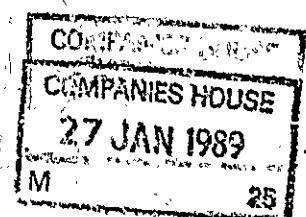
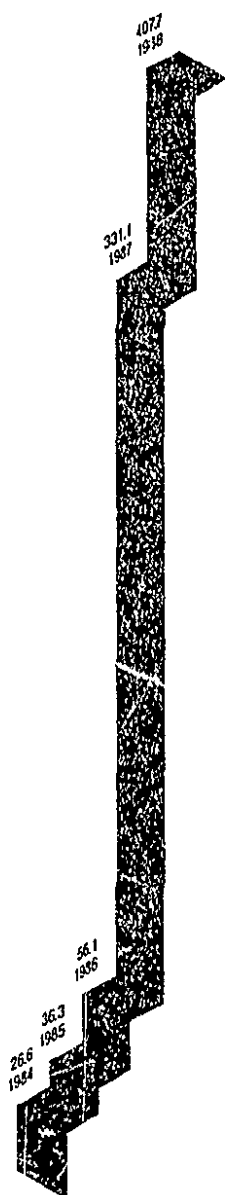


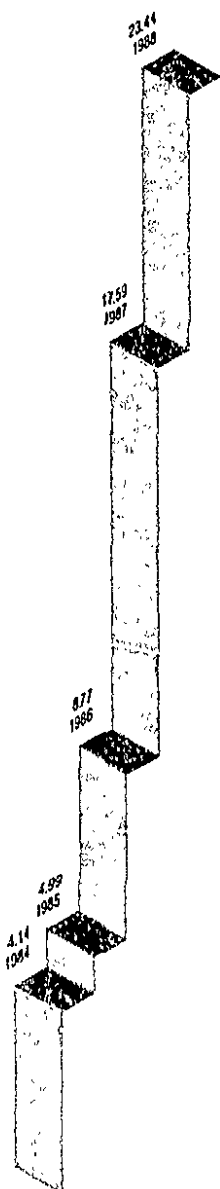
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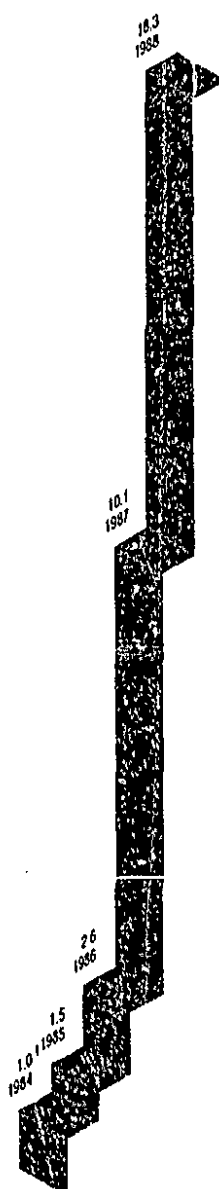
Turnover
Pounds in millions



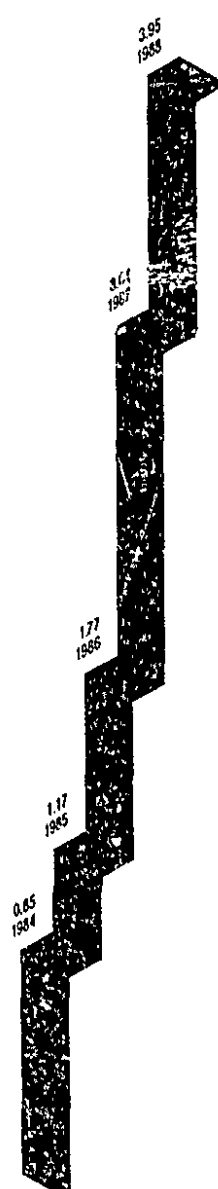
Earnings per Share
Pence



Profit Before Tax
Pounds in millions



Dividends per Share
Pence



MAN IS SO MADE THAT WHEN ANYTHING FIRES HIS SOUL, IMPOSSIBILITIES VANISH

YOU MIGHT AS WELL

CHAIRMAN'S STATEMENT

A LEAP YEAR FOR WCRS

This company has a culture where we drive ourselves forward less by giving ourselves pats on the back, and more by giving ourselves kicks up the backside. A fly on the wall at some of our management meetings might forget he was listening in on what is, arguably, one of the most successful companies founded in the last decade.

But once a year, at least, it is perhaps appropriate to put such useful self-criticisms aside and allow all our 3,500 people to take due credit for what we have achieved.

It is not just the remarkable profit increase (up 81%).

Or the increase in earnings per share (up 33%).

Or the growth in dividend (up 30%) to satisfy our demanding shareholders.

The figures fail to capture the spirit and vision of this "enterprise of entrepreneurs." It is this that is the ultimate asset that provides the intellectual capital for our business.

Peter Scott, our Chief Executive, reports elsewhere on the achievements of the year. I would like to give counterpoint to that by reminding you of the vision that will provide even more exciting years, and even more impressive results, in the future.



PETER SCOTT, CHIEF EXECUTIVE
CHARLES STERN:
GROUP FINANCE DIRECTOR
TIM BREENE, DEPUTY CHIEF EXECUTIVE

The vision is simple: to create a network of first generation companies with the energy, enthusiasm and insight to provide total communication solutions to the needs of world businessmen. This vision took several important steps forward in the year under review.

First, by the addition of the new entrepreneurs who chose to become part of our enterprise. In particular, the joining with Béller and SGGMD from France brings a new dimension of first generation business and energy to the Group.

Second, the completing of the key parts of our multinational advertising network means that this entrepreneurial energy can be released onto the world's stage.

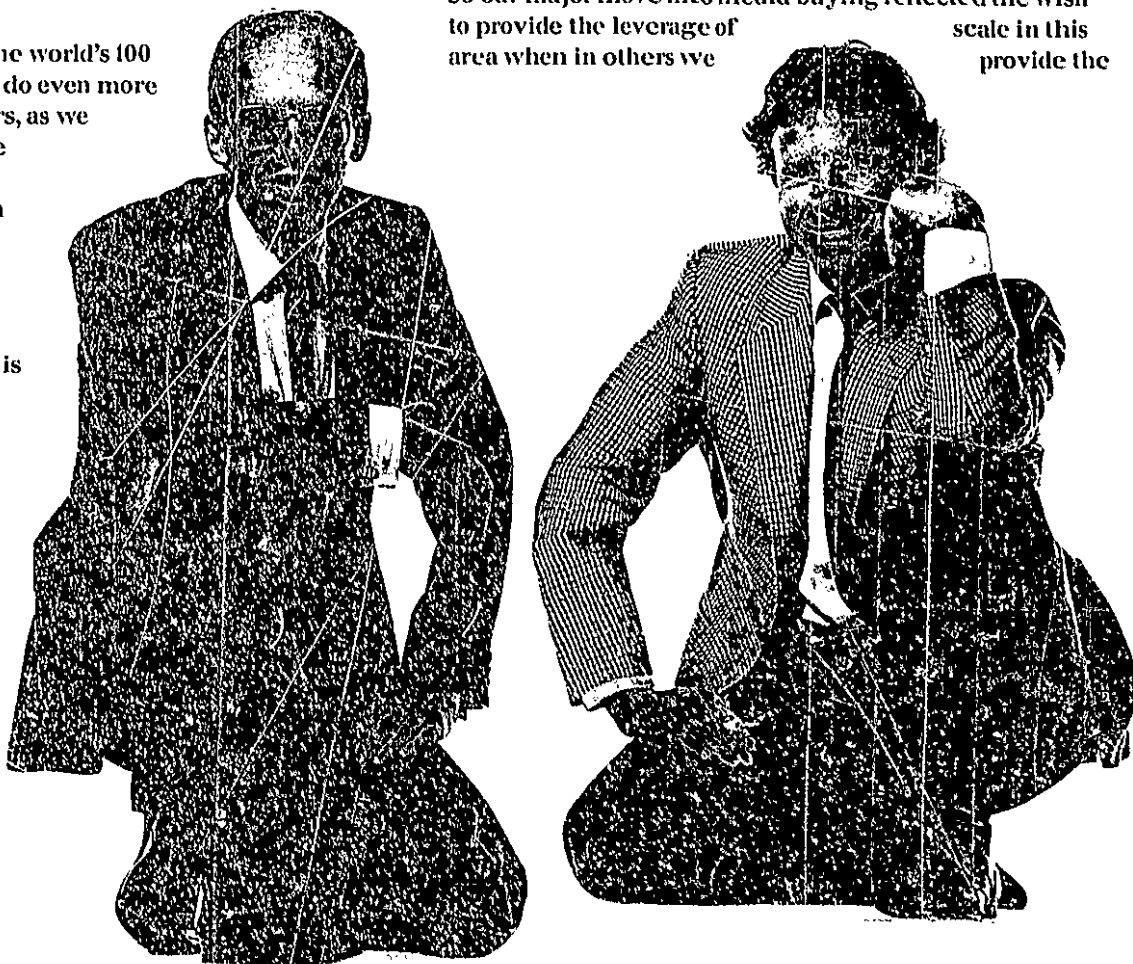
Already we work for 35 of the world's 100 largest advertisers. We will do even more work for these and for others, as we are the only network where every component in each country is a first generation advertising company. Perhaps in a decade or two we may worry that our vitality may be threatened by the management arthritis that currently affects our rivals. But today our suppleness is not stiffened by bureaucracy. We are a good 100 years younger than JWT and intend to stay that way.

There is a third part to our vision that is of growing importance. It builds upon the fact that

we are an enterprise of entrepreneurs. But goes beyond the application of this just to advertising. For it recognises that the very concept of "advertising" is an unreal boundary in communication.

That to define our business in terms of advertising is to risk making the same mistake the railroads made in the 19th century when they failed to see they were actually in the transportation business. Which is why our vision extends so far into communication that today advertising represents scarcely more than 50% of this Group's business. It is because our business is young and alive that we are more able to sense the growing needs of our clients to develop rapidly into new areas.

So our major move into media buying reflected the wish to provide the leverage of scale in this area when in others we provide the



WHEN THE EXCELLENT LIES BEFORE US... A MAN IN A BOWTIE IS TRUSTWORTHY, HONOURABLE AND CUTE □

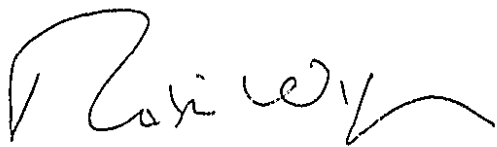
leverage of creativity. Or why we have chosen to grow in international sponsorship to anticipate the new world of promotion where the old division between above and below the line becomes a meaningless blur.

Looking through this year's annual report, you will find that we have found new pearls to string on our necklace. Like Corporate Graphics (who have so skilfully designed this report) or Cohn & Wells whose Direct Marketing skills will be used to distribute it amongst the world's client prospects.

Which brings me to the final and perhaps most important part of this vision. All these remarkable entrepreneurs in this Group feed off each other. We challenge, we stimulate, we disagree, we agree, we compete, we respect and we create an environment where merely to manage effectively is inadequate. To leap beyond management to creation is our goal.

1987/88 was a year in which we were able to live up to our own unreasonable expectations of ourselves.

I can promise you we will be equally unreasonable in those expectations in the coming year which will complete this Group's first decade. I am confident it will not be our last.



Robin Wight
Chairman

ROBIN WIGHT, CHAIRMAN

JERRY DELLA FEMINA

IF I'M GOING TO BE OWNED, I WANT TO BE A PRIZED POSSESSION.

I started my career breaking rules—in some circles I'm even known as a rebel. But the truth is, I'm a risk taker (in my mind a rebel looks backward and a risk taker looks forward) and that's what shows in our advertising. When we're really good as an agency is when we take risks and break the rules, when we're willing to try something different.

Whenever we've trusted our instincts we've created ads I've really loved... breakthrough advertising that really worked for our clients... ads that broke the rules.

Certainly you need marketing data. And, of course, you must know what the consumer thinks. But, armed with that information and a willingness to break rules, you can turn out advertising that both wins creative awards and sales awards.

For example, our ads for Blue Nun were funny and effective featuring spokespeople who admitted they knew nothing about wine. For Perry Ellis fragrance, we had a handsome confident-looking model who revealed he was as frightened and insecure as the rest of us. For LifeStyle condoms, we tackled AIDS as a problem when no one in the U.S. was willing to discuss it in advertising. And certainly we broke the "Liar" ads for American Isuzu Motors by using a very rule of automobile advertising.

But the trick is not just in breaking the rules; it's in knowing when to break the rules and when to trust your instincts—whether it's writing an ad or selling an advertising agency.

When it became clear to me a number of years ago that I wanted to see something in the form of money after all these years in the business, I decided to take the plunge and try to be acquired. The acquisition process is a lot like

dating; if you actively go out and look for someone no one wants you, but if you don't appear to be looking, then everyone wants you. We were lucky enough to have a number of people who were courting us.

I would have meetings with these people, and after the meetings they would make wonderful offers. But I never could figure out why I always came away feeling that I wasn't interested. After a while I began to question whether I was really interested in selling the agency. What I finally realised was that I was talking to people who were not like me. It's not that I'm a hot house flower that has to be in a perfect environment—but we weren't even on the same wavelength. I knew that any of these would be a partnership that could only be, at best, a marriage of convenience and I wasn't ready for that.

No one could ever understand that what I wanted was for the agency to continue to do the kind of work that we had been doing since the 70's—to continue as a good, strong creative agency. I wanted to be acquired, but I didn't want to lose the independence we had.

That showed me where my priorities were. It was clear that what I was really interested in was the agency. The financial part of it was secondary, important but secondary. So when we found out that WCRS had bought the Creamer agency and was interested in us, I was wary. We danced around each other for a while and then went to dinner at the Four Seasons one evening. We

TO KNOW IS NOTHING AT ALL; TO IMAGINE IS EVERYTHING " I AM ONLY A PUBLIC ENTERTAINER WHO HAS.



talked about advertising and laughed a lot. It was only when we were having coffee and I realised no one had mentioned money, that I knew I wanted to do the deal.

