

Abbott Mead Vickers•BBDO Limited
Directors' report and financial
statements

Registered number 01935786

31 December 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activity and business review

The principal activity of the company during the year continued to be that of an advertising agency. The directors expect the current level of activity to continue for the foreseeable future. The profit for the year before taxation was £6,609,000 (2003 - £6,396,000) on a revenue of £37,604,000 (2003 - £35,024,000).

Changes in share capital

On 18 March 2004, the company increased its authorised share capital by 100 ordinary shares of £1 each and issued one share for consideration of £3,056,740.

Dividends

The directors recommend the payment of a final ordinary dividend of £17.79 per share (2003 - £19.70 per share) making, with the interim dividend of £10.95 per share (2003 - £9.24 per share) a total of £28.74 per share (2003 - £28.94 per share). The total dividend on the 8% preference shares amounted to £0.08 per share (2003 - £0.08 per share) which comprises an interim dividend of £0.04 per share (2003 - £0.04 per share) and a proposed dividend of £0.04 per share (2003 - £0.04 per share).

Charitable donations

During the year the company made charitable donations amounting to £90,000 (2003 - £50,000). No political contributions were made.

Directors and directors' interests

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

Directors' names	Date of appointment	Date of resignation
Michael Baulk		01/01/05
Francine Beech		01/01/05
Paul Belford		01/01/05
Paul Birks-Hay		01/01/05
Alistair Blair		27/08/04
Paul Brazier		01/01/05
Graham Brown		01/01/05
Ronald Brown		01/01/05
George Bryant		01/01/05
Warwick Cairns		01/01/05
Alison Chadwick		01/01/05
Yvonne Chalkley		01/01/05
Karen Cooper		01/01/05
Daryl Corps		01/01/05
Anthony Cox		05/04/04
Jane Dorsett		01/01/05
Michael Durban		01/01/05
Mark Elwood		08/10/04
Colin Fleming		
Oliver Forder		01/01/05
Richard Foster		01/01/05
Judith Frame		01/01/05
Gail Gamble		01/01/05
Farah Golant		

Directors' report *(continued)*

Directors' names	Date of appointment	Date of resignation
John Gorse		01/01/05
Katie Grogan		01/01/05
Sally Harley Martin		01/01/05
Jon Holding		01/01/05
Larry Holland		01/01/05
John Horton		01/01/05
Kate Howe		17/05/04
Martin Hummel		01/01/05
Clare Hutchinson		01/01/05
Julian Ingram		28/01/04
Anna Izbicki		01/01/05
Lisa Killbourn		01/01/05
Sarah King		01/01/05
Peter Knowland		01/01/05
Kim Lansdown		01/01/05
Diane Leaver		01/01/05
John Little		12/02/04
Nicole Masters		01/01/05
Andrew McKay		01/01/05
Peter Mead		01/01/05
James Miller		01/01/05
Rebecca Moody		05/10/04
Ali Nester-Smith		01/01/05
Mike Nicholson		01/01/05
Kevin Noble		01/01/05
Emma Nussey		01/01/05
Victoria O'Connor		01/01/05
Robert Oliver		01/01/05
Patrick Oram		01/01/05
Ian Pearman		01/01/05
Sascha Pearson		03/09/04
John Perez		01/01/05
Mark Petersen		01/01/05
Clare Phillips		01/01/05
Carol Powell		01/01/05
Kathy Reeves		23/02/04
Simon Rice		01/01/05
Tim Riley		01/01/05
Nigel Roberts		01/01/05
James Schwartz		01/01/05
Carl Scott		31/08/04
Martyn Sellick		28/10/04
Julie Simpson		01/01/05
Andy Smith		01/01/05
Patrick Smith		01/01/05
Priscilla Snowball		
Tom Sorbie		01/01/05
Peter Souter		01/01/05
Christy Stewart-Smith		27/02/04
George Strong		01/01/05
Katie Sutton		01/01/05

