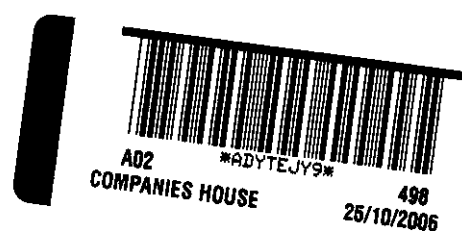


# **Financial Dynamics (Holdings) Limited**

Directors' report and financial statements

Year ended 31 December 2005

Registered number 3345319



## Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Financial Dynamics (Holdings) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 9

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities

The company acts as the holding company of Financial Dynamics Limited.

### Business review

The results for the year are given in the profit and loss account on page 4. The loss for the year amounted to £40 (2004: loss of £54), which has been transferred to reserves. The directors do not recommend the payment of a dividend (2004: £nil).

### Directors and directors' interests

The directors who held office during the year and subsequently were as follows:

S Jawa  
C Watson

No directors had any interests in the shares of the company.

The directors' interests in the shares and debentures of other group companies are disclosed in the financial statements of the ultimate parent company, FD International (Holdings) Limited.

### Political and charitable contributions

The company made no political contributions during the period (2004: £nil). Donations to UK charities amounted to £nil (2004: £nil).

### Auditors

Pursuant to Section 386 of the Companies Act 1985, the company is not required to re-appoint its auditors annually. Therefore, KPMG LLP will continue as auditors of the Company until further notice.

By order of the board

  
Greg Cooper  
Secretary

Holborn Gate  
26 Southampton Buildings  
London  
WC2A 1PB

9th June 2006

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are *reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.*

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **KPMG LLP**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Financial Dynamics (Holdings) Limited**

We have audited the financial statements of Financial Dynamics (Holdings) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. 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 auditor's 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant 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 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 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP  
Chartered Accountants  
Registered Auditor

Date 9<sup>th</sup> June 2006

## Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Interest payable and similar charges	4	(40)	(54)
<b>Loss on ordinary activities before taxation</b>	2	<b>(40)</b>	<b>(54)</b>
Tax on loss on ordinary activities	5	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(40)</b>	<b>(54)</b>
<b>Retained loss for the year</b>		<b>(40)</b>	<b>(54)</b>

There were no recognised gains or losses other than those shown above.

The results are all derived from continuing activities.

There is no difference between the results reported in the profit and loss account above and those that would be reported on a historical cost basis.

The notes on pages 6 to 9 form an integral part of these financial statements.

## Balance sheet

at 31 December 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Investments	6	6,829,591	6,829,591
<b>Current assets</b>			
Cash at bank and in hand		1,121	1,161
<b>Creditors:</b> amounts falling within one year	7	<u>(3,831,329)</u>	<u>(3,831,329)</u>
<b>Net current liabilities</b>		<u>(3,830,208)</u>	<u>(3,830,168)</u>
<b>Net Assets</b>		<u><u>2,999,383</u></u>	<u><u>2,999,423</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	1,066,667	1,066,667
Share premium account	9	1,933,333	1,933,333
Profit and loss account	9	(617)	(577)
<b>Shareholders' funds - equity</b>	10	<u><u>2,999,383</u></u>	<u><u>2,999,423</u></u>

These financial statements were approved by the board of directors on  
and were signed on its behalf by:

9<sup>th</sup> June 2005

C Watson

Director



Sanjay Jawa

Director



The notes on pages 6 to 9 form an integral part of these financial statements.

## **Notes** *(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Companies Act 1985.

In compliance with Financial Reporting Standard 1, the financial statements of Cordiant Communications Group plc include a consolidated cash flow statement hence the company is not required to prepare a cash flow statement.

The company is exempt, under the provisions of section 228 of the Companies Act 1985, from the requirement to prepare group accounts. Consequently these financial statements present information about the company as an individual entity and not about its group.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £3,830,208, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by FD International (Holdings) Limited, the company's ultimate parent undertaking.

FD International (Holdings) Limited has indicated to the company that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Furthermore, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Fixed asset investments***

Fixed asset investments are stated at cost less provisions for permanent diminution in value.

#### ***Taxation***

The charge for taxation is based on the profit/(loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.



## Notes (continued)

### 2 (Loss) on ordinary activities before tax

The company did not have any employees during the year and none of the directors received emoluments for their services to the company. Audit fees for the current and prior year were borne by another group company.

### 3 Remuneration of directors

Director emoluments are borne by other group companies. In the opinion of group management, it is not possible to allocate part of these costs to the company.

### 4 Interest payable and similar charges

	2005 £	2004 £
Bank charges	<u>40</u>	<u>54</u>

### 5 Taxation

	2005 £	2004 £
UK corporation tax at 30% (2004: 30%)	-	-
Total Current tax	<u>-</u>	<u>-</u>

Reconciliation of company's current tax to the United Kingdom statutory rate:

	2005 £	2004 £
Current tax reconciliation		
(Loss) on ordinary activities before tax	<u>-</u>	<u>-</u>
Tax on (loss)/profit at 30% (2004: 30%)	(12)	(16)
Effects of:		
Losses carried forward	12	16
Total current tax	<u>-</u>	<u>-</u>

## Notes (continued)

<b>6 Fixed asset investments</b>	<b>2005</b>	<b>2004</b>
<i>Shares in group undertakings (unlisted)</i>	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January and 31 December	<u><b>6,829,591</b></u>	<u>6,829,591</u>
<b>Provision</b>		
At 1 January and 31 December	<u>-</u>	<u>-</u>
<b>Net book value</b>		
<b>At 31 December</b>	<u><b>6,829,591</b></u>	<u>6,829,591</u>

The company directly holds the following investments in group undertakings.

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
Financial Dynamics Limited	England and Wales	Financial public relations	Ordinary shares – 100%

<b>7 Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<u><b>3,831,329</b></u>	<u>3,831,329</u>

There are no formal repayment terms for the intercompany balances totalling £3,831,329 (2004: £3,831,329), but this company has confirmed to the directors that it is not their intention to recall these amounts for at least 12 months from the date of signing these financial statements.

## 8 Called up share capital

	<b>2005</b>	<b>2004</b>
<b>Authorised</b>	<b>£</b>	<b>£</b>
Equity:		
5,000,000 ordinary shares of £1 each	<u><b>5,000,000</b></u>	<u>5,000,000</u>
<b>Allotted, called up and fully paid</b>		
Equity:		
1,066,667 ordinary shares of £1 each	<u><b>1,066,667</b></u>	<u>1,066,667</u>

## Notes (continued)

### 9 Reserves

	Share Premium Account £	Capital Reserve £	Profit and Loss Account £	Total £
At 1 January 2005	1,933,333	1,066,667	(577)	<b>2,999,423</b>
Retained loss for the year	-	-	(40)	<b>(40)</b>
At 31 December 2005	<b>1,933,333</b>	<b>1,066,667</b>	<b>(617)</b>	<b>2,999,383</b>

### 10 Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Retained loss for the year	<b>(40)</b>	(54)
Shareholders' fund at the beginning of the year	<b>2,999,423</b>	2,999,477
Equity shareholders' funds at the end of the year	<b>2,999,383</b>	<b>2,999,423</b>

### 11 Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned group undertakings.

### 12 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of FD International 4 Limited, a company incorporated in England and Wales.

The ultimate parent company is FD International (Holdings) Ltd, a company incorporated in England and Wales. Copies of the consolidated financial statements can be obtained from the Secretary, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB. No other group accounts include the results of the company.