

## **Cordiant Communications Group Limited**

Annual report and financial statements  
for the year ended 31 December 2010

Registered number 1320869

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## Directors' Report

For the year ended 31 December 2010

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2010. This directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption.

### Principal activities and business review

The company acts as an intermediate holding company. The directors do not expect any changes in the company's activities in the foreseeable future.

The subsidiary undertakings held by the company are listed in note 5 to the financial statements. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by s400 of the Companies Act 2006.

### Results and dividends

The audited financial statements for the year ended 31 December 2010 are set out on pages 5 to 11. The company made a profit on ordinary activities after tax for the year of £99,000 (2009 – loss of £5,786,000).

No ordinary dividends were paid during the year (2009 – £nil).

### Directors

The directors who served throughout the year were as follows:

A. Scott  
C. Sweetland  
P. Delaney

### Going concern

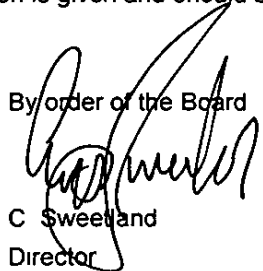
After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

### Statement of disclosure of information to auditors

So far as the directors currently in office are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors to make themselves 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 s418 of the Companies Act 2006.

27 Farm Street  
London  
W1J 5RJ

By order of the Board

  
C. Sweetland  
Director

26 June 2011

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## Directors' Responsibilities Statement

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

### **Independent Auditors' Report to the members of Cordiant Communications Group Limited**

We have audited the financial statements of Cordiant Communications Group Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditors' Report (continued)

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



**Sukhbinder Kooner (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

London, United Kingdom

26 June 2011

## Profit and loss account

For the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
<b>Turnover</b>		-	-
Other operating expenses		(187)	(409)
<b>Operating loss</b>		(187)	(409)
Income from shares in group undertakings		288	7,013
Interest receivable and similar income		-	13
Other income		-	109
Amounts written off investments		-	(12,507)
Foreign exchange loss		(2)	(5)
<b>Profit/(loss) on ordinary activities before taxation</b>	2	99	(5,786)
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		99	(5,786)
<b>Profit/(loss) for the financial year</b>	9	99	(5,786)

All results are derived from continuing activities

There are no recognised gains or losses in either the year other than those shown above and accordingly no statement of total recognised gains and losses has been prepared

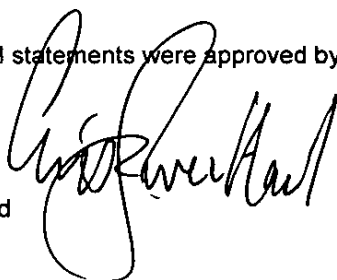
## Balance sheet

At 31 December 2010

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Investments	5	<u>51,116</u>	<u>49,705</u>
<b>Current assets</b>			
Debtors	6	18	9
Cash at bank		<u>31,385</u>	<u>32,721</u>
		31,403	32,730
<b>Creditors, amounts falling due within one year</b>		<u>-</u>	<u>(15)</u>
<b>Net current assets</b>		<u>31,403</u>	<u>32,715</u>
<b>Net assets</b>		<u>82,519</u>	<u>82,420</u>
<b>Capital and reserves</b>			
Called-up share capital	8	209,506	209,506
Share premium account	9	174,425	174,425
Other reserves	9	49,089	49,089
Profit and loss account	9	<u>(350,501)</u>	<u>(350,600)</u>
<b>Shareholders' funds</b>	10	<u>82,519</u>	<u>82,420</u>

The financial statements were approved by the Board of directors on 26 June 2011 and signed on its behalf by

C Sweetland



Director

## Notes to financial statements

For the year ended 31 December 2010

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### *a) Going concern*

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1.

The Company meets its day to day working capital requirements through participating in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

#### *b) Basis of accounting*

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

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by s400 of the Companies Act 2006 because it is a wholly owned subsidiary of Lexington International B V which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

#### *c) Investments*

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

#### *d) Taxation*

Current 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.

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.

#### *e) Translation of foreign currency*

Foreign currency transactions arising from operating activities are translated from local currency to sterling at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate.



## Notes to financial statements (continued)

For the year ended 31 December 2010

### 2 Profit/(loss) on ordinary activities before taxation

The directors received no remuneration during the year (2009 - £nil) for services to the company. The company had no other employees during the current and preceding year. Administrative expenses, including the auditors' remuneration of £40,000 (2009 - £40,000), were borne by WPP 2005 Limited.

### 3 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest	-	13

### 4 Tax on profit/(loss) on ordinary activities

The corporation tax (charge)/credit of £nil (2009 - £nil) comprises

	2010 £'000	2009 £'000
Corporation tax at the current rate of 28% (2009 - 28%)	53	112
Adjustment in respect of group relief for nil consideration	(53)	(112)
	-	-

The tax assessed for the year differs from that resulting from applying the current rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below:

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	99	(5,786)
Tax at the current rate of 28% (2009 - 28%) thereon	(28)	1,620
<i>Factors affecting tax charge for the year</i>		
Non-taxable income	-	31
Non-taxable dividend income	81	1,963
Amounts written off investments	-	(3,502)
Adjustment in respect of group relief for nil consideration	(53)	(112)
Current tax (charge)/credit for the year	-	-

The company has unrecognised deferred tax assets as at 31 December 2010 in relation to advance corporation tax and capital losses of £3,527,000 and £40,533,000 respectively (2009 - £3,527,000 and £40,533,000 respectively). No deferred tax has been recognised on these balances as there is insufficient evidence of their reversal in future periods.

