



**ANDERSEN**

**Finsbury Limited**

Annual report and financial statements  
for the 14 month period ended 31 December 2001

Registered number: 2956243



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## Officers and professional advisers

### **Directors**

R Rudd  
R Younger  
J Murgatroyd  
E Orlebar  
R Chisholm  
R Head  
L Mellman

### **Secretary**

P Cox

### **Registered office**

52-58 Tabernacle Street  
London  
EC2A 4NJ

### **Bankers**

Royal Bank of Scotland  
62-63 Threadneedle Street  
PO Box 412  
EC2R 8LA

### **Solicitors**

Bristows  
3 Lincoln's Inn Fields  
London  
WC2A 3AA

### **Auditors**

Arthur Andersen  
180 Strand  
London  
WC2R 1BL

## Directors' report

For the 14 month period ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 14 month period ended 31 December 2001.

### Principal activities

The company is a financial communications firm with three principle areas of operation – financial public relations, investor relations and regulatory affairs.

### Business review

On 25 June 2001, the company was acquired by WPP Group Plc. The directors consider the results reflect an excellent year and expect the company to continue to grow strongly in the future. The results are presented on page 5.

### Dividends

No dividend has been declared in the period (2000: £nil).

### Directors

The directors who served during the year were as follows:

R Rudd

R Younger

J Murgatroyd

E Orlebar

R Chisholm

R Head

C Fargeot (appointed 1 May 2001; resigned 31 December 2001)

L Mellman (appointed 25 June 2001)

### Directors' interests

The directors who held office during the period and their beneficial interest in the company were as stated below:

	A Ordinary shares of £1 each		B Ordinary shares of £1 each	
	31 December 2001	31 October 2000	31 December 2001	31 October 2000
R Rudd	-	8,500	-	-
R Younger	-	-	-	1,500
J Murgatroyd	-	-	-	-
E Orlebar	-	-	-	-
R Chisholm	-	-	-	-
R Head	-	-	-	-

Of the above shares held by R Rudd, 3,366 are held by an entity in which he has a beneficial interest.

## Directors' report (continued)

### 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 as at the end of the financial year 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;
- 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

Arthur Andersen were appointed during the period and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

52-58 Tabernacle Street  
London  
EC2A 4NJ

By order of the Board,



Director  
R Rudd

17 May 2002

**To the shareholders of Finsbury Limited**

We have audited the financial statements of Finsbury Limited for the 14 month period ended 31 December 2001 on pages 5 to 17 which comprise the Profit and loss account, Statement of total recognised gains and losses, Balance sheet, and the related notes numbered 1 to 19. 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company 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 United Kingdom 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 2001 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

180 Strand

London

WC2R 1BL

17 May 2002

# Profit and loss account

For the period ended 31 December 2001

	Notes	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
<b>Turnover</b>	1	11,113,784	8,152,627
Cost of sales		(1,178,111)	(952,887)
<b>Gross profit</b>		9,935,673	7,199,740
Administrative expenses		(8,163,192)	(6,368,319)
<b>Operating profit</b>	2	1,772,481	831,421
Interest receivable and similar income	5	24,599	6,690
Interest payable and similar charges	6	(13,453)	(10,169)
<b>Profit on ordinary activities before taxation</b>		1,783,627	827,942
Tax on profit on ordinary activities	7	(336,341)	(327,460)
<b>Profit on ordinary activities after taxation</b>		1,447,286	500,482
Retained profit/(loss) brought forward		400,791	(99,691)
<b>Retained profit carried forward</b>		1,848,077	400,791

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

All activities are derived from continuing operations.

# Statement of total recognised gains and losses

For the period ended 31 December 2001

		14 months ended 31 December 2001 £	Year ended 31 October 2000 £
Profit for the financial year		1,447,286	500,482
Capitalisation of reserves – bonus issue	14	(21,052)	-
Total recognised gains and losses relating to the year		<u>1,426,234</u>	<u>500,482</u>

The accompanying notes are an integral part of this statement of total recognised gains and losses.



