

REGISTERED NUMBER: 2875057

PDP MOMENTUM LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001



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PDP MOMENTUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

DIRECTORS

F Butterworth
D C Laidler
B D Rees
J A Abbott
B M Child (Resigned 28 September 2001)
M M Dowley
S Lagreca

COMPANY SECRETARY

F Butterworth

REGISTERED OFFICE

Watson House
Waterloo Road
Stockport
Cheshire
SK1 3BJ

Registered in England No: 2875057

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the company and group continues to be that of a sales promotion agency providing marketing services in the United Kingdom.

RESULTS AND DIVIDEND

The trading results for the year ended 31 December 2001 are shown in the attached profit and loss account. The directors recommend the payment of a dividend of £704,000 (2000 - £837,000) leaving £166,000 to be transferred to reserves (2000 - £280,000).

On 15 June 2001 the company changed its name from The Arbor Group Plc to PDP Momentum Limited.

On 31 December 2001 the Company acquired the events trade and certain assets of a fellow subsidiary undertaking, EXP Momentum Limited, at book amounts (see note 16).

PDP MOMENTUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

DIRECTORS

The directors who served during the year and those who are currently directors are shown on page 1.

No directors have held any shares or rights to shares in the company at any time during the year.

At no time during the year has any director had a material interest in a contract with the company, or its subsidiaries, being a contract of significance in relation to the business of the company.

INTRODUCTION OF THE EURO

The directors have considered the likely impact of the move among certain European countries to monetary union. Internal reviews have indicated that the introduction of the Euro will not have a significant impact upon the company.

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 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.

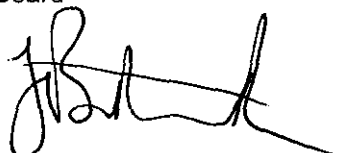
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board

F Butterworth
Secretary
9 April 2002



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PDP MOMENTUM LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 if, in our opinion, the directors' report is not consistent 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

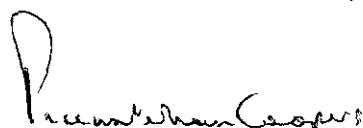
Basis of opinion

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 and the group'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 state of affairs of the company and the group at 31 December 2001 and of the profit of the company and of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
9 April 2002

PDP MOMENTUM LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2001**

	Notes	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
TURNOVER	1	8,715	8,961
Cost of sales		<u>(3,961)</u>	<u>(4,000)</u>
GROSS PROFIT		4,754	4,961
Administrative expenses		<u>(3,620)</u>	<u>(3,435)</u>
OPERATING PROFIT		1,134	1,526
Interest receivable and similar income	2	154	118
Interest payable and similar charges	2	<u>(7)</u>	<u>(16)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,281	1,628
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	<u>(411)</u>	<u>(511)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		870	1,117
Proposed dividend	6	<u>(704)</u>	<u>(837)</u>
AMOUNT TRANSFERRED TO RESERVES	15	<u>166</u>	<u>280</u>

There were no gains and losses other than those recognised in the profit and loss account.

The attached accounting policies and notes form a part of these financial statements.

The profit for the year is in respect of continuing activities.

In accordance with the exemption granted under S320 Companies Act 1985, the company's profit and loss account is not separately presented. The company's retained profit for the period was £166,000 (2000 - £280,000).

PDP MOMENTUM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	7	964	1,171
CURRENT ASSETS			
Stock and work in progress		450	243
Debtors	9	2,810	2,838
Cash at bank and in hand		2,206	2,470
		5,466	5,551
CREDITORS: Amounts falling due within one year	10	(2,442)	(2,843)
NET CURRENT ASSETS		3,024	2,708
TOTAL ASSETS LESS CURRENT LIABILITIES		3,988	3,879
CREDITORS: Amounts falling due after more than one year	11	-	(31)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(22)	(43)
		3,966	3,800
CAPITAL AND RESERVES			
Called up share capital	13	408	408
Profit and loss account	14	3,389	3,223
Revaluation reserve	14	169	169
SHAREHOLDERS' FUNDS: Equity interest	15	3,966	3,800

D C Laidler

F Butterworth

B D Rees

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) DIRECTORS
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The financial statements were approved by the Board of Directors on 9 April 2002.