Directors' report *(continued)*

Directors' names	Date of appointment	Date of resignation
Richard Swaab		01/01/05
Maxine Thompson		01/01/05
Bridget Thurston		01/01/05
Teresa Waghorn		01/01/05
St John Walshe		01/01/05
Mary Wear		01/01/05
Robin Warrington		18/06/04
Sarah Wesson		01/01/05
Verity Woodward		28/12/04
Nick Worthington		31/01/04
Ashley Alsup	09/06/04	01/01/05
Chris Bardsley	09/06/04	01/01/05
Crispin Butler	09/06/04	01/01/05
Mark Fairbanks	09/06/04	01/01/05
Shezel Hatteea	09/06/04	01/01/05
Deborah Kerr	01/01/04	01/01/05
Ryan Shellard	09/06/04	01/01/05
Markham Smith	09/06/04	01/01/05
John Tisdall	09/06/04	01/01/05
Fifi Von Heintze	09/06/04	01/01/05
Annabelle Watson	09/06/04	01/01/05

No director had, during or at the end of the year, any interest in the share capital of the company. Directors' interest in the share capital of the group companies is not required to be disclosed under the Companies (Disclosure of Directors) (Exceptions) Regulations of 1985 by virtue of the company being a wholly owned subsidiary of a non-UK resident company.

Transactions with directors

Directors owed the following amounts, relating to advances on expenses, to the company over the year, which were outstanding at the year-end.

	Amount outstanding 1st January 2004	Amount outstanding 31st December 2004	Maximum amount outstanding during the year
	£	£	£
Peter Mead	22,759	34,907	34,907
Peter Souter	3,463	8,193	8,193

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of member of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors' report *(continued)*

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



Colin Fleming
Director

151 Marylebone Road
London
NW1 5QE
4 July 2005

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 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; 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 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

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Abbott Mead Vickers•BBDO Limited

We have audited the financial statements on pages 9 to 22.

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

The directors are responsible for preparing the directors' report and, as described on page 7, 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 audit 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 2004 and of its profit for the year and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

4 July 2005

Profit and loss account

for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Gross billings	1-2	84,755	83,847
Rebillable costs	1	(47,151)	(48,823)
Revenue / Gross profit	1-2	37,604	35,024
Direct costs		(32,061)	(29,616)
Operating profit		5,543	5,408
Income from shares in group undertakings	6	539	706
Other interest receivable and similar income	7	538	324
Interest payable and similar charges	8	(11)	(42)
Profit on ordinary activities before taxation	3-8	6,609	6,396
Tax on profit on ordinary activities	9	(1,979)	(1,736)
Profit on ordinary activities after taxation		4,630	4,660
Dividends on equity and non-equity shares	10	(3,082)	(3,102)
Retained profit for the year	18-19	1,548	1,558

There is no difference between the reported result in the profit and loss account and that on a historical basis.

There are no recognised gains or losses in either year other than as stated in the profit and loss account above. Consequently, a statement of total recognised gains and losses has not been prepared.

The results shown above are derived from continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

Balance sheet

at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	11	3,354	3,911
Investments	12	1,672	1,376
		<u>5,026</u>	<u>5,287</u>
Current assets			
Work in progress	13	4,761	2,111
Debtors	14	12,771	17,943
Cash at bank & in hand		12,331	5,703
		<u>29,863</u>	<u>25,757</u>
Creditors: amounts falling due within one year	15	(21,020)	(21,715)
Net current assets		<u>8,843</u>	<u>4,042</u>
Total assets less current liabilities		<u>13,869</u>	<u>9,329</u>
Provisions for liabilities and charges	16	-	(65)
Net assets		<u>13,869</u>	<u>9,264</u>
Capital and reserves			
Called up share capital	17	2,700	2,700
Share premium account	18	4,046	989
Profit and loss account	18	7,123	5,575
Shareholders' funds	19	<u>13,869</u>	<u>9,264</u>
Shareholders' funds may be analysed as:			
Equity interests		11,269	6,664
Non – equity interests		2,600	2,600
		<u>13,869</u>	<u>9,264</u>

The notes on pages 11 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on the 4 July 2005 and were signed on its behalf by:


Colin Fleming
Director

Notes

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.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by Omnicom Europe Limited, a parent undertaking established under the law of a member state of the European Union. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Omnicom Group Inc., which includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Omnicom Group Inc., the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc., within which this company is included, can be obtained from the address given in note 22.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor Vehicles	-	20% per annum
Office Equipment	-	20%-25% per annum
Fixtures & Fittings	-	15% per annum
Leasehold Improvements	-	Over the term of the lease

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes (continued)

Accounting policies (continued)

Post-retirement benefits

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion.

Work in progress consists of amounts spent by the company on behalf of its clients which have not been recharged to clients by the end of the year.