## Notes to financial statements (continued)

For the year ended 31 December 2010

### 5 Fixed asset investments

£'000

#### Cost

At 1 January 2010	544,254
Additions	1,411
At 31 December 2010	545,665

#### Provisions for impairment

At 1 January 2010	494,549
Written off	-
At 31 December 2010	494,549

#### Net book value

At 31 December 2010	51,116
At 31 December 2009	49,705

Investments at 31 December 2010 represent interests in the ordinary share capital of the following companies

<u>Company</u>	<u>Country of incorporation</u>	<u>Activity</u>	<u>Holding</u>
AHA Puttnerbates Werbeagentur GMBH	Austria	Advertising	60%
Bamber Forsyth Limited	England and Wales	Dormant	100%
Bates (Malaysia) Sdn Bhd	Malaysia	Advertising	1%
Bates G Patterson (HK)	Hong Kong	Advertising	100%
Bates Hellas Advertising S A	Greece	Advertising	100%
Bates India Private Limited	India	Advertising, Marketing and Media	26%
Bates Overseas Holdings Limited	England and Wales	Intermediate Holding Company	100%
Bates Portugal-Publicidade E Marketing S A	Portugal	Advertising	81%
Bulletin International Limited	England and Wales	Public Relations	100%
85Four (Holdings) Limited	England and Wales	Intermediate Holding Company	100%
CCG XM Holdings Limited	England and Wales	Dormant	100%
Colwood Healthworld Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%
Cordiant Communications Group Trustees Limited	England and Wales	Dormant	100%
Cordiant Group Limited	England and Wales	Intermediate Holding Company	100%
Cordiant Holdings Limited (Hong Kong)	Hong Kong	Advertising	100%
Cordiant Overseas Holdings Limited	England and Wales	Dormant	100%
Cordiant Property Holding Limited	England and Wales	Property Holdings and Letting	100%

## Notes to financial statements (continued)

For the year ended 31 December 2010

### 5 Fixed asset investments (continued)

Deckchair Studio Limited	England and Wales	Dormant	100%
Financial Dynamics Holdings Limited	England and Wales	Intermediate Holding Company	100%
Financial Dynamics Ireland Limited	England and Wales	Intermediate Holding Company	100%
Fitch Limited	England and Wales	Intermediate Holding Company	100%
Garrott Dorland Crawford Holdings Limited	England and Wales	Intermediate Holding Company	100%
Healthworld Espana S L	Spain	Healthcare	100%
Healthworld UK Holdings Limited	England and Wales	Dormant	100%
Interstar Holdings Limited	England and Wales	Dormant	100%
Lighthouse Holdings (UK) Limited	England and Wales	Intermediate Holding Company	100%
Loendersloot B V	Netherlands	Intermediate Holding Company	100%
PCI Live Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%
Propose Two Limited	England and Wales	Dormant	100%
P S D Associates Limited	England and Wales	Dormant	100%
Red Cell Dublin Limited	Ireland	Intermediate Holding Company	100%
Secure Two Limited	England and Wales	Dormant	100%
Sonic Sun Limited	England and Wales	Intermediate Holding Company	100%
Ted Bates Holdings Limited	England and Wales	Intermediate Holding Company	100%
WG Consulting Healthcare Limited	England and Wales	Branding, Identity, Healthcare and Specialist Communications	100%
XM Asia-Pacific Pte Ltd	Singapore	Branding, Identity, Healthcare and Specialist Communications	100%

During the year, the company made a further investment in its existing undertaking in WG Consulting Healthcare Limited for cash consideration

In accordance with the company's accounting policy, the company annually tests the carrying value of investments for impairment. The 2010 impairment review was undertaken as at 31 December 2010. The review assessed whether the carrying value of investments was supported by the net present value of future cash flows derived from assets using a projection period of up to five years for each subsidiary entity. After the projection period, steady or declining growths have been assumed for each subsidiary entity. An annual growth rate of 3.0% and a pre-tax discount rate of 9.58% has been assumed.

### 6 Debtors: due within one year

	2010 £'000	2009 £'000
Other debtors	18	9

## Notes to financial statements (continued)

For the year ended 31 December 2010

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

	2010 £'000	2009 £'000
Amounts owed to other group undertakings	-	15

### 8 Called-up share capital

	2010 £	2009 £
<i>Allotted, called-up and fully-paid</i>		
419,011,573 (2009 – 419,011,573) ordinary shares of 50p each	209,505,787	209,505,787

### 9 Reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	174,425	49,089	(350,600)	(127,086)
Profit for the financial year	-	-	99	99
At 31 December 2010	174,425	49,089	(350,501)	(126,987)

### 10 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit/(loss) for the financial year	99	(5,786)
Net addition/(reduction) to shareholders' funds	99	(5,786)
Opening shareholders' funds	82,420	88,206
Closing shareholders' funds	82,519	82,420

### 11 Guarantees and other financial commitments

The company participates in group banking arrangements with its ultimate parent, WPP plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank.

### 12 Related party transactions

As a wholly owned subsidiary of WPP plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by WPP plc.

## Notes to financial statements (continued)

For the year ended 31 December 2010

### **13 Ultimate parent company and controlling party**

The directors regard WPP Dutch Holdings Ltd, a company incorporated in England and Wales, as the immediate parent company and WPP plc, a company incorporated in Jersey, as the ultimate parent company and the ultimate controlling party

At the year end the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is WPP plc, incorporated in Jersey. The parent undertaking of the smallest such group is Lexington International B V, incorporated in the Netherlands.

Copies of the financial statements of WPP plc are available at [www.wppinvestor.com](http://www.wppinvestor.com). Copies of the financial statements of Lexington International B V can be obtained from Wilhelminaplein 10, 3072 DE Rotterdam, Netherlands or 27 Farn Street, London, W1J 5RJ, UK.