The attached accounting policies and notes form part of these financial statements.

PDP MOMENTUM LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	7	964	1,171
Investment in subsidiaries	8	88	121
		<u>1,052</u>	<u>1,292</u>
CURRENT ASSETS			
Stock and work in progress		450	243
Debtors	9	2,810	2,838
Cash at bank and in hand		<u>2,206</u>	<u>2,470</u>
		5,466	5,551
CREDITORS: Amounts falling due within one year	10	<u>(4,020)</u>	<u>(4,454)</u>
NET CURRENT ASSETS		<u>1,446</u>	<u>1,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,498	2,389
CREDITORS: Amounts falling due after more than one year	11	-	(31)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(22)</u>	<u>(48)</u>
		<u>2,476</u>	<u>2,310</u>
CAPITAL AND RESERVES			
Called up share capital	13	408	408
Profit and loss account	14	1,899	1,733
Revaluation reserve	14	<u>169</u>	<u>169</u>
SHAREHOLDERS' FUNDS: Equity interest	15	<u>2,476</u>	<u>2,310</u>

D C Laidler

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The financial statements were approved by the Board of Directors on 9 April 2002.

The attached accounting policies and notes form part of these financial statements.

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified for the revaluation of certain fixed assets.

Consolidation

The consolidated financial statements incorporate the financial statements of PDP Momentum Limited and all of its subsidiaries for the year ended 31 December 2001.

Investments

Investments in subsidiaries are shown in the accounts of PDP Momentum Limited at cost less any amounts written off for permanent diminution in value.

Turnover

Turnover represents amounts receivable from clients exclusive of value added tax, in respect of billings for media advertising, production work and fees provided during the year. All revenue arose in the United Kingdom from a single class of business.

Recognition of revenue

Revenue is recognised when work is completed and billings are made to clients. Revenue is not recognised on short term work-in-progress.

Pension scheme arrangements

The company operates a defined contributions scheme. The assets of the scheme are held separately from those of the company. Contributions payable for the period are charged in the profit and loss account.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation.

Depreciation is provided at such rates as will write off the cost of tangible fixed assets over their expected useful lives. The annual depreciation rates used are:

Land and buildings	2%
Fixtures, fittings and office equipment	10 - 20%
Motor vehicles	20 - 25%

Stock and work in progress

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

Work in progress comprises charges for services incurred on behalf of clients which have still to be recharged to clients.

Deferred taxation

No provision is made for deferred taxation arising from the allocation for taxation purposes of income and expenditure to periods different from those used for accounting purposes unless there is reasonable probability that such timing differences will give rise to a taxation liability in the foreseeable future.

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss accounts over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Operating leases

Operating lease rentals are charged to the profit and loss accounts in the year in which they fall due.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Interest receivable from overnight investments	(154)	(118)
Hire purchase interest	7	16
Group management service fee	280	298
Auditors' remuneration	8	12
Depreciation	234	279
Profit on sale of fixed assets	(19)	(21)
Operating lease rentals - buildings	93	58
- other	60	28

3 EMPLOYEES

Staff costs, including directors' emoluments:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Wages and salaries	2,092	2,000
Social security costs	232	247
Other pension costs	142	132
Severance payments	-	25

The average number of employees during the financial period was:

2001 Number	2000 Number
70	74

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

4 DIRECTORS' EMOLUMENTS

Directors' emoluments including pension contributions, all of which were in respect of management services for the year, amounted to £436,765 (2000 - £432,774).

Pension contributions to Money purchase schemes amounted to £72,000 (2000 - £72,000).