Taxation

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, 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.

Investments

Fixed assets investments are shown at cost less provision for impairment.

Gross billings

Gross billings are recognised when the service is performed, in accordance with the terms and conditions of the contractual arrangement and when collection is reasonably assured.

Gross billings comprises the gross amounts billed to clients in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

Rebillable costs

Rebillable costs comprise third party production costs for those services that the company is arranging for its clients in its capacity as an intermediary. The company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the company bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the company acts as an intermediary, costs incurred with external suppliers are excluded from revenue.

Revenue

Consequently, revenue comprises fees, and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Revenue is recognised when services are performed, in accordance with the terms of arrangements reached with each client. Performance based incentives are recognised when specified quantitative goals are achieved, or when the client determines performance against qualitative goals. Gross billings and revenue are stated exclusive of VAT, sales taxes and trade discounts.

Notes (continued)

2 Segmental information

The whole of the company's gross billings, revenue and operating profit for the year and prior year related to its principal activity, which is that of providing advertising services, and which was carried out in the United Kingdom. Gross billings and revenue by destination was as follows:

Gross billings by destination	2004 £'000	2003 £'000
UK	83,426	82,589
Rest of World	1,329	1,258
	<u>84,755</u>	<u>83,847</u>

Revenue by destination	2004 £'000	2003 £'000
UK	37,463	34,488
Rest of World	141	536
	<u>37,604</u>	<u>35,024</u>

3 Profit on ordinary activities before taxation

	2004 £'000	2003 £'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit fees paid to KPMG Audit Plc	57	35
Depreciation	792	899
(Profit)/loss on disposal of fixed assets	(4)	5
Hire of plant and machinery – rentals payable under operating leases (note 20b)	175	155
Hire of other assets – operating leases (note 20b)	2,030	2,030
Exchange gains	(1)	-
	<u></u>	<u></u>

No fees have been paid to KPMG Audit Plc in respect of non-audit services.

Notes (continued)

4 Remuneration of directors

The remuneration of the directors was as follows:

	2004 £'000	2003 (restated) £'000
Directors' emoluments	8,604	8,024
Company contributions to money purchase pension schemes	751	751
Compensation for loss of office	602	307
	<u>9,957</u>	<u>9,082</u>

Emoluments of the highest paid director include:

	2004 £'000	2003 (restated) £'000
Directors' emoluments	398	317
Company contributions to money purchase schemes	57	55
Long term share awards	29	-
	<u>484</u>	<u>372</u>

The 2003 benefits in kind have been restated to reflect car and fuel benefit, private medical, subscription and other miscellaneous benefits. The number of directors who were members of the pension scheme was 80 (2003 – 84). No directors exercised share options during the year.

The company's directors participate in a restricted stock scheme operated by the ultimate parent company. Shares were received or receivable under this restricted share scheme by 4 directors (2003 – 2).

Under this scheme, certain directors have been awarded restricted shares in the ultimate parent company, Omnicom Group Inc.. The restricted shares typically vest in 20% annual increments provided the director remains an employee of the Omnicom group. Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse. Under most circumstances, the director forfeits the shares still subject to restriction in return of the nominal price they paid for them at the time the award was granted, if the director ceases employment prior to the end of the period of restriction.

Amounts recognised as long term incentives are in respect of restricted share awards vesting within the year. At the end of the year the Company had accrued £421,000 (2003- £231,000) in respect of unvested restricted share awards to directors.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Creative and production	120	134
Account management	104	98
Administration	69	50
	<hr/>	<hr/>
	293	282
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£'000	£'000
Wages and salaries	15,279	14,291
Social security costs	1,866	1,696
Other pension costs (note 21)	1,093	1,126
Compensation for loss of office	606	462
	<hr/>	<hr/>
	18,844	17,575
	<hr/>	<hr/>

6 Income from shares in group undertakings

	2004	2003
	£'000	£'000
Income from group undertakings	539	706
	<hr/>	<hr/>
	539	706
	<hr/>	<hr/>

7 Other interest receivable and similar income

	2004	2003
	£'000	£'000
Bank interest receivable	253	90
Interest receivable from group undertakings	203	162
Net exchange gains	1	4
Loan note interest receivable	81	68
	<hr/>	<hr/>
	538	324
	<hr/>	<hr/>

Notes (continued)

7 Other interest receivable and similar income (continued)

Interest receivable is from group undertakings and loan note interests. Interest receivable from group undertakings arises on amounts due to the company from Abbott Mead Vickers Group Limited. Interest is payable on commercial terms and there is no formal repayment schedule in place. Loan note interest arises on loan notes issued by Abbott Mead Vickers Group Limited, as consideration for acquisitions and subsequently purchased by the company from the original holders. The loan notes are redeemable for cash at par at the option of the holder. Interest is payable at the base lending rate from time to time of National Westminster Bank reducing to 3/8ths of one percent below such base rate after five years.