These people were very young and very smart and I had the kind of good feeling I'd never had about deals. I walked away saying that either these people are the best actors in the world and I'll find out before the deal is made, or they're my next partners.

It's turned out to be a marriage made in heaven. Using the term marriage rather than merger may sound strange, but the fact is mergers that work are really marriages. If two years later I was still saying merger, I'd be unhappy. As with all marriages, after a while you see some weak points, but when you add it all together it's far better than being alone. I have this great sense of being part of something growing, something that is really going to be important in this business.

In July, a year and a half after the deal was consummated, we merged the HBM/Creamer offices with Della Femina, Travisano & Partners and formed Della Femina, McNamee WCRS, Inc., the 18th largest agency in the U.S.

This is exciting because it will open a whole new world of business opportunities for the combined agencies.

Then I look at the client list this brings together—

American Isuzu Motors, The Sheraton Corporation, Nestle's Tasters Choice Coffee, The Stouffer Corporation, Dow Consumer Products, Beck & Co., A&W Brands, Parker Brothers, Beecham and so many others—I know that we have the finest client list in the U.S.A. When I look at the combined reel of our New York, Boston, Pittsburgh, Chicago and Los Angeles offices, I know we have the momentum to make a quick move up towards the top-10. All this is going to take a lot of hard work. Some may question if we're ready for it.

I guess the best way to answer that is to tell about an incident that occurred three or four months after the sale of the agency.

I found myself working twice as hard as before. I was practically dead on my feet. My wife looked at me and said, "You sold the agency, we have as much money as we'd ever want and look at you—you're working like crazy. Why?" And I looked at her (this isn't going to sound true, but it is) and said, "I really want this to have been a good deal for them—I want them to get their money's worth."

It wasn't guilt talking. What I'd realised was I'm really proud of the agency, and I wanted the people at WCRS to walk around saying, "Boy, did we make a deal when we bought that agency."

I want this to be the best acquisition that any British agency has ever made—if I'm going to be owned by someone, then I want to be a prized possession. And I do feel the agency is prized for who we are and the creative risks we take. We're stronger than ever and, what's more, it's a great place to work. I started it that way because I'd always wanted to own an ad agency I'd love to work in.

Thanks to the Brits, I still can.

MICHAEL BALL

CREATING ADVERTISING IS NOT LIKE PRODUCING SAUSAGES

I made my first international trip—from England to Australia—at the age of two, and since then I've spent much of my life aboard 747s. For the past 15 years, I've averaged a million miles every three years. The world may not be my oyster, but it is my home. And if being an international has taught me anything, it's that every culture has its own characteristics, integrity and quirks. This means you can't import cultural assumptions, plunk them down in a new place and expect things to run smoothly. Colonialism just doesn't work.

You may be wondering what all this seemingly political theorising has to do with advertising? It's simple, really. Advertising must be driven by the local market, not vice versa. A campaign created in London or New York which works in those markets is probably not right for Zimbabwe. Advertising has to be effective on the ground, and what works in Singapore does not necessarily work in Sweden. It's hard to believe that a woman in West Germany using a front loading automatic washing machine will respond to the same advertising as a woman in Kenya who beats her clothes on a rock in a stream.

Too often large multinational agencies function the way the old colonial powers did. When they make an overseas acquisition they perceive that their job is to convert the natives. They rush out with a bucket of paint to change all the signs to the name of the new owner and their attitude is, "We're going to teach you colonial sods how to wear dinner jackets and evening gowns instead of sarongs." This is an outward and visible sign of an inward and invisible mistake.

Creating advertising is not like producing sausages. Effective advertising recognises that consumers are individuals. Individuals who can be motivated by charm, humour, greed or hunger or an appeal to their

intelligence. Producing sausages is merely a convenient way of getting rid of a lot of dead pigs.

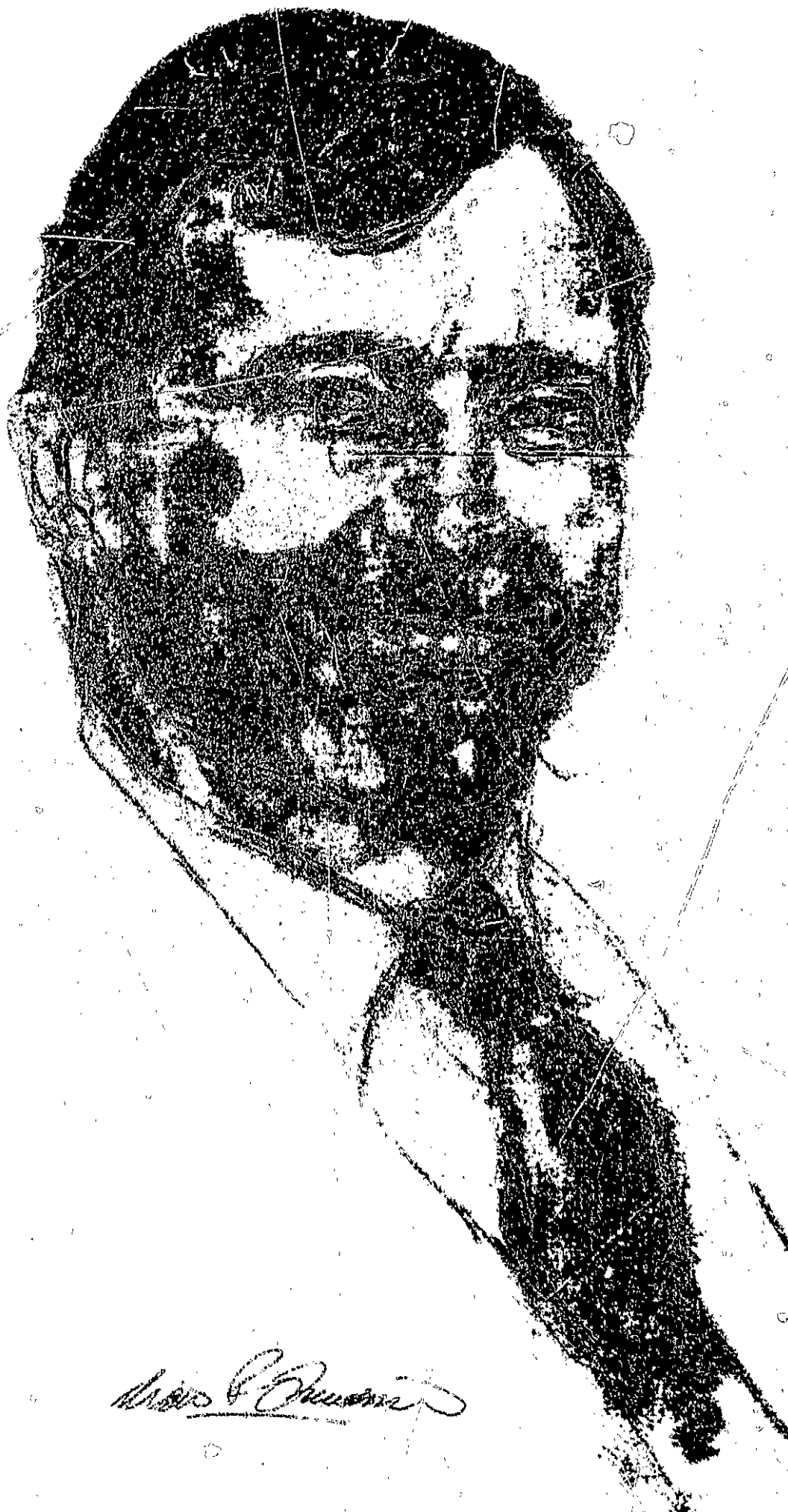
The Ball Partnership, which now has 11 offices in seven countries throughout Australia and Asia, was started with the fundamental knowledge that the best advertising is uniquely oriented to local markets. The only reason we could join with WCRS is that they also know this; they're a non-colonial multinational. They'd never say, "We're going to import our culture and teach you how to be a link in our sausage chain." The whole idea of being a federation of creative entrepreneurs is antithetical to that.

The reason I started The Ball Partnership after 28 years of working for international advertising agencies was to get back to being a creative entrepreneur—to having more direct contact with clients. And that's another piece of our connection with WCRS; the senior people in the WCRS federation are actively creative. Robin Wight and Jerry Della Femina spend their days and nights working on the creative aspects of advertising. I can't think of any other international agency in the world that can honestly say their top management spends most of their time on creative work.

The Ball Partnership is dedicated to doing the best creative work in the service of our clients. Along with this there are a few basic premises that both characterise and motivate us:

1. We don't subscribe to any hocus pocus theories about what advertising should or should not be. It should only be one thing—*effective*—and there are many roads into this kingdom of advertising heaven.
2. We have only one objective—to make the client's business succeed. And we do that by being partners with the client in creating the best, most strategic and most relevant advertising for each product in each market.

BY GETTING PEOPLE AROUND, THAT'S EXCITING ☐ MAY YOU LIVE IN INTERESTING TIMES ☐ THERE IS NO SUBSTITUTE



W. F. Owsen

5. We deliver in creative what we promise—our creative work is dedicated to the success of the client not to the success of the agency. When our clients succeed, we succeed.

The idea of partnership is crucial to us, both in relationship to our clients and to ourselves. We aim to be partners with our clients and to be seen in the same way they see their lawyers and architects, as people they call upon, whose opinions they value and whom they talk with as equals. This means we have to have the kind of quality people our clients respect, and that's the other aspect of our partnership. Large agencies tend to be hierarchical, but that's not the best or most effective way to serve clients.

We believe that an agency should be organised with a minimum of bureaucracy and hierarchy. It should be run by people who are partners, by people who have the status, responsibility and experience to advise clients. We're not interested in layers and labels. When a partner has too much work, we don't appoint a deputy partner, we bring in another equal and strong partner. We encourage difference, change and variety; that's where creativity comes from.

In some ways, it's probably more comfortable to be an advertising bureaucrat and colonialist—to sit in a room with a big map and organise your world and the spread of your empire from there. But history and experience prove it doesn't work as well as being on local scene with your clients creating the best advertising you can in partnership with them.

ALAN PASCOE

A TEAM WITH NO FLAB

Sports and music have no language barriers. Instead there's tremendous energy, instant drama and immediate gratification—without translation problems. Can you imagine better vehicles for international corporate exposure?

That's the beauty of sponsorship, or the potential beauty. In an ideal world, a corporation might be able to pick a series of events to sponsor, come up with the money and run from there. But hard as we try, the world has fallen far short of ideal. In the past, corporations perhaps received a few banners at events. Today, thanks to sponsorship, they get multidisciplinary packages linking into marketing via television or community exposure.

The art of sponsorship is making sure that there is a planned long term benefit for the client. There are very few "natural fits," corporations and events that just go together. You have to understand the client and the medium, what the events can do and the commercial and emotional impact, and then adapt the events to fit. That's where we come in—and why our unofficial motto has become "making it work for the client."

We match or design an event to meet our clients' needs. For example, when the National Dairy Council was looking to heighten its identification with health, fitness and families, we saw the opportunity to build on their involvement with track and field and set up a junior programme in track and field under their sponsorship and link it with television. This programme couldn't exist without a corporate sponsor, and it has done as much for sport as it has for its sponsor's image and product promotion. It makes no sense to take corporate clients into sports or music events that don't fit their requirements.

Our client list is too long to go into, but Pepsi (we recently handled their involvement in the British pop music awards) Kodak, McVitie's and Dairy Crest, among others, have asked us to enhance their recognition and

THE ONE SERIOUS CONVICTION THAT A MAN SHOULD HAVE



identification. Success comes with creating excellent fits, getting the most for the sponsor and the most for the event.

As a member of the UK's National Track and Field team for 13 years and as a competitor in three Olympics, I learned a lot about truly great teamwork—individual strengths are crucial, but excellent teamwork makes the winning difference. And the best teams are made up of lean, interactive yet independent players. So when APA decided to join a team, we knew what we were looking for.

We had dreams of being part of an 'expert' based culture without the problems of bureaucracy. The *raison d'être* for us all has been to be a part of a dynamic young group where your voice is heard, your views are sought, your contribution valued but where there is no mandate, no imposition, no headquarters and no flabby outposts who let you down because they're not expected to be anything other than small sub-divisions of a multinational conglomerate. WCRS has never felt like that—and I'm sure never will.

Our own acquisitions—four to date—have followed the WCRS philosophy of bringing in first generation entrepreneurs—do-ers, determined to become or to prove they already are best in their local market or discipline. Today our vital and creative organisation includes:

- Alan Pascoe Associates and Pascoe Nally International—sponsorship, event management and television packages in the UK through APA and internationally through PNI. (Patrick Nally created the international marriage between Coca Cola and World Soccer)
- Bagenal Harvey Organisation—personality management and promotion.
- Sports Management—the production and sales of sports ground perimeter advertising, at Liverpool's famous Anfield Stadium, for example.
- Arline—concept, design, artwork and print.

We're now better equipped than ever for the coming deregulation of the European airwaves and other

developments in international broadcasting. Moreover, we can also call on the Group's vast resource of knowledge and experience to add to our own resources in providing solutions for clients. And we see ourselves as a valuable resource for the rest of the Group. A buzz goes around the office when our showreel of sponsored programmes, our paper on airtime buyouts or our sponsored opening credits are seen, or sought by, other Group members and their clients.

Many of my colleagues and our clients have been surprised since APA became part of "The Group" because nothing appears to have changed—and yet there is a qualitative difference. We are still client led, evaluating or designing sponsorship opportunities to meet client objectives in marketing, communications or corporate awareness. But now there is an energising sense that we're part of a growing communications network.

The only one to spot a day-to-day difference is our long-suffering Financial Director, destined to spend the rest of his time complying with "the system" and attempting to prove we are the best financially managed part of the Group.

For the rest of us, the challenge of each day's work carries extra excitement as we await news of which band of talented entrepreneurs will be joining WCRS next. As leaders in their fields, each brings a broader business perspective, is a new source of vital information and is a different sounding board for ideas.