Balance sheet  
As at 31 December 2001

	Notes	31 December 2001 £	31 October 2000 £
<b>Fixed assets</b>			
Tangible assets	8	498,354	628,407
Investments	9	151	38,000
		<u>498,505</u>	<u>666,407</u>
<b>Current assets</b>			
Work in progress		146,113	540,000
Debtors	10	1,911,682	1,927,834
Cash at bank and in hand		1,607,519	460,701
		<u>3,665,314</u>	<u>2,928,535</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,290,942)</u>	<u>(3,121,864)</u>
<b>Net current assets/(liabilities)</b>		<u>1,374,372</u>	<u>(193,329)</u>
<b>Total assets less current liabilities</b>		<u>1,872,877</u>	<u>473,078</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(9,249)</u>	<u>(62,287)</u>
<b>Net assets</b>		<u>1,863,628</u>	<u>410,791</u>
<b>Capital and reserves</b>			
Called-up share capital	13	36,603	10,000
Profit and loss account	14	1,827,025	400,791
<b>Equity shareholders' funds</b>	14	<u>1,863,628</u>	<u>410,791</u>

The financial statements on pages 5 to 17 were approved by the Board of Directors on 17 May 2002.

Signed on behalf of the Board



Director

R Rudd

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

## Notes to the financial statements

For the period ended 31 December 2001

### 1 Accounting policies

A summary of the principal accounting policies is set out below.

#### *a) Basis of accounting*

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

The company has taken advantage of the exemption afforded by Financial Reporting Standard 9, Associates and joint ventures, not to equity account for its associate as it is a wholly owned subsidiary of WPP Group plc, which prepares consolidated accounts which are publicly available.

The company has taken advantage of the exemption under Financial Reporting Standard 1 (revised) not to prepare a cash flow statement as it is a wholly owned subsidiary of WPP Group Plc, which prepares consolidated accounts, including a cashflow statement, which are publicly available.

#### *b) Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

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

Short-term leasehold improvements	- Over the term of the lease
Motor vehicles	- 20% per annum
Fixtures and fittings	- 20% per annum
Computer equipment	- 33% per annum

#### *c) Investments*

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### *d) Work-in-progress*

Work-in-progress represents third party costs billable to clients and is stated at the lower of cost and net realisable value.

#### *e) Taxation*

Current tax, including UK corporation tax and foreign 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.

To the extent that group relief is available, corporation tax has been eliminated by the transfer of losses from another group company which have been surrendered under the group relief provisions, without any corresponding payment.

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### f) Turnover and revenue recognition

Turnover represents amounts receivable for services provided in the normal course of business, excluding value added tax. Revenue is typically derived from retainer fees and services to be performed subject to specific agreement. Revenue is recognised when the service is performed, in accordance with the terms of the contractual agreement. Revenue is recognised on project-based work, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account revenue and related costs as contract activity progresses. The turnover and pre-tax profit, all of which arises in the United Kingdom, are attributable to one activity, the provision of communications advice.

#### g) Pensions costs

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### h) Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### 2 Operating profit

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
<b>Operating profit is after charging</b>		
Depreciation		
- owned assets	257,903	135,422
- leased assets	25,740	22,116
Rentals under operating leases		
- plant and machinery	-	-
- other	103,133	98,725
Auditors' remuneration		
- audit services	25,000	15,000
- other services	-	2,500

# Notes to the financial statements (continued)

## 3 Staff costs

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
<b>Average monthly number of persons employed (including directors) was:</b>		
Operations	47	33
Administration	15	7
	<u>62</u>	<u>40</u>

	£	£
<b>Their aggregate remuneration comprised:</b>		
Wages and salaries	5,178,950	4,220,859
Social security costs	549,657	486,204
Other pension costs (see note 18)	253,628	306,381
	<u>5,982,235</u>	<u>5,013,444</u>

## 4 Directors' remuneration and transactions

### Remuneration

The remuneration of the directors was as follows:

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
Emoluments	1,970,845	2,567,907
Company contributions to money purchase pension schemes	101,767	64,244
	<u>2,072,612</u>	<u>2,362,151</u>
Compensation for loss of office	18,000	-

## Notes to the financial statements (continued)

### 4 Directors' remuneration and transactions (continued)

#### *Pensions*

The number of directors who were members of pension schemes was as follows:

	14 months ended 31 December 2001	Year ended 31 October 2000
Money purchase schemes	<u>7</u>	<u>4</u>

#### *Highest-paid director*

The above amounts of remuneration include the following in respect of the highest paid director:

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
Emoluments and long-term incentive schemes	509,325	1,104,385
Company contributions to money purchase schemes	<u>26,147</u>	<u>-</u>
	<u>535,472</u>	<u>1,104,385</u>

#### *Transactions*

The following transactions have taken place with directors:

##### *Loan to director:*

During the period, the company made loans to Mr Rudd of £134,000. These loans were unsecured and non-interest bearing. The maximum amount outstanding during the period was £60,000 and the loans were fully repaid before the balance sheet date.

