

**Company Registration No. 2956243**

**Finsbury Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Finsbury Limited**

## **Report and financial statements 2007**

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# **Finsbury Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

R Rudd  
R Younger  
J Murgatroyd  
R Chisholm  
R Head  
F Birch  
J Leviton  
M Harris  
P Cox  
W Tanner

#### **Secretary**

P Cox

#### **Registered Office**

Tenter House  
45 Moorfields  
London EC2Y 9AE

#### **Bankers**

HSBC Bank plc  
The Helicon  
2 South Place  
London EC2M 2UP

#### **Solicitors**

Hammonds  
7 Devonshire Place  
Cutlers Gardens  
London  
EC2M 4YH

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Finsbury Limited**

## **Directors' report**

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

### **Principal activities**

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

### **Business review**

Finsbury Limited is financial public relations advisor with an office in London

The directors consider the results reflect another year of solid growth and expect this to continue in 2008. The profit on ordinary activities after taxation for the year is £8,752,691 (2006 £7,570,226). Turnover for the year ended 31 December 2007 was £26,900,138 (2006 £23,102,568). The net assets at 31 December 2007 were £8,699,294 (2006 £14,714,870).

The management of the business and execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition, staff retention and the level of financial market activity.

### **Financial risk management**

The company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risk the directors consider relevant to this company is credit risk. This risk is mitigated by the company's credit controls policies.

### **Dividends**

A dividend payment of £14,768,267 was approved by the Board and paid during 2007 (2006 £nil).

### **Directors and their interests**

The directors who served during the year and to date were as follows

R Rudd	F Birch
R Younger	J Leviton
J Murgatroyd	M Harris
R Head	P Cox
R Chisholm	W Tanner

Each of the persons who is a director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s 234ZA of the Companies Act 1985

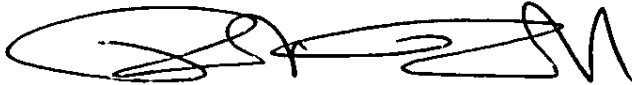
# **Finsbury Limited**

## **Directors' report**

### **Auditors**

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'R Rudd', written over a horizontal line.

R Rudd  
Director  
28 May 2008

## **Finsbury Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and 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 (United Kingdom Accounting Standards and applicable law). 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 these 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 UK Accounting Standards have been followed, 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 that 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.

## **Independent auditors' report to the members of Finsbury Limited**

We have audited the financial statements of Finsbury Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 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 or material inconsistencies with the financial statements.

### **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.

## **Independent auditors' report to the members of Finsbury Limited (continued)**

### **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 profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London, United Kingdom

6 June 2008



## **Finsbury Limited**

### **Profit and loss account Year ended 31 December 2007**

	<b>Note</b>	<b>2007 £</b>	<b>2006 £</b>
<b>Turnover</b>	<b>1</b>	26,900,138	23,102,568
Cost of sales		<u>(3,030,607)</u>	<u>(2,149,969)</u>
<b>Gross profit</b>		23,869,531	20,952,599
Administrative expenses		<u>(15,928,576)</u>	<u>(13,735,365)</u>
<b>Operating profit</b>	<b>2</b>	7,940,955	7,217,234
Interest receivable and similar income	<b>5</b>	<u>811,736</u>	<u>398,612</u>
<b>Profit on ordinary activities before taxation</b>		8,752,691	7,615,846
Tax charge on profit on ordinary activities	<b>6</b>	<u>-</u>	<u>(45,620)</u>
<b>Profit on ordinary activities after taxation</b>		<u><u>8,752,691</u></u>	<u><u>7,570,226</u></u>

All operations relate to continuing operations

There are no other recognised gains and losses for the current and prior years other than those presented above  
Accordingly no separate statement of total recognised gains and losses is presented

# Finsbury Limited

## Balance sheet 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	8	502,341	649,919
Investments	9	100	100
		<u>502,441</u>	<u>650,019</u>
<b>Current assets</b>			
Work in progress		350,471	101,307
Debtors	10	7,898,626	7,047,111
Cash at bank and in hand		14,365,927	17,201,169
		<u>22,615,024</u>	<u>24,349,587</u>
<b>Creditors: amounts falling due within one year</b>	11	(14,418,171)	(10,284,736)
<b>Net current assets</b>		<u>8,196,853</u>	<u>14,064,851</u>
<b>Net assets</b>		<u>8,699,294</u>	<u>14,714,870</u>
<b>Capital and reserves</b>			
Called up share capital	12	36,603	36,603
Profit and loss account	13	8,662,691	14,678,267
<b>Shareholders' funds</b>	14	<u>8,699,294</u>	<u>14,714,870</u>

These financial statements were approved by the Board of Directors on 28 May 2008

Signed on behalf of the Board of Directors



R Rudd  
Director

# Finsbury Limited

## Notes to the accounts Year ended 31 December 2007

### 1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted have been applied consistently throughout the current and preceding year, and are described below.