So being a member of the WCRS federation has all the advantages we sought—and most of all, it's still fun. After hours of agonising over choosing one of the half dozen communications companies that flattered us with offers, we're certain that our analysis, research and, most importantly, "feel" has proved absolutely right.

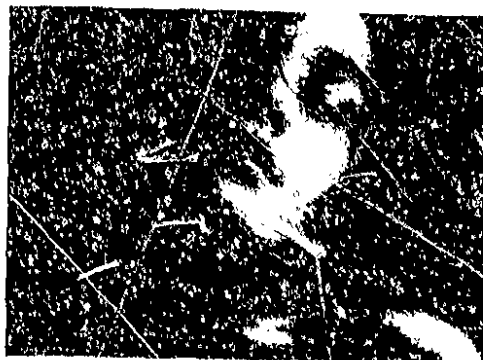
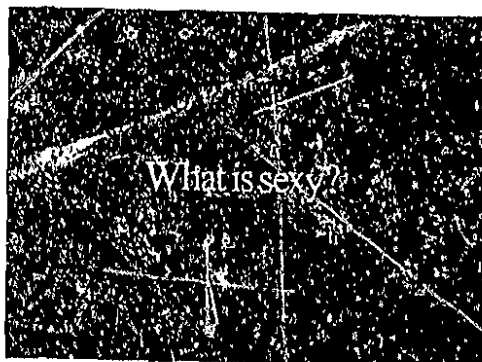
ON NINE T HIG GHT

CAN JUMP BOTH SEA AND LAND (VARIETY IS THE MOTHER OF ENJOYMENT)



WESTERN CONNELL & CO.
BOSTON, MASS. CONNELL & CO.

MINDS ARE LIKE PARACHUTES, THEY ONLY FUNCTION WHEN THEY ARE OPEN WHOEVER IS HAPPY WILL MAKE OTHERS





JEAN FARNELLI
CHESTER HICKMAN EAST ORO



***I bet he doesn't drink
Carling Black Label.***



(You can tell by the look on his face.)



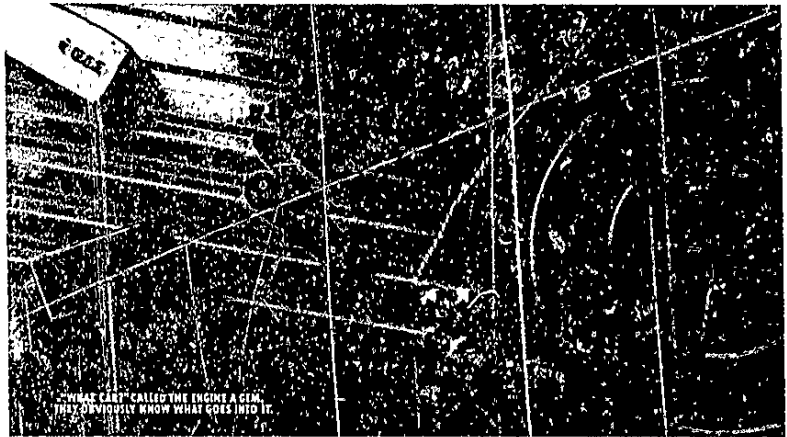
I bet they drink Carling Black Label.



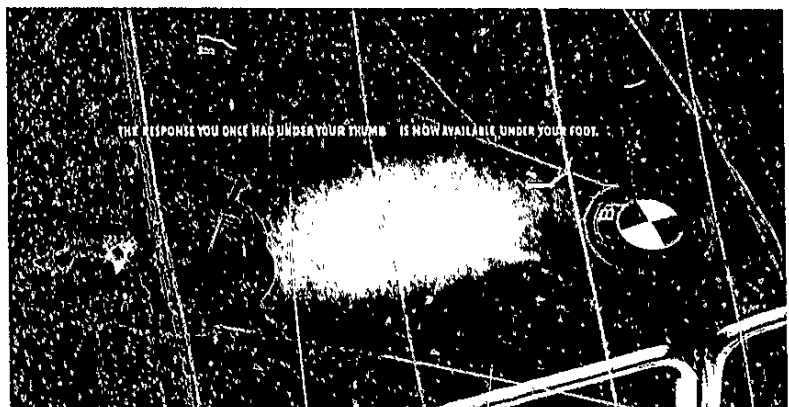
ROGER MATHEWS:
WCRS MATHEWS MARCANTONIO
ALFREDO MARCANTONIO
WCRS MATHEWS MARCANTONIO

THEY DON'T PRODUCE GOOD ADVERTISING

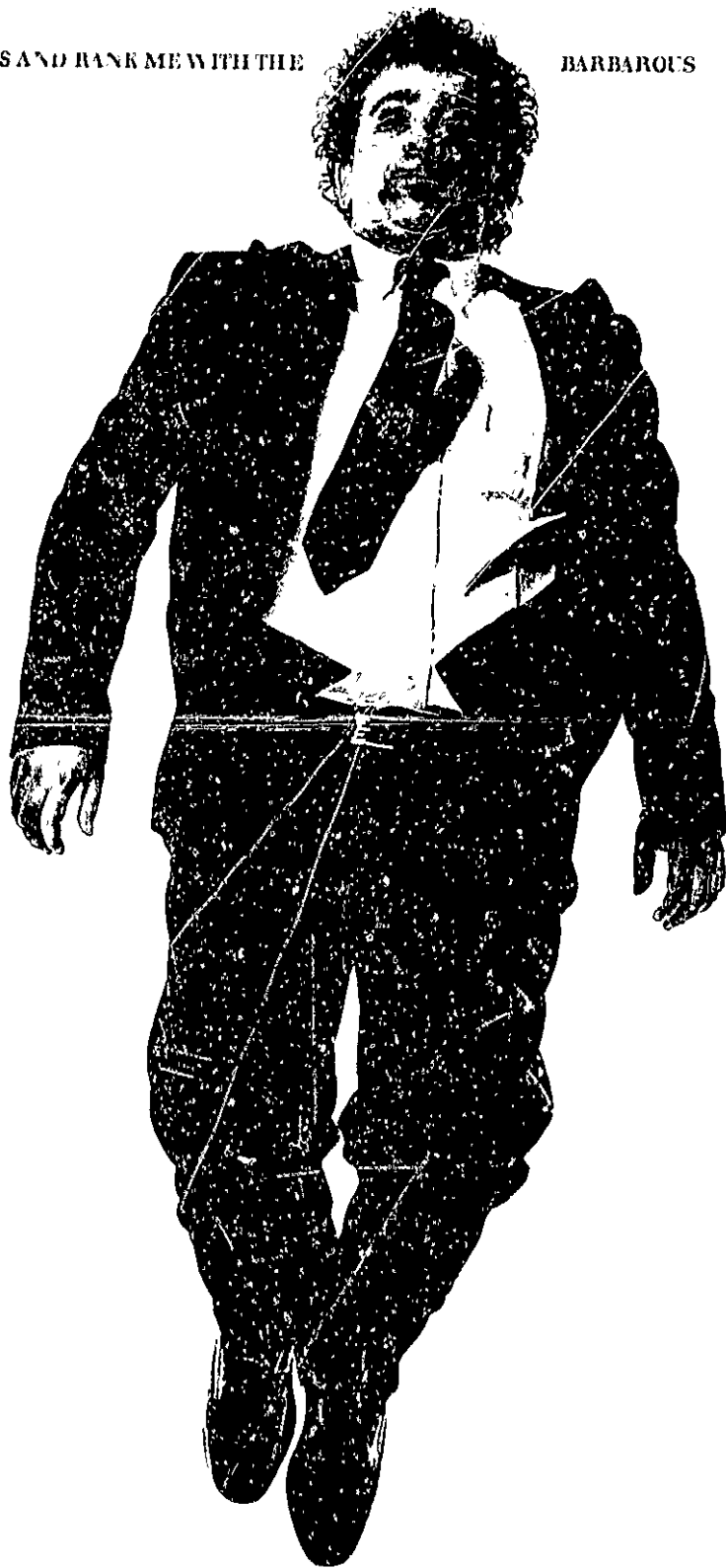
NEVER MAKE THE MISTAKE OF ASSUMING THE CRITTERS WILL BEAT A PATH



THEY DON'T PRODUCE GOOD ADVERTISING



THE RESPONSE YOU ONCE HAD UNDER YOUR THUMB IS NOW AVAILABLE UNDER YOUR FOOT.



DEZE WEEK IS DE BAL
NIET ROND IN PANORAMA



IN PANORAMA GEBEURT HET.



Met Buitoni
maak je salade
knapperig.

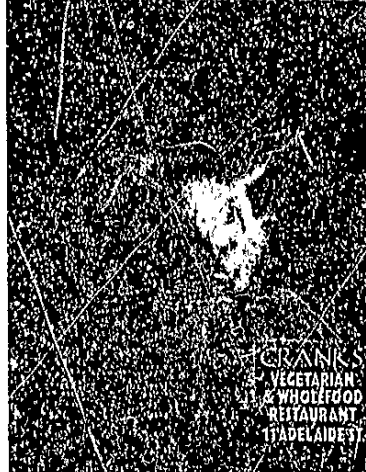


Buitoni maakt haar Melba toast zo knapperig dat alles wat je er op doet nog beter smakt. Salades, zalm, kaas, paté, room, maar ook...
Wird Buitoni bald in toastjes in 1 land waar ze zo goed weten wat lekker is. In Italië. Dus pak altijd de originele Melba toast van Buitoni. De rondjes die normale of de met sesamzaadjes. Buitoni. De koning van het knapperigste toastje.



MARCO KLEIN, KLEIN & PARTNERS

SAVE MY BACON. EAT AT CRANKS.



**EAT AT CRANKS.
YOU'LL HAVE ENOUGH
ON YOUR PLATE
WITHOUT ME.**

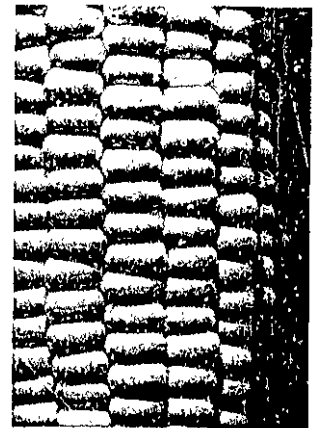


There's no such thing as a flying visit to Geirangerfjord.

[illegible]

For those who've only cruised at 35,000 ft.

[illegible]



LIABILITY

there'll have
to give the new old thing. (suspense) can be very exciting when carefully
made equal themselves time after time - understandable when you're grow-
ing rich; reliable when you're expanding it on it. (suspense) (suspense) (suspense)



94045

In many cases
over the two broad
surfaces of a hard
ball are common elements of
strength, endurance and
pace. Elements like
surface of a ball, speed
of a ball, and all the
elements needed to put
up a good performance.

A black and white photograph showing the lower legs and feet of three people. They are wearing horizontally striped leggings or tights. The person on the left is wearing a dark, pointed-toe shoe. The person in the middle is wearing a light-colored, open-toe high-heeled shoe. The person on the right is wearing a light-colored, open-toe high-heeled shoe with a strap across the foot. They are standing on a dark, textured surface, possibly a carpet or rug.

EAGLE WITH WINGS OF A WREN ONLY WITH ABSOLUTE FEARLESSNESS CAN WE SLAY THE DRAGONS OF MEDIOCRITY



THAT INVADE OUR GARDENS

IDEAS ARE LIKE STARS, YOU WILL NOT TOUCH THEM WITH YOUR HANDS

ART IS ABOUT



RISSIMO!

le plus beau, plus grand,
la mer, les paysages, l'art,
le meilleur accueil italien.
Informations à l'ENT, 23, rue de
la République (tél. 42.64.66.63). Pour la France du
Nord, rue de Verdun, 06018 Nice (tél. 93.87.75.81).
Bonne nouvelle pour les automobilistes: il existe des
bons d'essence et des réductions sur les autoroutes.

L'Italie.

Votre cœur y revient toujours.

JACQUES HENOCO BÉLIER CONSEIL
CHRISTIANE GUENARD BÉLIER CONSEIL
JEAN JADES BÉLIER CONSEIL

IF YOU DON'T RECOGNIZE IT,
WE'VE MADE IT TO THE TOP.



WE'VE MADE IT TO THE TOP.