##### *Quasi-loan to director:*

The company made unsecured non-interest-bearing quasi-loans to Mr Rudd amounting to £42,591 at various times throughout the year, in respect of personal costs incurred by him and initially paid by the company. The loan was fully repaid before the balance sheet date.

The company made unsecured non-interest-bearing quasi-loans to Mr Younger amounting to £11,573 at various times throughout the year, in respect of personal costs incurred by him and initially paid by the company. The loan was fully repaid before the balance sheet date.

The company made unsecured non-interest-bearing quasi-loans to Mr Murgatroyd amounting to £6,663 at various times throughout the year, in respect of personal costs incurred by him and initially paid by the company. The loan was fully repaid before the balance sheet date.

# Notes to the financial statements (continued)

## 5 Interest receivable and similar charges

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
Bank interest	<u>24,599</u>	<u>6,690</u>

## 6 Interest payable and similar charges

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
Bank overdraft	202	412
Finance leases and hire purchase contracts	13,251	9,058
Other interest	-	699
	<u>13,453</u>	<u>10,169</u>

## 7 Tax on profit on ordinary activities

	14 months ended 31 December 2001 £	Year ended 31 October 2000 £
United Kingdom corporation tax at 30% (2000: 30%)	<u>336,341</u>	<u>272,545</u>
	336,341	272,545
Adjustments in respect of prior years	-	54,915
	<u>336,341</u>	<u>327,460</u>

The corporation tax charge for the year relates to the tax charge on profits prior to the acquisition of Finsbury Limited by WPP Group plc on 25 June 2001. Post acquisition, taxation liabilities are reduced in full by the surrender of losses by fellow group companies, without any corresponding payment.

# Notes to the financial statements (continued)

## 8 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Short-term leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 November 2000	136,305	165,142	313,438	343,604	958,489
Additions	41,300	81,655	23,323	26,192	172,470
Disposals	(4,731)	(41,669)	-	-	(46,400)
At 31 December 2001	172,874	205,128	336,761	369,786	1,084,559
<b>Depreciation</b>					
At 1 November 2000	30,032	47,964	125,141	126,945	330,082
Charge for the period	64,882	47,232	96,825	74,704	283,643
Disposals	(2,502)	(25,018)	-	-	(27,520)
At 31 December 2001	92,412	70,178	221,966	201,649	586,205
<b>Net book value</b>					
At 31 December 2001	80,462	134,950	114,794	168,147	498,354
At 31 October 2000	106,273	117,178	188,297	216,659	628,407

The net book value of motor vehicles held under finance lease is £49,712 (2000: £93,527).

## 9 Investments held as fixed assets

	Subsidiary undertaking £	Shares in Associate £	Other unlisted investments £	Total £
<b>Cost</b>				
At 1 November 2000	102	49	37,849	38,000
Additions	-	-	18,859	18,859
At 31 December 2001	102	49	56,708	56,859
<b>Amounts written off</b>				
At 1 November 2000	-	-	-	-
Written off	-	-	(56,708)	(56,708)
At 31 December 2001	-	-	(56,708)	(56,708)
<b>Net book value</b>				
At 31 December 2001	102	49	-	151
At 31 October 2000	102	49	37,849	38,000

## Notes to the financial statements (continued)

### 9 Investments held as fixed assets (continued)

Details of the principal subsidiaries and associate companies at 31 December 2001 are as follows:

Name of company	Country of registration	Holding	Proportion and voting rights held
<b>Subsidiary</b>			
Fipra UK Limited (dormant)	England and Wales	Ordinary shares	100%
Finsbury.com Limited (dormant)	England and Wales	Ordinary shares	100%
<b>Associate</b>			
Fipra EU	England and Wales	Ordinary shares	49%