8 Interest payable and similar charges

	2004 £'000	2003 £'000
Bank interest payable	11	10
Unwinding of discount on provision for deferred consideration	-	32
	<u>11</u>	<u>42</u>

9 Taxation

Analysis of charge in period

	2004 £'000	2003 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	1,961	1,832
Adjustment in respect of previous years	179	(100)
Total current tax	<u>2,140</u>	<u>1,732</u>
Deferred tax (note 16)		
Adjustment in respect to prior year	(182)	
Credit to the profit and loss for the year	21	4
Tax on profit on ordinary activities	<u>1,979</u>	<u>1,736</u>

Factors affecting the tax charge for the current period

Current tax charge is higher (2003: lower) than the standard rate of corporation tax in the UK (2004: 30%, 2003: 30%). The differences are explained below:

Notes (continued)

9. Taxation (continued)

	2004 £'000	2003 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	6,609	6,396
	<hr/>	<hr/>
Current tax at 30 % (2003: 30 %)	1,983	1,919
<i>Effects of:</i>		
Expenses not deductible for tax purposes	161	106
Income from other fixed asset investments not chargeable to corporation tax	(162)	(202)
Adjustments to tax charge in respect of previous periods	179	(100)
Timing difference current year	(21)	9
	<hr/>	<hr/>
Tax on profit on ordinary activities	2,140	1,732
	<hr/>	<hr/>

10 Dividends on equity and non-equity shares

	2004 £'000	2003 £'000
<i>Equity shares:</i>		
Interim dividend paid of £10.95 (2003 - £9.24) per ordinary share	1,095	924
Final dividend proposed of £17.79 (2003 - £19.70) per ordinary share	1,779	1,970
	<hr/>	<hr/>
	2,874	2,894
<i>Non-equity shares:</i>		
8% £1 redeemable preference shares (see Note 17)		
Interim dividend paid	103	103
Final dividend proposed	105	105
	<hr/>	<hr/>
	3,082	3,102
	<hr/>	<hr/>

The aggregate amount of proposed dividends is £1,884,000 (2003 - £2,075,000)

Notes (continued)

11 Tangible fixed assets

	Leasehold Improvements £'000	Fixtures, Fittings, and Office Equipment £'000	Motor Vehicles £'000	Total £'000
<i>Cost</i>				
At beginning of year	4,069	10,697	387	15,153
Additions	162	77	3	242
Disposals	-	(81)	(1)	(82)
At end of year	4,231	10,693	389	15,313
<i>Depreciation</i>				
At beginning of year	1,460	9,484	298	11,242
Charge for year	263	482	47	792
On disposals	-	(75)	-	(75)
At end of year	1,723	9,891	345	11,959
<i>Net book value</i>				
At 31 December 2004	2,508	802	44	3,354
At 31 December 2003	2,609	1,213	89	3,911

12 Fixed Asset Investments

	Shares in group undertaking £'000
<i>Cost</i>	
At beginning of year	1,376
Additional expenses	3
Capitalisation of Minerva loan	293
At end of year	1,672
<i>Net book value</i>	
At 31 December 2004	1,672
At 31 December 2003	1,376

Notes (continued)

12 Fixed Asset Investment (continued)

The company holds 6.72% of the issued 'A' ordinary share capital of PHD Media Limited, a company involved in the media planning and buying of advertising space and air time and incorporated in England and Wales.

The company holds 100% of the issued 'A' ordinary share capital of Minerva (London) Limited, an advertising agency incorporated in England and Wales.

On 17th February 2004, the Company acquired the entire issued share capital of BBDO (UK) Limited from BBDO Limited for a cash consideration of £1.

On 31st March 2004 Minerva (London) Limited issued the company one ordinary share for a cash consideration of £293,332.