MICHAEL BALL THE BALL PARTNERSHIP

TALKED ABOUT IT, AND THAT IS NOT BEING TALKED ABOUT

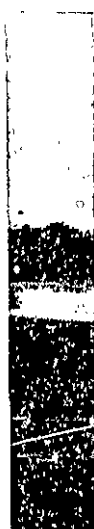
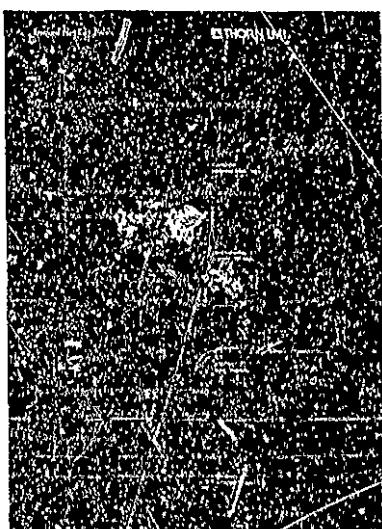
EVEN IF YOU'RE ON THE RIGHT TRACK, YOU'LL GET RUN OVER



IF YOU JUST SIT THERE THERE IS NO TOP. THERE ARE ALWAYS FURTHER HEIGHTS TO REACH MAN, IF YOU GOTTA ASK,

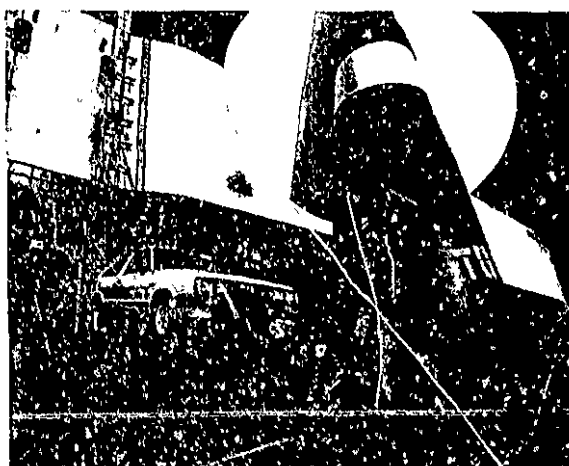
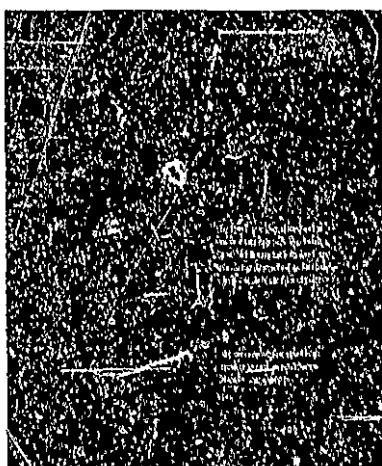


LENNETT ROBINSON
CORPORATE GRAPHICS INC



THE NEW JERSEY

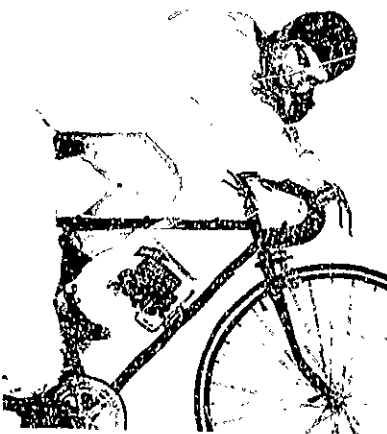
Within the journal, TAYLOR & FRANCIS sponsored the formation of Journals Systems Groups to develop the requirements of all its journals within the UK and the USA and to build upon programmes for integrated systems. In all of its future endeavours we will develop project relationships across the world.

[illegible][illegible]

Editors of Internet Publishing
Dear Sirs: I am writing to you with the
hope that you will be able to
provide a service to the Internet
community. I am writing to you
because I am a member of the
Internet community.

SARALEY CORPORATION

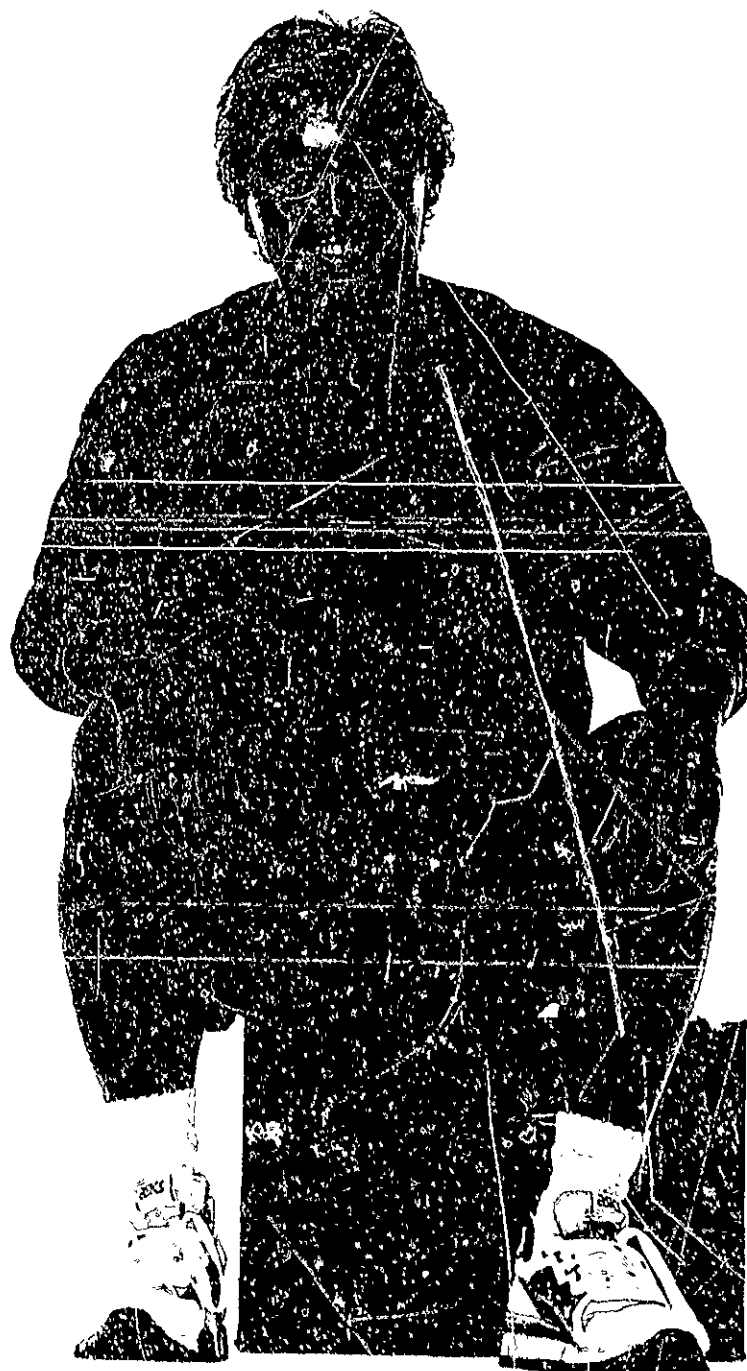
1997 Annual Report



COMPUTERIZED FINANCIAL REPORT



MICHAEL WATRAS
E. FISHATI GRAPHICS INC



YEAR END REVIEW

Two years ago, when WCRS embarked on its international expansion, many industry pundits claimed that we were too late to begin building a multinational network.

They argued that there was no need for a new network, that there were few suitable international advertising partners available in the major markets and that clients had by then aligned themselves so rigidly as to give us little or no hope of becoming a major player in the international arena.

YOU DON'T ACHIEVE UNCONVENTIONAL SUCCESS WITH CONVENTIONAL THINKING

The WCRS Group has achieved much of its success by flying in the face of conventional wisdom. Just two years after we began our international development, the Group has emerged as the fourteenth largest international advertising group in the world, as the fourth largest sponsorship company, inside the top ten in public relations, and as an emerging force in direct marketing. Our recently completed deal with the French company SOGMD also makes us the leading independent media buying group in Europe.

WCRS Advertising now works for 35 of the world's largest 100 advertisers, and our non-advertising companies work for 35 of the top 100 US and non-US companies in the "Fortune 500." With the cross referral and international client development programme created by Roger Neill, now Deputy Chairman of the Advertising Group, we are confident that these figures will become even more impressive.

The achievements of the last year have positioned WCRS as a serious competitor in the first division of the world's communications companies. At the same time,

the Group has retained its strong earnings growth dynamic. EPS growth of 33% is a tremendous achievement, particularly given the major investment in our businesses and the decline in the exchange rate of the US dollar which affected over half of our earnings in this year. Since coming to the Stock Market in 1983, EPS has now grown at a compound rate of 63% per annum.

WCRS ADVERTISING: A TOP 20 AGENCY IN ALMOST ALL THE WORLD'S MAJOR MARKETS

We began the year with agencies in the UK, North America and throughout Australia and South East Asia but with a glaring and obvious gap in Europe.

Following prolonged negotiations throughout the summer of last year, we announced that WCRS and Groupe Bélier (one of France's largest advertising groups) would form a joint venture under which WCRS would take 49% of Groupe Bélier interests in France and across continental Europe. In return, Bélier would take a 20% shareholding in a newly formed subsidiary of the Group—WCRS Advertising—which would embrace the Group's mainstream advertising interests in the UK, America, Australia and South East Asia.

This agreement was pioneering both in concept and structure. Rather than approach the diverse markets of Europe through outright acquisition, we established a partnership with France's leading advertising group, a group which was already the sixth largest in Europe.

The structure—based on a share swap—enabled the Group to make a significant move into Europe without calling on shareholders for additional funds.

In Europe, Groupe Bélier have already proved their worth as our new business partners. Though their financial contribution for this year has only been four months' worth, their spiritual and intellectual contribution has already been enormous. Groupe Bélier has become one of Europe's strongest groups, and its leading French agency, Bélier Conseil, is now the second largest individual French agency.

The appointment of Jacques Henocq as Vice President and Creative Director of Bélier Conseil adds extra vigour to an already powerful creative product. We are certain that the introductions from Groupe Bélier to major European advertisers will swiftly pay new business dividends.

While much of our attention has been in Europe, parallel moves have been made in the UK, Asia and, most recently, in North America and Europe to strengthen the position of each of our local agencies.

In the UK, we completed succession management at the London agency with the appointment of Alfredo Marcantonio as Deputy Chairman and Creative Director. The agency was renamed WCRS Mathews Marcantonio, thereby recognising our new partners as principals.

Last year was the agency's most successful year for new business with significant account gains from the DTI, United Biscuits, Laura Ashley, and Helene Curtis. Independent research amongst 200 marketing decision makers carried out recently confirmed the strength of the

agency: WCRS Mathews Marcantonio was rated above all other agencies on the crucial measure of client satisfaction.

Also in the UK, FCO continued to make progress after its record year last year and added a number of new clients including BBC Enterprises, Premier Brands and British Sugar.

In Australasia, we acquired the Garland Stewart & Roache and PKB agencies which were merged into The Ball Partnership in Sydney. In December, we announced the acquisition of Synergie in Hong Kong which has been successfully merged with our existing operations, giving us the fifth largest agency in the Hong Kong market. And we have moved into Taiwan through the acquisition of 40% of Intelligent Advertising—a move which provides us with a strong position in this important Asian market.

Our position in Asia is stronger than ever. We swept the advertising awards in the region, winning 41 out of 83 in Singapore, and our rockling performance has made us the fastest growing agency group in the area.

In May of this year Neil French was appointed Vice Chairman of The Ball Partnership. Neil French has been Creative Director of The Ball Partnership since the company's formation. Neil's leadership, dedication to the highest creative standards and outstanding creative abilities have been major reasons for the company's creative success. Neil French retains his title of Creative Director in addition to his new title as Vice Chairman of The Ball Partnership.

Most recently, we also announced the appointment of Ken Brady to the position of Vice Chairman Asia of The Ball Partnership. Ken joins us after a long career with Ogilvy & Mather for whom he established and ran the Tokyo office. Ken, who will be based in Bangkok, adds further depth to our management resource in the region.

All this has been achieved in a year where the company has turned around from loss to profit. Though the price paid for The Ball Partnership was not low, our faith in the company has clearly been justified.

IN AMERICA, ONLY FIVE NEW AGENCIES HAVE ENTERED THE TOP 20 IN THE LAST DECADE. OURS IS ONE OF THEM. In the US, our agencies enjoyed a successful year on both the new business and creative fronts. The HBM/Creamer agencies in Boston, Pittsburgh and Chicago emerged with much fresh new work and with considerable business success including new clients such as Kinney Shoes and Cuisinart.

For Della Femina Travisano & Partners, the year will go down as one of their most successful ever. The agency's creative reputation—already high—was further enhanced by the remarkable success of the Isuzu "Liar" campaign, voted one of the 10 most popular in the US. The agency also won a coveted Gold Effie Award for Advertising Effectiveness. New business gains included Bausch and Lomb, Schering Plough's Dr. Scholl, and W.A. Taylor & Company. All of this was accomplished during the completion of the agency's merger with HBM/Creamer New York and its move from Madison Avenue to 550 Hudson Street.

In June of this year, we announced the combination of Della Femina Travisano & Partners and HBM/Creamer in a new agency called Della Femina, McNamee WCRS. Unlike advertising mergers conceived in weakness to enhance margin, this combination was created out of strength and the desire to serve clients better. The new agency, which also includes the Robert A. Becker Medical Agency, has combined billings of \$600m, making it the 18th largest US agency, ahead of such well known creative agencies as Alty & Gargano, Chiat Day, and Scali, McCabe Sloves and just behind Wells, Rich, Greene.

Della Femina, McNamee WCRS has offices in New York, Boston, Pittsburgh, Los Angeles and Chicago with service offices in Atlanta and Hartford.

As with WCRS Mathews Marcantonio, the addition of Louise McNamee's name to the agency letterhead recognises her as a principal rather than a manager. We believe this unconventional approach maintains the entrepreneurial flair and drive of the businesses.

The new combination offers a unique solution for clients today. Because of strong individual offices, Della Femina, McNamee WCRS will continue to deliver mid-sized agency "hands on" involvement to its clients and at the same time offer big agency resources.

Not only will this new creation improve our service to clients, it gives WCRS a strong lead agency in the US where over half the world's major advertisers are headquartered. This is an important step in completing the credibility of our international network.

PUBLIC RELATIONS AND CORPORATE COMMUNICATIONS: ADDITIONAL JEWELS IN THE CROWN

Although our most publicised initiatives have been in advertising, our public relations businesses have continued to prosper on both sides of the Atlantic. The combined fee income of our public relations and related businesses places us within the top ten companies worldwide.

Our interests include Creamer Dickson Basford in the US, Biss Lancaster and Lay & Partners in the UK, Beller Relations Publiques in France and Agenpress in Italy. With the acquisition of Corporate Graphics in January 1988 we added the world's premier annual report design company.

When we acquired HBM/Creamer in July 1986, we recognised that Creamer Dickson Basford was unlikely to flourish as a subsidiary division of an advertising agency. So we embarked upon a strategy to make Creamer Dickson Basford a first division player by injecting a new management team and by separating the company from its advertising apron strings. In March of last year, Jean Farinelli was appointed President and Chief Operating

Officer, and under her dynamic management we have seen a dramatic acceleration in growth with a 28% increase in year on year fee income. During the year, Creamer Dickson Basford made some 100 major new business presentations resulting in more than 30 new clients. Today half their client roster is comprised of Fortune 500 companies. New clients include: Black & Decker, The Dannon Company, Monsanto, Ortho Pharmaceutical Corporation, PPG Industries, and Sheraton Corporation.

We were delighted when in June of this year the agency won a coveted Public Relations Society of America Silver Anvil for its work for the A&P Supermarket chain.

