerous lease provision

Where the group has leased property which is surplus to current requirements and is unable to reassign the benefits of the lease, a provision is made for the net present value of the future cash flows relating to the property. Future income is only incorporated in the cash flows to the extent that it is virtually certain. Increases in the onerous lease provision due to the passage of time are recorded as unwinding of discount in the profit and loss account.

(f) Foreign currencies

Foreign currency transactions are recorded in the local currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates and resulting exchange differences are dealt with through the profit and loss account.

(g) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

(h) Prior year reclassification

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation.

2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of The Interpublic Group of Companies Inc, incorporated in the USA, and is included in the consolidated financial statements thereof which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of The Interpublic Group of Companies Inc or investees of The Interpublic Group of Companies Inc.

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Notes to the financial statements for the year ended 31 December 2007 (*continued*)

3 Operating loss

	2007 £'000	2006 £'000
Operating loss is stated after charging/(crediting):		
Exceptional (decrease)/increase onerous lease provision (note 8)	(41)	239
Foreign exchange losses	-	(3)
Auditors' remuneration	5	-

Auditors' remuneration was borne by another group company in 2006

No directors' emoluments were paid by the company (2006: £nil)

There were no persons under contracts of employment with the company during the year (2006: nil). Staff costs were borne by another group company during the year and the previous year

4 Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on bank overdrafts	221	144
Unwinding of discount on onerous lease provision (note 8)	2	31
	223	175

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Notes to the financial statements for the year ended 31 December 2007 (*continued*)

5 Tax on loss on ordinary activities

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2007 £'000	2006 £'000
Current tax credit		
Adjustments in respect of prior years	-	(7)
Tax on loss on ordinary activities	-	(7)
Loss on ordinary activities before taxation	201	462
Tax credit at 30% (2006 30%) of loss on ordinary activities	(60)	(139)
Effects of:		
Non-deductible expenses	5	6
Adjustments in respect of prior years	-	(7)
Group relief for nil consideration	55	133
Current tax credit for the year	-	(7)

There are no recognised or unrecognised deferred tax assets in respect of losses as at 31 December 2006 and 2007 as all losses have been surrendered to the other group undertakings by the company.

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Notes to the financial statements for the year ended 31 December 2007 *(continued)*

6 Debtors

	2007 £'000	Reclassified 2006 £'000
Trade debtors	-	26
Taxation and social security	-	14
Corporation tax receivable	185	185
Other debtors	1	58
Prepayments	-	87
	186	370

7 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Bank overdrafts	3,780	3,469
Amounts owed to parent company	241	241
Amounts owed to group undertakings	871	853
Other creditors	23	23
Accruals and deferred income	24	57
	4,939	4,643

The company participates in the Interpublic pooling arrangement with Lloyds TSB Bank plc. The interest rate is linked to base rate and the overdrafts are secured by ultimate parent undertaking guarantee

Amounts owed to the parent company and to group undertakings are unsecured, interest free and repayable on demand.

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Notes to the financial statements for the year ended 31 December 2007 *(continued)*

8 Provision for liabilities

Onerous lease provision

	2007 £'000	2006 £'000
As at 1 January	279	1,047
Utilised during the year	(240)	(1,038)
Unwinding of discount	2	31
(Decrease)/increase in provision	(41)	239
At 31 December	-	279

The provision relates to an onerous lease of the building located at 109-113 Charterhouse Street, London which expired in September 2007.

9 Called up share capital

	2007 £'000	2006 £'000
Authorised		
1,000 ordinary shares of £1 each	1	1
Allotted but not fully paid		
467 ordinary shares of £1 each	-	-

10 Reserves

	Share premium account £'000	Profit and loss reserve £'000	Total £'000
As at 1 January 2007	580	(5,132)	(4,552)
Loss for the financial year	-	(201)	(201)
As at 31 December 2007	580	(5,333)	(4,753)

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Notes to the financial statements for the year ended 31 December 2007 (*continued*)

11 Reconciliation of movement in shareholders' deficit

	2007 £'000	2006 £'000
Opening shareholders' deficit	(4,552)	(4,097)
Loss for the financial year	(201)	(455)
Closing shareholders' deficit	(4,753)	(4,552)

12 Financial commitments

As at 31 December 2007, the company had annual commitments to non-cancellable operating leases for land and buildings expiring as follows

	2007 £'000	2006 £'000
Operating leases which expire.		
Within one year	-	262

13 Contingent liabilities

The company is not party to any other commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for the Interpublic pooling arrangements with Lloyds TSB Bank plc. The interest rate is linked to a variable base rate and the overdrafts are secured by parent company guarantees.

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Notes to the financial statements for the year ended 31 December 2007 *(continued)*

14 Ultimate parent undertaking

The immediate parent undertaking is Ludgate Group Limited, a company registered in England and Wales. Copies of the financial statements of Ludgate Group Limited are available at Ground Floor, 84 Eccleston Square, London, SW1V 1PX.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies Inc, incorporated in the USA, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated financial statements of The Interpublic Group of Companies Inc can be obtained from the company secretary at 1272 Avenue of the Americas, New York 10020.