#### Basis of accounting

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption afforded by s228 of the Companies Act 1985, not to consolidate its subsidiary 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 cash flow statement, which are publicly available.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, 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:

Computers	-	33% per annum
Motor vehicles	-	20% per annum
Short-term leasehold improvements	-	over the term of the lease
Fixtures and fittings	-	20% per annum

#### Investments

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

#### 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.

#### Debtors

Debtors are stated net of provisions for bad and doubtful debts.

#### Taxation

Corporation tax is provided on taxable profits at the current rate except to the extent that the losses are transferred from another group company under group relief provisions, without corresponding payment by the claimant company.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

#### Pensions costs

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown either as accruals or prepayments in the balance sheet.

# Finsbury Limited

## Notes to the accounts

Year ended 31 December 2007

### 1. Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising from movements in rates of exchange are dealt with in the profit and loss account.

#### 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.

#### Leases

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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### 2. Operating profit

	2007 £	2006 £
Operating profit is after charging		
Depreciation		
- owned assets	195,863	170,647
Operating lease rentals		
- plant and machinery	127,966	101,580
- other	187,066	162,746
Fees payable to the Company's auditors for the audit of the Company's annual accounts	61,300	66,200

### 3. Directors' remuneration

The remuneration of the directors was as follows

	2007 £	2006 £
Emoluments	6,062,704	6,020,151
Company contributions to money purchase pension schemes	99,636	107,612
	6,162,340	6,127,763

# Finsbury Limited

## Notes to the accounts Year ended 31 December 2007

### 3 Directors' remuneration (continued)

#### Pensions

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

	2007 No.	2006 No.
Money purchase schemes	10	12

#### Highest-paid director

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

	2007 £	2006 £
Emoluments and long-term incentive schemes	2,248,388	1,901,500
Company contributions to money purchase schemes	14,520	14,520
	<u>2,262,908</u>	<u>1,916,020</u>

### 4. Staff costs

	2007 £	2006 £
<b>Particulars of employees (including executive directors) are shown below:</b>		
Employee costs during the year amounted to		
Wages and salaries	11,686,756	10,139,142
Social security costs	1,644,180	1,447,086
Other pension costs (see note 16)	321,499	250,895
	<u>13,652,435</u>	<u>11,837,123</u>

#### Average monthly number of persons employed by the company during the year including executive directors:

	No.	No.
Operations	61	53
Administration	8	9
	<u>69</u>	<u>62</u>

### 5 Interest receivable and similar charges

	2007 £	2006 £
Bank interest	<u>811,736</u>	<u>398,612</u>

# Finsbury Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 6 Tax credit on profit on ordinary activities

##### (i) Analysis of tax credit on profit on ordinary activities

	2007 £	2006 £
United Kingdom corporation tax at 28% (2005 30%) based on profit for the year	-	-
Adjustment in respect of prior years	-	(45,620)
	-	(45,620)
<i>Current corporation tax credit</i>		
<i>Deferred tax</i>		
Adjustment to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	-
Adjustment in respect of prior years	-	-
	-	(45,620)

##### (ii) Factors affecting the charge for the current period

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 28% (2005 30%) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	8,752,691	7,615,846
Tax at 28%	(2,405,753)	(2,284,754)
Effects of		
Expenses not deductible for tax purposes	(78,665)	(32,070)
Depreciation in excess of capital allowances	(58,759)	(51,194)
Group relief	2,543,177	2,368,018
Current tax credit for the year	-	-

Corporation tax payable is provided on taxable profits at the current rate, except to the extent that the losses are transferred from another group company under the group relief provisions without corresponding payment by the claimant company

# Finsbury Limited

## Notes to the accounts Year ended 31 December 2007

### 7. Dividends

	2007 £	2006 £
Dividend paid (0 25pence per share)	<u>14,768,267</u>	<u>-</u>

### 8. Tangible fixed assets

	Computers £	Motor vehicles £	Short-term leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2007	293,274	21,874	829,981	640,211	1,785,340
Additions	25,743	-	14,013	8,529	48,285
Disposals	-	-	-	-	-
At 31 December 2007	<u>319,017</u>	<u>21,874</u>	<u>843,994</u>	<u>648,740</u>	<u>1,833,625</u>
<b>Depreciation</b>					
At 1 January 2007	233,385	21,874	454,576	425,586	1,135,421
Charge for the year	41,448	-	98,714	55,701	195,863
Disposals	-	-	-	-	-
At 31 December 2007	<u>274,833</u>	<u>21,874</u>	<u>553,290</u>	<u>481,287</u>	<u>1,331,284</u>
<b>Net book value</b>					
At 31 December 2007	<u>44,184</u>	<u>-</u>	<u>290,704</u>	<u>167,453</u>	<u>502,341</u>
At 31 December 2006	<u>59,889</u>	<u>-</u>	<u>375,405</u>	<u>214,625</u>	<u>649,919</u>