In May 1988, we announced Jean Farinelli's promotion to Chairman and Chief Executive Officer of Creamer Dickson Basford, an appointment she richly deserves.

In the UK, Biss Lancaster completed its final year under the original acquisition earnout. Revenues have shown a 27% compound growth over the three years since its acquisition. Under Adele Biss and Graham Lancaster's leadership, it has become the best known of the mid-sized public relations consultancies, and recent independent research confirmed its high standing with clients.

In anticipation of the end of the earnout, we restructured management in Spring 1988 to position the company for the next phase of growth. Adele Biss has moved from her position as full-time Chief Executive of Biss Lancaster to take on responsibility for development of

the Group's public relations interests on a broader front. Graham Lancaster was appointed Chairman and John Braddell, formerly a senior Group manager looking after our design interests, took over as Managing Director. At the same time, we moved to accelerate our position in the financial and corporate public relations arena. After a year in which Biss Lancaster acted for Barker & Dobson in its pursuit of the Dee Corporation and for S&W Berisford and Birmid Qualcast in their successful bid defences, we brought in Roger Parry from McKinsey to strengthen this area yet further.

In January of this year we completed the acquisition of Corporate Graphics Inc, America's leading annual report company. While not strictly a PR company, their work is primarily directed at investor relations and dovetails closely with the work of Biss Lancaster and Creamer Dickson Basford.

Corporate Graphics, established by Michael Watras and Bennett Robinson 11 years ago, is the leading US company in the field of annual reports, a position established through its work for Chase Manhattan Bank, Heinz, Metropolitan Life and Sara Lee, among others.

When we acquired Corporate Graphics, we expected considerable synergies between our PR businesses and Corporate Graphics; we also expected to assist in the internationalisation of the Corporate Graphics business with the UK as our primary target. Over the last six months, Corporate Graphics has been commissioned to prepare annual reports for a number of leading British companies including S&W Berisford, Eagle Star, Thorn EMI, Woolworth, and, of course, for the WGRS Group. After many years of successful operation out of New York, Corporate Graphics has now established full-service offices in Los Angeles and London, and we anticipate that this geographical expansion will continue.

DESIGN: ART ALONE IS NOT ENOUGH

The Group's design interests are varied. They include Heller Breene in Boston; Siebert/Head and Saunders Design Company in the UK and Lunn Dyer in Australia.

Heller Breene was separated out from HBM/Creamer in April 1987 and has shown phenomenal growth over the last 12 months. Its charter was to build a nationally renowned business controlling all elements of the creative process from product design through advertising. Although its origins are in design, it has begun to compete effectively in the field of advertising. Indeed, Heller Breene was ranked by Ad Week Magazine in February of this year as the hottest agency in the Northeast of the US. It has done spectacular creative work for a range of companies including Reebok and far outperformed its rivals in the prestigious Hatch Awards, winning the second largest number of awards of any agency in the competition.

Our other design interests have had mixed fortunes. Siebert/Head, our package design specialist, has continued to grow steadily and has added clients such as Kimberly-Clark, Delta, Rowenta and Tiffany Sharwoods to its already prestigious packaged goods client list.

Both Saunders Design and Lunn Dyer had difficult years, but both have made progress recently. Saunders, in particular, found market conditions very tough, and we have incurred some losses in this area. However, the company has been restructured, relocated to new premises and has expanded its work beyond the UK to both the Australian and Hong Kong markets. It is now operating profitably.

SPONSORSHIP: ANOTHER LEAP ONTO THE WORLD STAGE

The impending deregulation of European broadcasting will give further impetus to the growth of sponsorship. Alan Pascoe Associates, which joined the Group in 1986, is one of the leading sponsorship businesses in the UK. In the last financial year, the company has dramatically expanded the scope and scale of its UK operation. Strong organic growth has been supplemented by three small scale acquisitions: Artline, Sports Management and the Bagenal Harvey Organisation. Alan Pascoe Associates is now by far the leading organisation in the sponsorship business, covering sponsorship, sports marketing, event creation and management, TV packaging, personality management and perimeter advertising.

In October, the Group acquired the services of Patrick Nally to form Pascoe Nally International which will initially market the rights to the World Games, the European Championships (and the series of events leading up to it) and the Commonwealth Games. By moving beyond the UK and into partnership with a man of the calibre of Patrick Nally, our sponsorship interests have taken a quantum leap forward, a leap that will enable us to win a growing slice of this attractive marketplace. Pascoe Nally International headquarters are in London with offices around the world including Auckland, New York and Stuttgart.

As a result of these moves, Alan Pascoe Associates' turnover has more than doubled in the year under review.

DIRECT: A TOP 15 POSITION IN THE WORLD'S LARGEST DIRECT MARKETING MARKET

As we entered the year, the Group's direct business comprised a federation of new ventures in Boston, New York, London, Sydney and Hong Kong. These businesses have made encouraging progress in the last 12 months with particularly strong growth from HBM/Creamer

Direct in Boston. However, given the continued growth of the direct marketing sector, it was clear to us that acquisition would be necessary to accelerate the Group's ambition to become a major player.

In December, we announced the acquisition of Cohn & Wells, a strong and aggressive direct marketing business based in San Francisco. Established by Brad Wells and Martin Cohn just three years ago, the company had a large client base and a reputation for results-oriented creativity. In the short time that Cohn & Wells has been with the Group they have added significant new business and a number of synergies have arisen among our various direct marketing operations.

Following on the combination of our US advertising interests in June of this year, we have taken further steps to consolidate our position in direct marketing in the US by bringing our Boston and San Francisco operations under a single specialist management structure. We also opened a new office in Los Angeles. These moves give us a top 15 position in the US direct marketing industry and provide an excellent launching pad for development of this business internationally.

OTHER INTERESTS: PUTTING A TOE IN THE WATER CAN BE BETTER THAN JUMPING IN WITH BOTH FEET
In the UK, strategy consultants Goodall Alexander O'Hare notched up a very profitable first year. The firm provides strategy advice to chief executives, and has established a growing reputation in consumer, service and media industries for high quality analysis and practical solutions. Their client base includes some of the largest companies in the UK, as well as several successful entrepreneur-run companies.

While working for a number of Group clients, they at the same time developed their own independent client base. Although we are persuaded that consulting will continue as a major growth sector, the Group at present has chosen not to push further into this area. Rather, we see our partnership with GAH as a testbed operation that will allow us to determine whether there are true synergies and client benefits to be derived from its inclusion in a communications group such as WCRS.

The Group's minority interest in Crossbow Films is evidence of our involvement in the programming sector—a sector which we believe will be the scene of considerable activity on the back of deregulation and will link back to our existing advertising, media buying and sponsorship interests.

Crossbow Films, though a young company, has nevertheless achieved considerable success with its William Tell series, now moving into a 72-part serialisation. The programme has been successfully syndicated to 40 markets and will be replacing "The A Team" on London Weekend Television in the autumn programme schedules.

During the year the Group realised a significant profit by disposing of a proportion of its interest in the Parkway Group. In 1983 WCRS had taken a 25% stake in Parkway,

a joint venture established to provide colour laboratory and black and white studio facilities to the advertising industry. Parkway expanded rapidly and by early 1987 it had become apparent that further expansion would require considerable funds. Accordingly the decision was taken to float Parkway on the Unlisted Securities Market. Our holding in Parkway has now been reduced to 7.6%.

The rapid expansion of the Group's businesses necessitates a continuing turnover of properties for Group occupation. In each of the last three years we have earned profits by selling the freeholds of such properties. We sold a number of properties to Finlan Group plc in December 1987. This sale not only yielded profits in this fiscal year, but under the terms of the transaction provides the opportunity for further profits to WCRS as and when these properties have been successfully developed.

MEDIA BUYING PLACES THE GROUP AT THE MEDIA CROSSROADS OF EUROPE

In February, we announced that the Group was in advanced negotiations with the SGGMD group, France and Europe's leading media buying independent. We sought and obtained French government approval and completed the acquisitions of a 50% interest in SGGMD on 19 May.

Shareholders have been circulated with details of the company and its unique position in the European media marketplace. Clearly, we view the investment in SGGMD as one of the most significant the Group has taken. We now define advertising, PR and media (which includes media buying, programming and sponsorship) as the three core legs of our business.

It is too early for me to comment on the operational side of SGGMD, but I wish our shareholders to know that the spirit and partnership which are encapsulated in the

shareholders' agreement reflect the desires and the working methods of the principals of both companies. Though some have superficially criticised us for taking joint venture positions in Europe, we believe that the pioneering concept of our deals with Groupe Bélier and SGGMD are blueprints for success in the single market of 1992.

In conclusion, I would say that in the last year the Group has been able to complete moves first initiated two years ago and has continued to develop innovative and visionary deals which will put us into a powerful position as we move into the 1990's.

In the year ahead, our priority will be to extract maximum value from the moves that we made last year. At the same time, we will be alert to new opportunities which will be of strategic merit to the Group and which offer the potential of enhanced earnings and increased wealth for our shareholders.

On behalf of shareholders I would like to thank our 3500 entrepreneurs for their efforts and achievements of the last year.

Peter Scott
Chief Executive

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DIRECTORS AND ADVISERS

**DIRECTORS OF THE
WCBS GROUP PLC**
Robin Wight
Andrew D Rutherford
Peter J Scott
Michael J Ball
Adele Biss
R Timothy S Breene
Jerry Della Femina
(US citizen)
Edward Eskandarian
(US citizen)
Frank S Law
(non-executive)
Louise McNamee
(US citizen)
George M Magan
(non-executive)
Simon M Olswang
(non-executive)
Alan P Pascoe
William E Sprague
(US citizen)
Charles R Stern
Stephen J White

SECRETARY
Robert M J Andrews

REGISTERED OFFICE
41/44 Great Queen Street,
London WC2B 5AR
Tel: 01-242 2800
Telex: 9419160

SOLICITORS
Simon Olswang & Co
1 Great Cumberland Place,
London W1H 7AL

BANKERS
Midland Bank plc
16 King Street,
Covent Garden,
London WC2E 8JF

STOCKBROKERS
James Capel & Co.
6 Bevis Marks,
London EC3A 7JQ

REGISTRARS
The Royal Bank of
Scotland plc
PO Box 435, Owen House,
8 Bankhead Crossway North,
Edinburgh EH11 4BR

AUDITORS
Stoy Hayward
6 Baker Street,
London W1M 1DA

MERCHANT BANKERS
Morgan Grenfell & Co. Ltd
23 Great Winchester Street,
London EC2P 2AX

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 30 April 1988.

RESULTS AND DIVIDENDS

The profit and loss account is set out on page 43 and shows a profit for the year on ordinary activities of £12.04 million after deducting taxation of £6.21 million. The Directors recommend the payment of a final net dividend of 2.60p per Ordinary share which, together with the interim dividend of 1.35p makes a total of 3.95p (1987 - 3.04p.) The retained profit for the year of £8.10 million is carried to reserves.

The Directors propose to give shareholders the opportunity of electing to receive fully paid new Ordinary shares instead of cash in respect of all or part of the final dividend proposed for the financial year ended 30 April 1988 (and the interim dividend in respect of the financial period ending 30 June 1989). Details of this proposal and the terms of the election are set out in the accompanying letter from the Chairman.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a holding company based in Central London. Its subsidiaries provide a broad range of services in the communications and marketing business sectors on an international basis.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The increases in turnover and profit before taxation of 23 per cent and 81 per cent respectively reflect both the continuing success of the Group and the contributions from new subsidiaries during the year. A review of the business and likely developments of the Group is given in the Chairman's Statement and Year End Review.

Since the year end, the Group has completed the acquisition of a 50 per cent interest in SGGMD Holding, the leading European independent media buying group. The effect of this acquisition is set out in Note 22 to the financial statements.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in Note 13 to the financial statements.

DONATIONS

The Group made charitable donations of £19,000 during the year in the UK. There were no political donations.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year, and their interests in the share capital of the Company, are given in Note 8 to the financial statements.

R Wight, A D Rutherford, P J Scott and G M Magan retire from the Board by rotation in accordance with the Company's Articles of Association and, being eligible, have been proposed for re-election. L McNamee, M J Ball, W E Sprague and F S Law have been appointed Directors since the last Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

R Wight and P J Scott have service contracts with the Company that terminate at the earliest on 30 April 1991 and thereafter on receipt of 12 months' notice. Neither A D Rutherford nor G M Magan have service contracts of more than 1 year's duration.

NON-EXECUTIVE DIRECTORS

G M Magan was appointed to the Board on 1 May 1983. He is the Managing Director of J O Hambro Magan & Co. Limited.

S M Olswang was appointed to the Board on 20 March 1987. He is the founder and senior partner of Simon Olswang & Co, the Company's solicitors.

F S Law CBE was appointed to the Board on 1 November 1987. He is a Director of NFC International Holdings Limited, Siemens Limited and a number of other international companies.

SUBSTANTIAL SHAREHOLDINGS

The Directors of the Company have not been notified of any holding amounting to 5% or more of the issued Ordinary share capital of the Company.

SHARE CAPITAL

Details of the movements in authorised and issued share capital during the year are given in Note 20 to the financial statements.

AUTHORITY TO ALLOT SHARES

Resolution 12 set out in the notice of Annual General Meeting gives the Directors authority to allot the authorised but unissued share capital of the Company for the time being. It is current practice for listed companies to seek this authority from their shareholders annually.

The Directors are also seeking authority to disapply the pre-emption provisions of section 89(1) of the Companies Act 1985 so as to permit rights issues and small issues of shares for cash. Upon the passing of resolution 14, your Directors will have power until the date of the next Annual General Meeting of the Company to issue, for cash, equity securities with a nominal amount not exceeding £113,478 without further recourse to shareholders.

Except in relation to the existing share option schemes, or pursuant to commitments under previous acquisition agreements, or on conversion of preference shares, the Directors have no present intention of issuing any shares, whether for cash or otherwise. No issue will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. The powers conferred by resolutions 12 and 14 will continue in force until the next Annual General Meeting. It is proposed to renew both powers each year at the Annual General Meeting.

AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

On 14 March 1988 the Company obtained authority to purchase its own shares, up to a maximum number of 2,269,560 Ordinary shares of 5p each and 920,340 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each.

The maximum price at which any share may be purchased is the price equal to 5% above the average of the middle market quotations of such share as derived from the Daily Official List of The International Stock Exchange for the ten business days immediately preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased is the par value of such share.

The authority for the Company to purchase its own shares expires on 14 September 1989. No purchases have been made to the date of this report and there are no outstanding contracts to purchase shares as of this date.

CLOSE COMPANY STATUS

The Directors have been advised that the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

Stoy Hayward have expressed their willingness to continue in office and, in accordance with section 384 of the Companies Act 1985, a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

RMJ Andrews
Secretary

22 August 1988



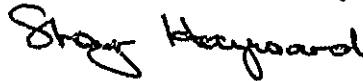
AUDITORS' REPORT

To the Members of The WCRS Group plc

We have audited the financial statements on pages 43 to 62 in accordance with approved Auditing Standards.

In our opinion, the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company and the Group at 30 April 1988 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.

Stoy Hayward
8 Baker Street
London W1M 1DA



22 August 1988

**CONSOLIDATED
PROFIT AND
LOSS ACCOUNT**

*for the year ended
31 April 1988*

	Notes	1988 £000	1987 £000
TURNOVER			
Direct cost of sales	5	407,687	331,148
		325,623	271,077
GROSS INCOME		82,064	60,071
Administration expenses		67,171	50,759
		14,893	9,312
Other operating income	4	2,199	275
Share of profit from related companies		1,125	218
Interest receivable		809	753
		19,026	10,558
Interest payable	5	773	450
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3/6/7/8	18,253	10,108
Taxation on profit on ordinary activities	9	6,214	4,002
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12,039	6,106
Extraordinary item	10	283	-
Minority interests		806	3
PROFIT FOR THE FINANCIAL YEAR		10,950	6,103
Dividends	11	2,846	1,765
RETAINED PROFIT FOR THE FINANCIAL YEAR		8,104	4,338
PROFIT FOR THE YEAR RETAINED BY			
Holding Company		1,497	2,108
Subsidiary companies		5,973	2,052
Related companies		634	178
		8,104	4,338
EARNINGS PER ORDINARY SHARE			
Basic	12	23.44p	17.59p
Fully diluted	12	21.36p	

The Notes on pages 46 to 62 form part of these financial statements.

BALANCE SHEETS
at 30 April 1988

	Notes	Group		Company	
		1988 £000	1987 £000	1988 £000	1987 £000
FIXED ASSETS					
Tangible assets	13	16,303	10,131	326	3,541
Investments	14	6,713	733	97,133	56,455
		23,016	10,864	97,459	59,796
CURRENT ASSETS					
Work in progress		154	799	—	—
Motor vehicle fleet		1,411	1,689	—	1,587
Debtors	15	65,406	52,005	16,069	11,875
Investments	16	767	8	625	—
Cash at bank and in hand		4,971	9,328	—	6,165
		72,709	63,829	16,694	19,627
CREDITORS					
Amounts falling due within one year	17	74,149	63,406	12,849	17,625
NET CURRENT (LIABILITIES)/ASSETS		(1,440)	423	3,845	2,002
TOTAL ASSETS LESS CURRENT LIABILITIES		21,576	11,287	101,304	61,798
CREDITORS					
Amounts falling due after more than one year	18	11,398	10,496	3,500	5,481
PROVISIONS FOR LIABILITIES AND CHARGES	19	442	710	737	340
MINORITY INTERESTS		3,095	3	—	—
		6,641	78	97,067	55,977
CAPITAL AND RESERVES					
Called-up share capital	20	4,359	3,518	4,359	3,518
Share premium account	21	579	1,405	579	1,405
Goodwill reserve	21	(11,386)	(10,808)	—	—
Merger reserve	21	—	—	86,762	47,184
Profit and loss account	21	13,089	5,963	5,367	3,870
		6,641	78	97,067	55,977

The Notes on pages 46 to 62 form part of these financial statements.

P J Scott, C R Stern
Directors

22 August 1988



**CONSOLIDATED STATEMENT OF
SOURCE AND APPLICATION
OF FUNDS**
*for the year ended
30 April 1988*

	1988		1987	
	£000	£000	£000	£000
SOURCE OF FUNDS				
Profit on ordinary activities before taxation and extraordinary item		18,253		10,108
Extraordinary item		(283)		—
		17,970		10,108
<i>Adjustments for items not involving the movement of funds</i>				
Depreciation	2,549		1,458	
Profit on sale of fixed assets	(68)		(74)	
Profit retained in related companies	(1,125)		(218)	
Exchange translation adjustments	554		(64)	
		1,910		1,102
<i>Total generated from operations</i>		19,880		11,210
<i>Funds from other sources</i>				
Issue of Ordinary shares*	28,668		2,319	
Issue of Convertible Preference shares*	248		1,845	
Issue of loan stock*	1,526		—	
Sale of fixed assets	780		761	
Increase in long-term finance	—		10,517	
Investment by minority	8,000		—	
		39,222		15,242
		59,102		26,452
APPLICATION OF FUNDS				
Additions to tangible fixed assets*	9,980		10,521	
Net movement in fixed asset investments*	9,929		461	
Goodwill on acquisition of subsidiaries*	31,550		10,808	
Decrease in long-term finance	624		—	
Taxation paid	4,137		5,997	
Dividends paid	2,372		1,005	
		58,592		28,792
		510		(2,340)
(INCREASE)/DECREASE IN WORKING CAPITAL				
Motor vehicle fleet	278		(1,378)	
Work in progress*	645		(779)	
Debtors and prepayments*	(14,659)		(39,269)	
Investments	(759)		—	
Creditors and accruals*	6,580		50,526	
		(7,915)		9,100
		(7,405)		6,760
(DECREASE)/INCREASE IN BANK AND CASH BALANCES				
<i>*Summary of the effects of the acquisition of subsidiaries and deferred consideration payments during the year</i>				
	£000			£000
Tangible fixed assets	964	Issue of Ordinary shares		81
Current assets	12,145	Issue of Convertible Preference shares		248
		Cash paid and issue of loan stock		31,879
	13,109			32,808
Creditors and provisions	(12,051)	Goodwill		(31,550)
	458			458

The Notes on pages 46 to 62 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

There have been no changes in the accounting policies during the year. These financial statements have been prepared under the historical cost convention adopting the following principal accounting policies.

Basis of consolidation. The consolidated financial statements incorporate the financial statements of The WCRS Group plc and its subsidiaries from the date of acquisition made up to 30 April 1988. All significant inter-company balances and transactions are eliminated. The Group's results also include its share of attributable profits of related companies made up to 30 April 1988.

The Company has taken advantage of the exemption in the Companies Act 1985 section 228(7) not to present its own profit and loss account.

Goodwill. Goodwill, including any additional goodwill arising from the contingent capital payments set out in note 23, is written off direct to reserves in the year in which it arises.

Related companies. Companies in which the Group has an interest comprising not less than 20% of the voting capital and over which it exerts significant influence are treated as related companies.

Turnover. Turnover represents the total of amounts invoiced to clients, exclusive of value added tax and intra-group transactions, in respect of fees, advertising media charges, advertising production costs and rechargeable expenses.

Recognition of revenue. Revenue is recognised when charges are made to clients, usually when advertisements appear in the media and when production work is completed. Fees are recognised over the period of the relevant assignments or agreements.

Fixed assets and depreciation. Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided to write off the cost of all fixed assets, except freehold land and buildings, over their expected useful lives. It is calculated on the original costs of the assets at the following rates:

Short leasehold premises	Over the period of the lease
Leasehold improvements	10% per annum
Office furniture, fixtures & equipment	10-20% per annum
Motor vehicles	25% per annum

Freehold property is not depreciated as it is maintained to such a standard that its estimated residual value is equal to or greater than its net book value. Maintenance and repairs are carried out on a regular basis and the cost charged in the profit and loss account.

Fixed asset investments are stated at cost less any amounts written off. Investments in related companies are included in the consolidated balance sheet at cost less goodwill plus share of post-acquisition retained profits.

Foreign currencies. Profit and loss accounts in foreign currencies are translated into sterling at average monthly rates. Assets and liabilities in foreign currencies are translated

using the rate of exchange ruling at the balance sheet date. Unrealised exchange adjustments, arising on the translation of the net assets of subsidiaries and related companies are taken directly to reserves in the consolidated accounts.

Work in progress. Work in progress comprises the accumulated costs of advertising production and rechargeable expenses, less amounts invoiced to clients, and is stated at cost less provision for any amounts that may not be recovered.

Motor vehicle fleet. Certain motor vehicles are replaced within 12 months. These assets are stated at cost less provision for diminution in realisable value, and are treated as current assets. Other motor vehicles are recorded as fixed assets at cost less accumulated depreciation. Depreciation and the provision for diminution in realisable value are charged on a straight-line basis over four years.

Deferred taxation. Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Leased assets. Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. The annual rentals are charged to the profit and loss account over the lease term.

2. COMPARATIVES

On 1 May 1987 the advertising agency business of the holding company, and the assets and liabilities associated with that business, were transferred to WCRS Mathews Marcantonio Limited. Balances at 30 April 1987 therefore include assets and liabilities now in WCRS Mathews Marcantonio Limited, whereas those at 30 April 1988 relate solely to the holding company itself.

3. OPERATING PERFORMANCE BY SECTOR AND GEOGRAPHICAL ANALYSIS

Sector.

	Profit before taxation		Turnover	
	1988 £000	1987 £000	1988 £000	1987 £000
Advertising	13,006	8,091	363,384	309,328
Public relations	2,464	1,318	16,128	9,161
Design	229	900	11,183	7,368
Sponsorship	1,094	317	6,141	1,812
Direct marketing	1,080	(68)	10,851	3,479
Group costs and other	380	(450)	—	—
	18,253	10,108	407,687	331,148

Geographical analysis.

	Profit before taxation		Turnover	
	1988 £000	1987 £000	1988 £000	1987 £000
Uk	6,450	2,771	101,088	90,155
USA	10,479	7,337	277,324	239,949
Pacific Basin	433	—	26,391	—
Europe	891	—	2,884	1,044
	18,253	10,108	407,687	331,148

The comparative figures for turnover have been restated to eliminate the grossing-up of income in non-advertising companies.

4. OTHER OPERATING INCOME

	1988 £000	1987 £000
Rental income	165	272
Profit on sale of listed investments	1,988	—
Income from listed investments	46	3
	2,199	275

5. INTEREST PAYABLE

	1988 £000	1987 £000
On bank loans and overdrafts and other loans repayable within five years	421	281
On capitalised leases and hire-purchase contracts	352	169
	773	450

6. EMPLOYEES

Staff costs consist of:

	1988 £000	1987 £000
Wages and salaries	58,509	28,457
Social security costs	2,590	1,709
Other pension costs	576	414
	41,675	30,580

The average weekly number of full-time employees of the Group during the year was as follows:

	1988 Number	1987 Number
Advertising	1,317	879
Public relations	228	200
Design	154	72
Sponsorship	53	11
Direct marketing	16	2
Other	66	35
	1,834	1,199

The number of employees of the Company whose remuneration fell in the following ranges was:

	1988 Number	1987 Number
£30,000 - £35,000	3	8
£35,001 - £40,000	1	5
£40,001 - £45,000	—	5
£45,001 - £50,000	—	5
£50,001 - £55,000	1	—
£55,001 - £60,000	—	1
£60,001 - £65,000	—	4
£65,001 - £70,000	1	—
£75,001 - £80,000	—	2
£95,001 - £100,000	—	1

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging/(crediting):

	1988 £000	1987 £000
Depreciation		
of owned fixed assets		
of assets under finance leases	2,392	1,305
Operating lease rentals	157	153
hire of plant and machinery		
other	263	62
Auditors' remuneration	5,087	3,556
	331	206
Profit on sale of tangible fixed assets		
Income arising on property transactions	(68)	(74)
	(1,654)	(612)

8. DIRECTORS' REMUNERATION

	1988 £000	1987 £000
Emoluments		
Fees	1,816	2,487
Pension contributions	65	6
	106	59
	1,987	2,552

Emoluments (excluding pension contributions) of:

Chairman

Highest paid UK Director

172	146
200	189

The number of other UK Directors whose remuneration (excluding pension contributions) fell in the following ranges was:

	1988 Number	1987 Number
£0 - £5,000		
£5,001 - £10,000	1	2
£15,001 - £20,000	3	—
£20,001 - £25,000	1	1
£50,001 - £55,000	—	1
£60,001 - £65,000	—	1
£65,001 - £70,000	1	—
£70,001 - £75,000	1	—
£75,001 - £80,000	1	1
£80,001 - £85,000	—	1
£95,001 - £100,000	1	—
£105,001 - £110,000	—	1
£110,001 - £115,000	1	—
£145,001 - £150,000	—	1
£175,001 - £180,000	1	—
£185,001 - £190,000	1	—
	—	1
	12	10

During the year, emoluments of £1,183,000 were paid to three former Directors as part of their termination arrangements on resigning from office. Of this amount, £1,070,000 was provided on the acquisition of IBM/Creamer, Inc. in July, 1986.

The Directors of the Company during the year and to the date of this report, and their interests in the share capital of the Company while acting as Directors, were as follows:

Beneficial.

