

Financial Dynamics Holdings Limited

**Directors' report and financial
statements**

Registered number 03345319

Year ended 31 December 2001



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Directors' report

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

Principal activities

The company's activity continues to be that of a holding company.

Results

The results for the year are given in the profit and loss account on page 5. The profit on ordinary activities for the year after taxation amounted to £10,500,000 (2000: loss of £77), which has been transferred to reserves. The directors do not propose the payment of a dividend (2000: £nil).

Directors and directors' interests

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

D Lloyd	
N Miles	(resigned 24 January 2002)
A Mitchell	
H Morrison	(resigned 24 January 2002)
DM Mulvihill	
C Watson	
AK Boland	
AE D'Angelo	
DF Ham	(resigned 10 May 2002)
D Williams	
JD Buss	(appointed 19 January 2001; resigned 10 May 2002)
SM Wilson	(appointed 10 May 2002)

No director held any shares in the company either at the beginning or end of the year.

Directors' report (continued)

Directors and directors' interests (continued)

The interests of the directors in the share options of Cordiant Communications Group plc at the beginning and end of the period were as follows:

	Balance at 31/12/00	Exercised during period	Granted during period	Lapsed during period	Balance at 31/12/01	Average exercise price	Exercisable at 31/12/01
A Boland	50,152	-	-	-	50,152	164p	-
DF Ham	78,571	36,536	-	5,500	36,535	105p	36,535
D Lloyd	160,358	-	-	-	160,358	165p	160,358
N Miles	294,216	-	120,000	-	414,216	174p	294,216
H Morrison	278,581	-	-	-	278,581	165p	278,581
D Mulvihill	132,425	-	-	-	132,425	165p	132,425
C Watson	278,581	-	-	-	278,581	165p	278,581
D Williams	50,152	-	-	-	50,152	164p	-

A Mitchell and JD Buss held no interests in the shares of Cordiant Communications Group plc at either the beginning or end of the period.

Mr AE D'Angelo is a director of Cordiant Communications Group plc and, as such, his interests are shown in the directors' report and accounts of that company.

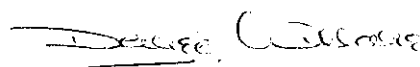
The directors who held office at the end of the financial year had the following interests in the shares of Cordiant Communications Group plc:

	Class of share	Interest at 31 December 2001	Interest at 31 December 2000
D Williams	Ordinary	2,600	-

Elective resolutions

The company has passed resolutions under sections 252, 366A and 386 of the Companies Act 1985 dispensing with the requirements to lay accounts and reports before the company in general meeting, hold Annual General Meetings and reappoint auditors each year.

By order of the board



Denise Williams
 Secretary

121-141 Westbourne Terrace
 London
 W2 6JR

20 September 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 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.



KPMG Audit Plc

PO Box 695
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 on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 September 2002

Profit and loss account

for the year ended 31 December 2001

	Note	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Administrative expenses		-	(77)
Operating loss		-	(77)
Income from shares in subsidiary undertakings		10,500,000	-
Profit/(loss) on ordinary activities before taxation		10,500,000	(77)
Tax on profit on ordinary activities		-	-
Profit/(loss) on ordinary activities after taxation		10,500,000	(77)
Profit/(loss) for the financial year	9,10	10,500,000	(77)

All the above results arise from continuing operations.

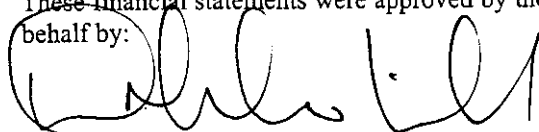
There were no recognised gains or losses other than those shown above.

The historical cost profit/(loss) is the same as that shown above.