# Finsbury Limited

## Notes to the accounts Year ended 31 December 2007

### 9 Fixed asset investments

	Shares in subsidiary undertaking £
<b>Cost</b>	
At 1 January 2007 and at 31 December 2007	151
<b>Impairment</b>	
At 1 January 2007 and at 31 December 2007	51
<b>Net book value</b>	
At 1 January 2007 and at 31 December 2007	100

Investments in subsidiary undertakings comprise ordinary shares of the following companies all of which are engaged in public relations and related activities or dormant and are registered in England and Wales

Name of company	Country of incorporation	Principal activity	Holding
<b>Subsidiary</b>			
FIPRA UK Limited	Great Britain	Dormant	100%
Finsbury com Limited	Great Britain	Dormant	100%
FIPRA EU Limited	Great Britain	Public and Regulatory Affairs	100%

### 10. Debtors

	2007 £	2006 £
Trade debtors	4,326,948	4,879,149
Amounts owed by group undertakings	470,618	393,576
Other debtors	10,025	10,203
Prepayments and accrued income	3,091,035	1,764,183
	<u>7,898,626</u>	<u>7,047,111</u>



# Finsbury Limited

## Notes to the accounts

### Year ended 31 December 2007

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

	2007 £	2006 £
Trade creditors	699,266	328,963
Amounts owed to group undertakings	169,047	81,321
Other taxes and social security	968,125	695,965
Accruals and deferred income	12,581,733	9,159,836
Defined contribution pension scheme accrual	-	18,651
	<u>14,418,171</u>	<u>10,284,736</u>

#### 12. Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
1,052,631 ordinary shares of £0 01 each	10,526	10,526
2,850,000 A ordinary shares of £0 01 each	28,500	28,500
202,631 B ordinary shares of £0 01 each	2,026	2,026
5,894,738,000 ordinary shares of £0 00001 each	58,948	58,948
	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
1,052,631 ordinary shares of £0 01 each	10,526	10,526
1,352,463 A ordinary shares of £0 01 each	13,525	13,525
202,631 B ordinary shares of £0 01 each	2,026	2,026
1,052,631,000 ordinary shares of £0 00001 each	10,526	10,526
	<u>36,603</u>	<u>36,603</u>

All classes of share rank pari passu

#### 13 Profit and loss account

	£
Balance at 1 January 2007	14,678,267
Amount transferred from reserves	<u>(6,015,576)</u>
Balance at 31 December 2007	<u>8,662,691</u>

# Finsbury Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 14. Reconciliation of movements in Shareholder's funds

	2007 £	2006 £
Amount transferred to reserves	8,752,691	7,570,226
Dividend paid on equity shares	(14,768,267)	-
Opening shareholder's funds	<u>14,714,870</u>	<u>7,144,644</u>
Closing shareholder's funds	<u>8,699,294</u>	<u>14,714,870</u>

#### 15. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Commitment expiring				
- within one year	-	10,557	-	1,818
- during the second to fifth years	<u>205,785</u>	<u>217,157</u>	<u>205,785</u>	<u>65,754</u>

#### 16. 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 represents contributions payable by the company to the fund, which amounted to £321,499 (2006 £250,895).

#### 17. Related party transactions

The company incurred £15,900 (2006 £13,000) worth of expenses on behalf of Breaking Views Limited, a company which Roland Rudd is a director. At year end there was a £nil (2006 £nil) balance between the two entities.

The company has taken advantage of the exemption under FRS8 not to disclose the details of transactions with other WPP Group companies as it is wholly owned by WPP Group plc, the consolidated accounts of which are publicly available.

#### Transactions

The following transactions have taken place with directors

#### Quasi-loan to directors

The company made unsecured non-interest-bearing quasi-loans to Mr Rudd at various times throughout the year, in respect of personal costs incurred by him and initially paid by the company. At the balance sheet date there was a balance of £54,968 (2006 £2,392) outstanding. The maximum outstanding at any point in the year was £54,968 (2006 £2,979).

## **Finsbury Limited**

### **Notes to the accounts**

#### **Year ended 31 December 2007**

**18. Ultimate parent company**

The ultimate parent and controlling party is WPP Group plc, a company incorporated in the Great Britain. The largest and only group in which the results of Finsbury Limited are consolidated is that headed by WPP Group plc. The address from which copies of the consolidated financial statements can be obtained is 27 Farm Street, London, W1T 5RJ.

**19. Guarantees and other financial commitments**

Finsbury Limited participates in group banking arrangements with its parent company, WPP Group Plc, and has access to a group cash management facility. Finsbury Limited guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The company, together with its parent, WPP Group Plc, and certain other subsidiary undertakings, is party to the group's syndicated banking arrangements. The company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the financial statements of WPP Group Plc.