13 Work In Progress

	2004 £'000	2003 £'000
Work in progress	4,761	2,111

14 Debtors

	2004 £'000	2003 £'000
Trade debtors	6,632	11,935
Amounts due from by group undertakings	4,235	4,165
Other debtors	209	191
Prepayments and accrued income	1,599	1,652
Deferred tax asset (note 16)	96	-
	<u>12,771</u>	<u>17,943</u>

All debtors are due within one year.

15 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	13,088	9,930
Amounts owed to group undertakings	1,363	4,044
Taxation and social security	2,515	2,760
Other creditors	171	274
Accruals and deferred income	1,999	2,632
Proposed dividend	1,884	2,075
	<u>21,020</u>	<u>21,715</u>

Notes (continued)

16 Provisions for liabilities and charges

	Deferred Tax £'000	Total £'000
At beginning of year	65	65
Adjustment in respect of prior year	(182)	(182)
Credit to the profit and loss for the year	21	21
	<hr/>	<hr/>
At end of year (note 14)	(96)	(96)
	<hr/>	<hr/>

The elements of deferred taxation are as follows:

	2004 £'000	2003 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(77)	93
Other timing differences	(19)	(28)
	<hr/>	<hr/>
Deferred tax liability/(asset) (note 14)	(96)	65
	<hr/>	<hr/>

17 Called up share capital

	2004 £'000	2003 £'000
<i>Authorised, allotted, called-up and fully paid</i>		
Authorised Equity: 100,100 Ordinary shares of £1 each (2003: 100,000 Ordinary shares)		
Allotted Equity: 100,001 Ordinary shares of £1 each (2003: 100,000 Ordinary shares)	100	100
Non-equity: 2,600,000 8% redeemable Preference shares of £1 each	2,600	2,600
	<hr/>	<hr/>
	2,700	2,700
	<hr/>	<hr/>

The non-voting, preference shares are redeemable at the option of the company at any time. No premium is payable on redemption save for accrued dividends. The repayment on redemption is guaranteed by the company's immediate parent company, Abbott Mead Vickers Investment Limited.

On 18 March 2004, the company increased its authorised share capital by 100 ordinary shares of £1 each and issued one share for consideration of £3,056,740.

18 Share premium and reserves

	Share Premium account £'000	Profit and loss account £'000	Total £'000
At beginning of year	989	5,575	6,564
Premium on ordinary share issued	3,057	-	3,057
Retained profit for the year	-	1,548	1,548
	<hr/>	<hr/>	<hr/>
At end of year	4,046	7,123	11,169
	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Reconciliation of movements in shareholders' funds

	2004 £000	2003 £000
Profit for the financial year	4,630	4,660
Dividends paid and proposed on equity and non-equity shares	(3,082)	(3,102)
Premium on ordinary share issued	3,057	-
	<hr/>	<hr/>
Net addition to shareholders' funds	4,605	1,558
Opening shareholders' funds	9,264	7,706
	<hr/>	<hr/>
Closing shareholders' funds	13,869	9,264
	<hr/>	<hr/>

20 Financial Commitments

a) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	2004 £'000	2003 £'000
Contracted	2	9
	<hr/>	<hr/>

b) Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
In the second to fifth years inclusive	2,030	175	2,030	155
	<hr/>	<hr/>	<hr/>	<hr/>
	2,030	175	2,030	155
	<hr/>	<hr/>	<hr/>	<hr/>

21 Contingent liability

The company together with certain other group companies, has entered into a cash pooling arrangement with HSBC Bank plc. HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liabilities of any of the other companies named in the agreement. This facility is guaranteed by Omnicom Group Inc.

Notes (continued)

22 Pension Scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,093,000 (2003 - £1,126,000)

Contributions amounting to £6,000 (2003 – £82,000) were payable to the scheme and are included in creditors.

23 Ultimate parent company and parent undertaking of larger group

The smallest group in which the results of Abbott Mead Vickers•BBDO Limited are consolidated is that headed by Omnicom Europe Limited. The consolidated accounts of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest group in which the results of Abbott Mead Vickers•BBDO Limited are consolidated is that headed by the ultimate parent company, Omnicom Group Inc., a company incorporated in the United States of America. These consolidated accounts are available to the public and may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York, 10022, USA.

24 Post balance sheet events

On 1 January 2005 seventy eight (78) Directors resigned from the Statutory Board in order to minimise administrative costs. Details of resignations can be seen on pages 3 to 5 of the accounts.