Balance sheet
 at 31 December 2001

	Note	31 December 2001 £	31 December 2000 £
Fixed assets			
Investments	5	6,829,591	6,829,591
Current assets			
Debtors	6	10,496,250	1,250
Cash at bank and in hand		5,000	-
		10,501,250	1,250
Creditors: amounts falling due within one year	7	(4,080,963)	(4,080,963)
Net current assets/(liabilities)		6,420,287	(4,079,713)
Net assets		13,249,878	2,749,878
Capital and reserves			
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	10,249,878	(250,122)
Equity shareholders' funds	10	13,249,878	2,749,878

These financial statements were approved by the board of directors on ~~20~~ September 2002 and were signed on its behalf by:



D Mulvihill
 Director

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 in accordance with applicable accounting standards and under the historical cost accounting rules.

In compliance with Financial Reporting Standard 1 (Revised): Cash Flow Statement, Financial Dynamics Holdings Limited is exempt from the requirement to prepare a cash flow statement on the grounds that Cordiant Communications Group plc, as its parent, includes the company in its own published consolidated financial statements.

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.

Fixed asset investments

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

Taxation

The company adopted FRS 19 (Deferred Tax) during the year. The charge for taxation is based on the profit 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 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 future or a right to pay tax less in future have occurred at the balance sheet date. 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.

There was no material effect on the company's financial statements following the adoption of FRS 19.

2 Staff costs

Other than the directors, the company had no employees during the year.

3 Directors' remuneration

The emoluments of the directors were paid and borne by other Cordiant Communications Group plc companies.

In the opinion of the group management it is not possible to allocate part of these costs to the company.

Notes *(continued)*

4 Tax on profit in ordinary activities

	31 December 2001 £	31 December 2000 £
UK corporation tax at 30% (2000:30%)	-	-
UK deferred tax	-	-
UK taxation	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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

	31 December 2001 £	31 December 2000 £
Tax on pre tax profit/(loss) at 30%	3,150,000	(23)
Non taxable inter group dividends	(3,150,000)	-
Losses group relieved for no consideration	-	23
	<hr/>	<hr/>
Current tax	-	-
	<hr/>	<hr/>

5 Fixed asset investments

	31 December 2001 £	31 December 2000 £
<i>Shares in group undertakings (unlisted)</i>		
Cost and net book value	6,829,591	6,829,591
	<hr/>	<hr/>

The investment represents 100% of the issued ordinary and preference share capital of Financial Dynamics Limited, a financial public relations company incorporated in England and Wales.

The directors are of the opinion that the investment in the above company is worth at least the amounts included in the balance sheet.

6 Debtors

	31 December 2001 £	31 December 2000 £
Trade debtors	1,250	1,250
Amounts owed by group undertakings	10,495,000	-
	<hr/>	<hr/>
	10,496,250	1,250
	<hr/>	<hr/>

Notes (continued)

7 Creditors: amounts falling due within one year

	31 December 2001 £	31 December 2000 £
Amounts owed to group undertakings	4,080,963	4,080,963

8 Called up share capital

	31 December 2001 £	31 December 2000 £
<i>Authorised</i>		
Equity:		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
<i>Allotted, called up and fully paid</i>		
Equity:		
1,066,667 ordinary shares of £1 each	1,066,667	1,066,667

9 Share premium and reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2001	1,933,333	(250,122)	1,683,211
Retained profit for the period	-	10,500,000	10,500,000
At 31 December 2001	1,933,333	10,249,878	12,183,211

10 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Profit for the year	10,500,000	(77)
Shareholders' funds at the beginning of the year	2,749,878	2,749,955
Shareholders' funds at the end of the year	13,249,878	2,749,878

11 Guarantees and Contingent liabilities

The company is grouped for VAT purposes with certain other group companies. Consequently, the company is contingently liable for the VAT liabilities of those companies.

Notes *(continued)*

12 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.

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

The ultimate and immediate parent company is Cordiant Communications Group plc, which is registered in England and Wales. Copies of the consolidated financial statements can be obtained from the Secretary, 121 - 141 Westbourne Terrace, London, W2 6JR. This is both the smallest and largest group in which these accounts are consolidated.