Remuneration excluding pension contributions was as follows:

	Year ended 31 December 2001	Year ended 31 December 2000
	£	£
Highest paid director	122,373	121,022

The group has made contributions to money purchase pension plans in respect of 3 directors (2000 - 3) during the year.

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation which has been provided at 30% (2000 - 30%) is based on the results for the year and comprised:

	Year ended 31 December 2001	Year ended 31 December 2000
	£'000	£'000
UK corporation tax	437	540
- current year		
- prior year	-	(29)
Deferred tax	(26)	-
	411	511

6 DIVIDENDS

	2001 £'000	2000 £'000
Final dividend - proposed	704	837

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

7 TANGIBLE ASSETS

GROUP and COMPANY	Freehold property	Leasehold improvement	Equipment, fixtures & fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 January 2001	626	35	529	539	1,729
Additions	-	1	99	29	129
Disposals	-	(35)	(176)	(257)	(468)
At 31 December 2001	626	1	452	311	1,390
DEPRECIATION					
At 1 January 2001	12	23	275	248	558
Charge for the year	13	12	120	90	235
Disposals	-	(35)	(176)	(156)	(367)
At 31 December 2001	25	-	219	182	426
NET BOOK AMOUNT					
At 31 December 2001	601	1	233	129	964
At 1 January 2001	614	12	254	291	1,171

Freehold property included at valuation would have been valued on a historical costs basis at a cost of £467,000.

Assets held under hire purchase agreements included within the net book value:

	2001 £'000	2000 £'000
Net book amount at 1 January	50	223
Depreciation	(20)	(58)
Net book amount at 31 December	30	165

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

8 INVESTMENT IN SUBSIDIARIES

COMPANY	£'000
COST	
At 1 January 2001	191
Disposals	(103)
At 31 December 2001	88
PROVISION FOR PERMANENT DIMINUTION IN VALUE	
At 1 January 2001	70
Provided in the year	33
Disposals	(103)
At 31 December 2001	-
NET BOOK AMOUNT	
At 31 December 2001	88
At 1 January 2001	121

The company owned, directly or indirectly, the entire ordinary issued share capital of the following companies at 31 December 2001 and at 31 December 2000:-

	<u>Activity</u>
The Promotions Department Partnership Limited	Non-trading
The Promotions Department Partnership (London) Limited	Non-trading
The Promotions Department Partnership (Scotland) Limited	Non-trading
PDP (London) Limited	Non-trading
Merchandising Handling & Distribution Limited	Non-trading

All subsidiary companies are incorporated in England and Wales.

The following subsidiary companies were struck-off the register: -

Retail Development Partnership Limited	22 May 2001
Direct Marketing and Advertising Limited	20 November 2001

9 DEBTORS

Amounts falling due within one year:

	<u>Group</u>		<u>Company</u>	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Trade debtors	2,265	2,684	2,265	2,684
Amounts owed by group undertakings	405	24	405	24
Other debtors, prepayments and accrued income	140	130	140	130
	<u>2,810</u>	<u>2,838</u>	<u>2,810</u>	<u>2,838</u>

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

10 CREDITORS: Amounts falling due within one year:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Trade creditors	676	926	676	926
Amounts owed to group undertakings	180	307	1,758	1,918
Corporation tax	189	268	189	268
Other taxation and social security	207	271	207	271
Other creditors	108	24	108	24
Accruals and deferred income	360	138	360	138
Obligations under hire purchase agreements	18	72	18	72
Proposed dividend	704	837	704	837
	<u>2,442</u>	<u>2,843</u>	<u>4,020</u>	<u>4,454</u>

11 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Obligations under hire purchase agreements	-	31	-	31
	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>

12 DEFERRED TAXATION

Deferred tax provided in the accounts comprises:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Provision brought forward	48	48	48	48
Provision for period	(26)	-	(26)	-
Provision carried forward	<u>22</u>	<u>48</u>	<u>22</u>	<u>48</u>