	Ordinary shares of 5p each			55% 10p Convertible Preference shares		
	5 August 1988	30 April 1988	30 April 1987	5 August 1988	30 April 1988	30 April 1987
R Wight	1,119,782	1,359,782	1,459,784	72,745	72,745	72,745
R Collins (resigned 29.5.87)	—	—	1,299,016	—	—	67,015
A D Rutherford	1,041,398	1,041,398	1,222,944	71,930	71,930	71,930
P J Scott	529,672	829,672	933,110	62,810	62,810	62,785
M J Ball (appointed 9.8.87)	—	—	—	—	—	—
A Biss	74,145	374,145	261,128	—	—	17,110
R T S Breene	24,700	27,200	20,950	—	—	—
D Creamer* (resigned 9.8.87)	—	—	322,496	—	—	—
J Della Femina*	481,982	481,982	906,888	—	—	—
E Eskandarian*	445,932	445,932	435,370	—	—	—
F S Law (appointed 1.11.87)	2,000	—	—	—	—	—
G M Magan	20,000	20,000	20,000	—	—	—
J H McKimmie (resigned 31.5.87)	—	—	108,932	—	—	535
L McNamee* (appointed 9.8.87)	92,492	92,492	—	—	—	—
S M Olswang	33,494	33,494	43,332	8,165	8,165	8,165
A P Pascoe	368,571	368,571	205,284	—	—	—
W E Sprague* (appointed 9.8.87)	101,092	101,092	—	—	—	—
C R Stern	3,000	2,000	—	—	—	—
S J White	156,271	191,271	175,728	5,940	5,940	5,940

Non-beneficial.

R Wight	345,384	345,384	335,740	34,675	34,675	34,675
R Collins	—	—	335,740	—	—	34,675
A D Rutherford	192,250	192,250	185,766	34,675	34,675	38,005
P J Scott	203,116	203,116	230,568	24,460	24,460	24,460
J Della Femina*	79,430	79,430	—	—	—	—
L McNamee*	79,430	79,430	—	—	—	—
A P Pascoe	53,280	53,280	13,460	—	—	—

*US citizen

Non-beneficial interests amounting to 79,430 Ordinary shares are duplicated in the above table.

As stated in Note 20, on 24 July 1987, the Ordinary shares were divided on the basis of two 5p shares for one 10p share. The figures in the above table at 30 April 1987 show the number of 5p shares accruing to each director as if the subdivision had taken place on that date. None of the Directors has any interest in the 51.1% 10p Convertible Preference shares.

Ordinary shares of 5p each for which Directors have options to subscribe are as follows:

	Option Price	Exercisable by	5 August 1988	30 April 1988	30 April 1987
S J White	73.75p-315p	1991-1994	135,000	135,000	90,000
R T S Breene	170p-261.5p	1993	300,000	300,000	300,000
M J Ball	315p	1994	100,000	100,000	—
C R Stern	315p	1994	100,000	100,000	—

During the year, A Bliss and AP Pascoe received 100,000 and 220,856 ordinary shares in The WCRS Group plc with market values of £335,000 and £792,000, and J Della Femina received US\$10 million, as deferred consideration for the acquisitions of Bliss Lancaster plc, Alan Pascoe Associates Ltd. and Della Femina Travisano & Partners, Inc. respectively.

GM Magan was formerly a Director of Morgan Grenfell & Co. Ltd which charged fees of £200,000 in connection with certain acquisitions during the year. SM Olswang is a partner of Simon Olswang & Co, Solicitors, which charged fees of £377,000 during the year.

On 12 December 1987, C Koenig, formerly Managing Director of WCRS Direct Ltd received £12,000 as consideration for the sale of her 15% holding in WCRS Direct Ltd.

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1988 £000	1987 £000
UK corporation tax at 35.0% (1987-35.0%) based on profit for the year	2,873	983
Overseas taxation	1,937	2,627
Transfer to deferred taxation	956	352
	5,766	3,962
Related companies—UK corporation tax	74	40
—Overseas taxation	374	—
	6,214	4,002

10. EXTRAORDINARY ITEM

The extraordinary item of £285,000 represents the costs of obtaining a listing of the Company's American Depository Receipts on NASDAQ in the USA.

11. DIVIDENDS

	1988		1987	
	£000	£000	£000	£000
PREFERENCE				
55% Convertible Cumulative Redeemable Preference shares of 10p each		1,005		726
51.1% Convertible Cumulative Redeemable Preference shares of 10p each		38		—
ORDINARY				
Interim dividend of 1.35p (1987—0.90p*) per share	623		303	
Final proposed dividend of 2.60p (1987—2.14p*) per share	1,180		736	
		1,803		1,039
		2,846		1,765

*The 1987 dividends per share have been adjusted to reflect the bonus element in the May 1987 rights issue and the subdivision of shares in July 1987.

12. EARNINGS PER ORDINARY SHARE

Basic. The calculation of earnings per Ordinary share is based on earnings net of tax and preference dividends, but before extraordinary items, of £10,190,000 (1987—£5,577,000) and an average number of Ordinary shares in issue during the period of 45,478,000 (1987—30,559,000). The 1987 earnings per Ordinary share have been restated to reflect the impact of the rights issue and subdivision of shares.

Fully diluted. The calculation of fully diluted earnings per Ordinary share is based on earnings net of tax, but before preference dividends and extraordinary items, of £11,709,000 and an average number of shares of 54,822,000. Earnings include £476,000, being the effect of the exercise of conversion rights under the Company's share option schemes.

13. TANGIBLE FIXED ASSETS

Group.

	Freehold land and buildings £000	Long leasehold £000	Short leasehold £000	Leasehold improve- ments £000	Office furniture fixtures & equipment £000	Motor vehicles £000	Total £000
Cost at beginning of year	160	—	640	4,452	9,449	1,478	16,179
In subsidiaries acquired	—	—	—	288	1,493	151	1,932
Additions	—	24	479	4,569	1,891	2,053	9,016
Disposals	(40)	—	—	(196)	(510)	(736)	(1,482)
Exchange rate adjustments	(7)	—	—	(434)	(746)	(54)	(1,241)
At end of year	113	24	1,119	8,679	11,577	2,892	24,404
Depreciation at beginning of year	—	—	42	1,698	3,956	352	6,048
In subsidiaries acquired	—	—	—	106	834	28	968
Provided for the year	—	—	28	849	1,175	497	2,549
Disposals	—	—	—	(178)	(337)	(255)	(770)
Exchange rate adjustments	—	—	—	(258)	(402)	(34)	(694)
At end of year	—	—	70	2,217	5,226	588	8,101
Net book value at 30 April 1988	113	24	1,049	6,462	6,351	2,304	16,303
Net book value at 30 April 1987	160	—	598	2,754	5,493	1,120	10,131
Net book value of assets held under finance leases included in above at 30 April 1988	—	—	—	49	558	1,557	2,164

Company.

	<i>Freehold land and buildings £000</i>	<i>Long leasehold £000</i>	<i>Short leasehold £000</i>	<i>Leasehold improve- ments £000</i>	<i>Office furniture fixtures & equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost at beginning of year	100	—	—	880	2,520	622	4,122
Transferred to group companies	—	—	—	(808)	(2,476)	(523)	(5,807)
Additions	—	—	—	3	41	61	105
Disposals	—	—	—	—	—	(43)	(43)
At end of year	100	—	—	75	85	117	377
Depreciation at beginning of year	—	—	—	61	666	54	781
Transferred to group companies	—	—	—	(53)	(662)	(53)	(768)
Provided for the year	—	—	—	7	13	18	38
Disposals	—	—	—	—	—	—	—
At end of year	—	—	—	15	17	19	51
Net book value at 30 April 1988	100	—	—	60	68	98	326
Net book value at 30 April 1987	100	—	—	819	1,854	568	3,341
Net book value of assets held under finance leases included in above at 30 April 1988	—	—	—	—	—	20	20

Capital commitments.

	<i>Group</i>		<i>Company</i>	
	<i>1988 £000</i>	<i>1987 £000</i>	<i>1988 £000</i>	<i>1987 £000</i>
Contracted but not provided	2,548	64	—	—
Authorised but not contracted for	642	1,431	—	—

14. FIXED ASSET INVESTMENTS

Group.

	<i>Related companies</i>			<i>Other investments</i>		
	<i>Share of tangible net assets £000</i>	<i>Premium £000</i>	<i>Total £000</i>	<i>UK Listed £000</i>	<i>Unlisted £000</i>	<i>Total investments £000</i>
At beginning of year	92	483	575	—	158	733
Additions at cost	4,528	4,335	8,863	1,502	125	10,490
Goodwill written off	—	(4,207)	(4,207)	—	—	(4,207)
Profit retained in related companies	634	—	634	—	—	634
Disposals and reclassifications	(101)	(446)	(547)	—	(14)	(561)
Exchange rate adjustments	(21)	(165)	(376)	—	—	(376)
At end of year	4,942	—	4,942	1,502	269	6,713

Company.

	Cost of shares in subsidiary companies	Cost of shares in related companies	Other investments		Total investments
	£000	£000	UK Listed £000	Unlisted £000	£000
At beginning of year	55,993	318	—	144	56,455
Additions	60,757	8,777	1,502	125	71,161
Disposals and reclassifications	(30,268)	(215)	—	—	(30,483)
At end of year	86,482	8,880	1,502	269	97,133

Included in other investments in both Group and Company are UK listed investments with a market value at 30 April 1988 of £1,393,000 (1987—£nil).

Principal subsidiaries.

	Country of incorporation and operation	Class of share	Effective interest in issued share capital	Nature of business
WCRS Mathews Marcantonio Ltd	England	Ordinary	80%	Advertising agents
FCO Ltd	England	Ordinary	80%	Advertising agents
Biss Lancaster plc	England	Ordinary	100%	Public relations consultants
Lay & Partners Ltd	England	Ordinary	60%	Public relations consultants
The Saunders Design Company Ltd	England	Ordinary	100%	Design consultants
Siebert/Head Ltd	England	Ordinary	100%	Design consultants
WCRS Direct Ltd	England	Ordinary	72%	Direct response
Alan Pascoe Associates Ltd	England	Ordinary	100%	Sponsorship
Della Femina, McNamee WCRS, Inc.	USA	Ordinary	80%	Advertising agents
Robert A Becker, Inc. (acquired 1.7.87)	USA	Ordinary	80%	Advertising agents
Creamer Dickson Basford, Inc.	USA	Ordinary	100%	Public relations consultants
Heller Breene, Inc.	USA	Ordinary	100%	Design consultants
Corporate Graphics, Inc (acquired 5.1.88)	USA	Ordinary	100%	Corporate design
Cohn & Wells, Inc. (acquired 14.12.87)	USA	Ordinary	80%	Direct response
The Ball Partnership (acquired 12.6.87)	Australia	Ordinary	80%	Advertising agents
	Hong Kong			
	Singapore			
	Thailand			
	Malaysia			
Lunn Dyer Group Pty. Ltd (acquired 29.6.87)	Australia	Ordinary	100%	Design consultants

Related companies.

Goodall Alexander O'Hare & Co. Ltd	England	Ordinary	47%	Strategic consultants
Anderson Hughes & Partners Ltd (acquired 23.7.87)	New Zealand	Ordinary	21%	Advertising agents
Bélier Communication (acquired 11.1.88)	France	Ordinary	49%	Advertising agents
	Italy			
	The Netherlands			

15. DEBTORS

	Group		Company	
	1988 £000	1987 £000	1988 £000	1987 £000
Trade debtors	53,421	45,621	—	8,169
Amounts due from group companies	—	—	12,475	2,552
Amounts due from related companies	361	313	300	313
Other debtors	6,638	1,520	2,801	209
Advance corporation tax recoverable	393	272	393	272
Prepayments and accrued income	4,593	4,279	100	560
	65,406	52,005	16,069	11,875

Included within other debtors of the Group at the beginning of the year were amounts of £32,000 and £14,000 advanced by subsidiaries to Jerry Della Femina and Donald Creamer respectively against expenses to be recovered. These amounts were recovered in full against expenses during the year and the highest amounts outstanding at any time were £32,000 and £14,000.

Included in amounts due from related companies is an interest-free loan of £300,000 due for payment after more than one year.

Included in amounts due from Group companies are loans totalling £275,000 due for payment after more than one year.

All other amounts under debtors fall due for payment within one year.

16. CURRENT ASSET INVESTMENTS

	Group		Company	
	1988 £000	1987 £000	1988 £000	1987 £000
UK Listed investments (additions during year)	760	—	625	—
Unlisted investments	7	8	—	—
	767	8	625	—
Market value of UK Listed investments	4,115	—	4,115	—

17. CREDITORS

Amounts falling due within one year.

	Group		Company	
	1988 £000	1987 £000	1988 £000	1987 £000
Bank loans and overdrafts	3,649	601	4,002	601
Trade creditors	49,498	48,762	—	10,015
Finance leases and hire-purchase contracts	1,191	782	7	582
Amounts due to group companies	—	—	4,024	914
Amounts due to related companies	—	28	—	—
Creditors for taxation and social security	2,573	1,716	111	793
Corporation tax	2,950	2,300	220	952
Dividends payable	1,461	987	1,461	987
Other creditors	8,243	3,518	2,612	2,214
Accruals and deferred income	4,584	4,712	412	567
	74,149	63,406	12,849	17,625

Banks loans and overdrafts are secured by a fixed and floating charge on certain Group assets.

18. CREDITORS

Amounts falling due after more than one year.

	Group		Company	
	1988 £000	1987 £000	1988 £000	1987 £000
Debenture loan	1,526	—	1,526	—
Bank loans and overdrafts	1,911	3,758	1,780	3,758
Finance leases and hire-purchase contracts	2,544	2,053	11	1,021
Other creditors	3,104	4,157	183	102
Accruals and deferred income	2,313	528	—	—
	11,398	10,496	3,500	5,481

The debenture loan constitutes WCRS unlisted non-interest bearing convertible secured loan stock 1992 and was issued as part consideration for the acquisition of The Ball Partnership. It is convertible into Ordinary shares at a price of 315p per share, as to 50% in 1990 and 50% in 1992. The conversion price is dependent on the achievement of certain profit targets.

Of the bank loans and overdrafts, £1,240,000 are repayable between two and five years from the balance sheet date. They are secured by guarantees on the assets of certain subsidiaries.

All obligations under finance leases and hire-purchase contracts will be discharged between one and five years from the date of the balance sheet.

Included in other creditors are amounts totalling £787,000 (1987—£1,114,000) repayable in equal annual instalments from 1993 to 1997.