### 10 Debtors

	2001 £	2000 £
Trade debtors	1,458,522	1,596,746
Amounts owed by associate undertaking	335,422	128,960
Other debtors	11,835	39,872
Prepayments and accrued income	105,903	162,256
	<u>1,911,682</u>	<u>1,927,834</u>

### 11 Creditors: amounts falling due within one year

	2001 £	2000 £
Obligations under finance leases	51,063	35,496
Bank loans and overdrafts	26,878	12,331
Trade creditors	239,561	165,229
Amounts owed to associate	-	22,853
Corporation tax	391,944	327,460
Other taxes and social security	619,880	1,390,592
Other creditors	10,069	26,266
Accruals and deferred income	938,599	1,129,658
Accrued pension contributions	12,948	11,979
	<u>2,290,942</u>	<u>3,121,864</u>



# Notes to the financial statements (continued)

## 12 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts	9,249	62,287

## 13 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
1,052,631 ordinary shares of £0.01 each	10,526	-
2,850,000 A ordinary shares of £0.01 each	28,500	-
202,631 B ordinary shares of £0.01 each	2,026	-
5,894,738,000 ordinary shares of £0.00001 each	58,948	-
8,500 ordinary A shares of £1 each	-	8,500
2,026 ordinary B shares of £1 each	-	1,500
	<u>100,000</u>	<u>10,000</u>
<i>Called-up, allotted and fully paid</i>		
1,052,631 ordinary shares of £0.01 each	10,526	-
1,352,463 A ordinary shares of £0.01 each	13,525	-
202,631 B ordinary shares of £0.01 each	2,026	-
1,052,631,000 ordinary shares of £0.00001 each	10,526	-
8,500 ordinary A shares of £1 each	-	8,500
2,026 ordinary B shares of £1 each	-	1,500
	<u>36,603</u>	<u>10,000</u>

The voting rights of all classes of share are equal.

# Notes to the financial statements (continued)

## 14 Capital and reserves

	Share capital £	Profit and loss £	Total £
Balance at 1 November 2000	10,000	400,791	410,791
Retained profit for the period	-	1,447,286	1,447,286
Capitalisation of reserves – bonus issue	21,052	(21,052)	-
Shares issued during period	5,551	-	5,551
Balance at 31 December 2001	<u>36,603</u>	<u>1,827,025</u>	<u>1,863,628</u>

## 15 Reconciliation of movements in shareholders' account

	2001 £	2000 £
Opening funds/(deficit)	410,791	(89,691)
Profit for the period/year	1,447,286	500,482
New shares issued	5,551	-
Closing funds	<u>1,863,628</u>	<u>410,791</u>

## 16 Financial commitments

	2001 £	2000 £
Obligations under finance leases and hire purchase contracts		
Minimum lease payments due:		
- Within one year	51,221	46,175
- Within two to five years	19,403	73,799
	<u>70,624</u>	<u>119,974</u>
Less future finance charges	<u>(10,312)</u>	<u>(22,191)</u>
	<u>60,312</u>	<u>97,783</u>

### Operating lease commitments

	2001		2000	
	Land and buildings £	Other £	Land and Buildings £	Other £
Leases which expire:				
- Within two to five years	89,245	-	139,451	1,726
	<u>89,245</u>	<u>-</u>	<u>139,451</u>	<u>1,726</u>

## Notes to the financial statements (continued)

### **17 Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund, which amounted to £253,628 (2000: £133,381).

### **18 Related party transactions**

The company incurred £14,963 (2000: £9,884) worth of expenses on behalf of Breaking Views Limited, a company which Roland Rudd is a director. At year end there was a £nil (2000: £nil) balance between the two entities.

### **19 Controlling party**

The directors regard WPP Group plc, a company incorporated in the United Kingdom, as the ultimate parent company and the ultimate controlling party.

WPP Group plc is the parent company 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 WPP Group plc, 27 Farn Street, London W1X 6RD.

As a subsidiary undertaking of WPP Group plc, the company has taken advantage of the exemption in the Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with other members of the group headed by WPP Group plc.