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

13 SHARE CAPITAL

Authorised share capital:

	2001	2000
	£	£
274,997 C ordinary £1 shares of £1 each	274,997	274,997
274,997 D ordinary £1 shares of £1 each	274,997	274,997
450,006 E ordinary £1 shares of £1 each	450,006	450,006
	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2001	2000
	£	£
C ordinary £1 shares of £1 each	127,500	127,500
D ordinary £1 shares of £1 each	127,500	127,500
E ordinary £1 shares of £1 each	153,000	153,000
	<u>408,000</u>	<u>408,000</u>

14 RESERVES

GROUP

	Profit & loss account	Revaluation reserve
	£'000	£'000
Balance at 1 January 2001	3,223	169
Retained profit for the year	166	-
Balance at 31 December 2001	<u>3,389</u>	<u>169</u>

COMPANY

	Profit & loss account	Revaluation reserve
	£'000	£'000
Balance at 1 January 2001	1,733	169
Retained profit for the year	166	-
Balance at 31 December 2001	<u>1,899</u>	<u>169</u>

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Profit for the financial period	870	1,117	870	1,047
Dividends	(704)	(837)	(704)	(837)
Net addition to shareholders' funds	166	280	166	210
Equity Shareholders' funds at 1 January	3,800	3,520	2,310	2,100
Equity Shareholders' funds at 31 December	3,966	3,800	2,476	2,310

16 ACQUISITIONS

On 31st December 2001 the company acquired the trade and certain assets of a fellow subsidiary undertaking, EXP Momentum Limited.

The assets and liabilities acquired by PDP Momentum with effect from 31st December 2001 are summarised below:

Fixed assets	13,000
Current assets - WIP	16,000
Net assets acquired	<u>29,000</u>

17 CAPITAL COMMITMENTS

There are no capital commitments at 31 December 2001 (2000 - £Nil).

18 PENSION COSTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represented contributions payable by the company to the funds and amounted to £142,490 (2000 - £132,241).

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

19 LEASING AND HIRE PURCHASE CONTRACT OBLIGATIONS

Future minimum lease payments under hire purchase agreements are as follows:

	2001 £'000	2000 £'000
Within one year	19	81
Between one and five years	-	34
Total gross payments	19	115
Less finance charges included above	(1)	(12)
	18	103

20 OPERATING LEASE OBLIGATIONS

At the end of the year the group had annual commitments under non-cancellable operating leases expiring as follows:

	2001		2000	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Within one year	-	19	38	-
Between one and five years	64	43	25	51
	64	62	63	51

21 PARENT UNDERTAKINGS

The Interpublic Group of Companies Inc., which is incorporated in the United States of America is the parent undertaking of the largest group to consolidate these financial statements and is the ultimate parent company. Copies of group financial statements for Interpublic Inc. can be obtained from McCann-Erickson House, 36 Howland Street, London, W1A 1AT.

As permitted by FRS1, a cash flow statement is not included in these financial statements because a consolidated cash flow statement is presented by Interpublic Inc., the ultimate parent undertaking.

PDP MOMENTUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

22 RELATED PARTY TRANSACTIONS

During the year certain motor vehicles were sold to the following directors:

<u>Director</u>	<u>Sale Proceeds</u>	<u>Profit / (Loss) on Disposal</u>
Frank Butterworth	44,854	15,409
David Laidler	30,125	(1,000)
Brian Rees	26,170	(5,696)

During the year the company paid £42,579 in respect of building improvements on behalf of a pension fund. The beneficiaries of this pension fund are F Butterworth, DC Laidler, and BD Rees. At the year end the balance remained unpaid and is included within other debtors (note 9). The company is committed to pay rent on a building owned by this pension fund at £36,000 per year, expiring in 5 years. An amount of £6,000 has been paid during the year, in respect of car park space rental, to the pension fund.

The company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Interpublic Limited group or investors of the Interpublic Limited group.