19. PROVISIONS FOR LIABILITIES AND CHARGES: DEFERRED TAXATION

	Group £000	Company £000
At beginning of year	710	340
Transferred to group companies	—	(330)
Exchange differences	(10)	—
Additions	956	727
Utilised	(1,214)	—
At end of year	442	737

Analysis of deferred taxation.

	Group		Company	
	Amount provided £000	Amount unprovided £000	Amount provided £000	Amount unprovided £000
Accelerated capital allowances	870	—	18	—
Other timing differences	(428)	—	719	—
	442	—	737	—

20. SHARE CAPITAL

	1988 £000	1987 £000
Authorised:		
73,000,000 Ordinary shares of 5p each (1987— 28,000,000 Ordinary shares of 10p each)	3,650	2,800
19,000,000 (1987—19,000,000) 55% Convertible Cumulative Redeemable Preference Shares 1999 of 10p each	1,900	1,900
6,000,000 (1987—nil) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	600	—
	6,150	4,700
Allotted, called-up and fully paid:		
45,391,302 Ordinary shares of 5p each (1987— 16,733,000 Ordinary shares of 10p each)	2,270	1,673
18,406,950 (1987—18,446,360) 55% Convertible Cumulative Redeemable Preference Shares 1999 of 10p each	1,841	1,845
2,482,788 (1987—nil) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	248	—
	4,359	3,518

Movements during the year. On 29 May 1987, the authorised share capital was increased from £4,700,000 to £5,300,000 by the creation of 6,000,000 Ordinary shares of 10p each. On the same date it was resolved to raise £28.4 million (net of expenses) by way of a rights issue to shareholders of 5,140,154 Ordinary shares of 10p each, in the proportion of

1 Ordinary share for every 4 Ordinary shares of 10p previously held and 5.1875 Ordinary shares for every 100 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p previously held.

On 12 June 1987, 123,570 Ordinary shares of 10p each were issued at a price of 560p per share as initial consideration for the acquisition of The Ball Partnership.

On 25 June 1987, 47,462 Ordinary shares of 10p each with a total value of A\$720,000 were issued as initial consideration for the business and certain assets of Garland Stewart & Roache Pty. Limited.

With effect from the close of business on 24 July 1987, each of the authorised and issued Ordinary shares of 10p each were subdivided into two Ordinary shares of 5p each, pursuant to a resolution on 29 May 1987.

On 27 July 1987, 377,216 Ordinary shares of 5p each were issued at a price of 350p per share as a deferred payment for the acquisition of Alan Pascoe Associates Limited.

On 31 July 1987, 53,870 Ordinary shares of 5p each were issued at a price of 359p per share as a deferred payment for the acquisition of The Saunders Design Company Limited.

On 22 September 1987, 246,085 Ordinary shares of 5p each were issued at a price of 335p per share as a deferred payment for the acquisition of Biss Lancaster plc.

On 24 September 1987, 462,347 Ordinary shares of 5p each were issued at a price of 350p per share as a deferred payment for the acquisition of FCO Limited.

On 25 September 1987, 22,585 Ordinary shares of 5p each, with a value of A\$178,000, were issued as initial consideration for the business and certain assets of The PKB Group.

During September 1987, 39,410 55% Convertible Cumulative Redeemable Preference shares 1999 of 10p each were converted into 16,378 Ordinary shares of 5p each.

On 4 January 1988, 43,436 Ordinary shares of 5p each were issued at a price of 195p per share as a deferred payment for the acquisition of Siebert/Head Limited.

On 11 January 1988, the authorised share capital was increased from £5,300,000 to £6,150,000 by the creation of 5,000,000 Ordinary shares of 5p each and 6,000,000 51.1% Convertible Cumulative Redeemable Preference shares of 10p each.

On 11 January 1988, 2,482,788 51.1% Convertible Cumulative Redeemable Preference shares of 10p each, with a value of US\$4,550,000, were issued as initial consideration for the acquisitions of Corporate Graphics, Inc and Cohn & Wells, Inc.

On 21 January 1988, 81,013 Ordinary shares of 5p each, with a value of HK\$2,652,000 were issued as initial consideration for the acquisition of Synergie Communications Limited.

Under the executive share option scheme there are 3,877,500 Ordinary shares over which the participants have the right to exercise options at prices ranging from 73.75p to 315p, exercisable between 18 January 1989 and 11 February 1995.

The 55% Convertible Cumulative Redeemable Preference shares 1999 are convertible into fully paid Ordinary shares in each of the years 1988 to 1998 on the basis of 2.075p in nominal amount of Ordinary shares for every 10p in nominal amount of 55% Convertible Cumulative Redeemable Preference shares 1999 so converted.

The 51.1% Convertible Cumulative Redeemable Preference shares are convertible into fully paid Ordinary shares on any working day after the second anniversary of their date of issue and before the fifth anniversary of their date of issue on the basis of 1.923p in nominal amount of Ordinary shares for every 10p in nominal amount of 51.1% Convertible Cumulative Redeemable Preference shares so converted.

21. RESERVES

Group.

	Share Premium Account £000	Goodwill Reserve £000	Merger Reserve £000	Special Reserve £000	Profit & Loss Account £000
Balance at 1 May 1987	1,405	(10,808)	—	—	5,963
Premium on Ordinary shares issued, less expenses	28,074	—	—	—	—
Amount transferred to special reserve	(28,900)	—	—	28,900	—
Goodwill arising in the year written-off	—	(30,087)	—	—	—
Utilisation of special reserve	—	28,900	—	(28,900)	—
Exchange translation	—	609	—	—	(978)
Retained profit for the year	—	—	—	—	8,104
Balance at 30 April 1988	579	(11,386)	—	—	13,089

Company.

	Share Premium Account £000	Goodwill Reserve £000	Merger Reserve £000	Special Reserve £000	Profit & Loss Account £000
Balance at 1 May 1987	1,405	—	47,184	—	3,870
Premium on Ordinary shares issued, less expenses	28,074	—	—	—	—
Amount transferred to special reserve	(28,900)	—	—	28,900	—
Merger reserve arising on acquisition of subsidiaries	—	—	10,678	—	—
Utilisation of special reserve	—	—	28,900	(28,900)	—
Exchange translation	—	—	—	—	—
Retained profit for the year	—	—	—	—	1,497
Balance at 30 April 1988	579	—	86,762	—	5,367

On 29 May 1987, a Special Resolution was passed reducing the share premium account by £28.9 million. This was confirmed by the Court on 30 November 1987 and the amount was transferred to the special reserve at that date.

Goodwill arising in the year is attributable mainly to the acquisitions of Robert A Becker, Inc, The Ball Partnership, Cohn & Wells, Inc, and Corporate Graphics, Inc, in addition to deferred payments made during the year.

Where shares were issued as consideration for the acquisition of subsidiaries during the year, the investment has been stated at full consideration, with any excess of the market value of the shares issued over their nominal value taken to the merger reserve.

22. POST BALANCE SHEET EVENTS

Since the year end, the Group has completed the acquisition of a 50 per cent interest in SGGMD Holding, the leading European independent media buying group. The acquisition was made through the purchase of 50% of Carat which in turn acquired 100 per cent of SGGMD Holding. The other 50 per cent of Carat is owned by the vendors of SGGMD. The initial consideration for the acquisition was Ffr 688.7 million, and was financed by a long term bank loan arranged with a syndicate of banks led by Samuel Montagu & Co. Limited and Banque Nationale de Paris plc. The initial consideration may be adjusted to between Ffr 628.7 million and Ffr 826.4 million and further consideration of approximately 11.765 per cent of the adjusted initial consideration may be payable depending upon the future profit performance of Carat and its subsidiaries and related companies.

In order to permit the Group to borrow the amount needed to purchase 50 per cent of SGGMD, the borrowing powers of the Group were increased to the higher of four times

net assets and £115 million. In order to harmonise the years ends of WCRS and SGGMD, the year end of WCRS has been changed from 30 April to 30 June, with effect from 1989.

A circular detailing the above was sent to shareholders on 26 April 1988. Since that date there have been no material changes to the trading conditions of the company.

The effect of the acquisition of a 50 per cent interest in SGGMD Holding on the consolidated balance sheet at 30 April 1988 is illustrated below.

Proforma consolidated balance sheet showing the effect of the acquisition of a 50 per cent interest in SGGMD Holding.

	30 April 1988 (as adjusted) £000	30 April 1988 £000
FIXED ASSETS		
Tangible assets	16,303	16,303
Investments	25,405	6,713
	41,708	23,016
CURRENT ASSETS		
Work in progress	154	154
Motor vehicle fleet	1,411	1,411
Debtors	65,406	65,406
Investments	767	767
Cash at bank and in hand	4,971	4,971
	72,709	72,709
CREDITORS		
Amounts falling due within one year	74,149	74,149
NET CURRENT LIABILITIES	(1,440)	(1,440)
TOTAL ASSETS LESS CURRENT LIABILITIES	40,268	21,576
CREDITORS		
Amounts falling due after more than one year	77,048	11,598
PROVISIONS FOR LIABILITIES AND CHARGES	442	442
MINORITY INTERESTS	5,095	5,095
	(40,517)	6,641
CAPITAL AND RESERVES		
Called-up share capital	4,359	4,359
Share premium account	579	579
Goodwill reserve	(58,544)	(11,386)
Profit and loss account	13,089	13,089
	(40,517)	6,641

Since the year end the Group has also reorganised its US advertising interests. HBM/Creamer, Inc. became a subsidiary of Della Femina, Travisano and Partners, Inc., which was renamed Della Femina, McNamee WCRS, Inc. At the same time, Robert A Becker Inc. became a subsidiary of Della Femina, McNamee WCRS, Inc.

As a result of the reorganisation, the Della Femina, Travisano and Partners, Inc. acquisition agreement was amended so that future earnout payments to certain of the vendors will be based on the combined results of HBM/Creamer, Inc., and Della Femina, McNamee WCRS, Inc.

23. CONTINGENT LIABILITIES AND OTHER COMMITMENTS NOT PROVIDED

Additional capital payments may be made to the vendors of acquired companies in the years to 1995. Such payments are contingent on the future levels of profits achieved by the companies. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the maximum liability at 30 April 1988 for payments that may be due is as follows:

	£000
Within one year	6,641
From two to five years	48,939
Over five years	2,232
	<hr/> 57,812

At the Group's discretion, up to £45,413,000 of the contingent payments may be discharged in the form of Ordinary shares.

At 30 April 1988, there were the following commitments in respect of non-cancellable operating leases for the following year:

	Group		Company	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases that expire:				
Within one year	25	168	—	—
From two to five years	1,709	511	—	—
Over five years	2,888	5	1,022	—
	<hr/> 4,622	<hr/> 684	<hr/> 1,022	<hr/> —

FINANCIAL HISTORY AND FINANCIAL CALENDAR

Year ended 30 April:

	<i>1984</i> <i>£000</i>	<i>1985</i> <i>£000</i>	<i>1986</i> <i>£000</i>	<i>1987</i> <i>£000</i>	<i>1988</i> <i>£000</i>
Turnover	26,621	36,267	56,108	331,148	407,687
Profit before tax	955	1,484	2,611	10,108	18,253
Tax charge	330	706	1,044	4,002	6,214
Profit after tax	625	778	1,567	6,106	12,039
Extraordinary items	350	26	—	—	283
Retained profit	174	552	1,244	4,338	8,104
Earnings per Ordinary share (basic)*	4.14p	4.99p	8.77p	17.59p	23.44p
Dividends per Ordinary share*	0.85p	1.17p	1.77p	3.04p	3.95p

*Adjusted for bonus and rights issues and subdivision of shares.

July 1988. Preliminary announcement of full-year results.

September 1988. Publication of annual report.

October 1988. Annual General Meeting.

October 1988. Payment of final dividend.

March 1989. Announcement of eight month interim results.

April 1989. Payment of interim dividend.

Notice is hereby given that the Annual General Meeting of the Company will be held at 10:30 am on 6 October 1988 at 172 Drury Lane, London WC2 for the purpose of transacting the ordinary business of the Annual General Meeting set out in resolutions 1 to 11 and special business, when resolutions 12 and 13 will be proposed as ordinary resolutions and resolution 14 as a special resolution.

Ordinary business.

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the year ended 30 April 1988 and the Auditors' Report thereon;
2. To declare a final dividend;
3. To re-elect as a Director of the Company R Wight who retires by rotation and, being eligible, offers himself for re-election;
4. To re-elect as a Director of the Company A D Rutherford who retires by rotation and, being eligible, offers himself for re-election;
5. To re-elect as a Director of the Company P J Scott who retires by rotation and, being eligible, offers himself for re-election;
6. To re-elect as a Director of the Company G M Magan who retires by rotation and, being eligible, offers himself for re-election;
7. To re-elect as a Director of the Company L McNamee who was appointed since the last Annual General Meeting of the Company and, being eligible, offers herself for re-election;
8. To re-elect as a Director of the Company M J Ball who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election;
9. To re-elect as a Director of the Company W E Sprague who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election;
10. To re-elect as a Director of the Company F S Law who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election;
11. To re-appoint Stoy Hayward as Auditors for the Company and to authorise the Directors to fix their remuneration.

Special business.

Ordinary resolutions.

12. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ("Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to a maximum amount equal to the aggregate nominal amount of the authorised but unissued share capital of the Company for the time being, such authority expiring on the date of the next Annual General Meeting of the Company unless previously revoked or varied by the Company in general meeting, save that the Directors may allot relevant securities pursuant to this authority after that date pursuant to an offer or agreement made by the Company on or before that date.

13. That:-

- (a) pursuant to the provisions of the Articles of Association of the Company, the Directors of the Company be and they are hereby authorised and empowered to grant to holders of Ordinary shares in the Company the right to take their dividends wholly or partly by way of new Ordinary shares credited as fully paid rather than

In cash in respect of all dividends payable before the next Annual General Meeting of the Company;

- (b) an amount equal to that part of the final dividend declared in respect of the year ended 30 April 1988 which, apart from this Resolution, would be paid on 31 October 1988 to those holders of Ordinary shares registered at the close of business on 18 August 1988 who have elected to receive Ordinary shares instead of, or together with, a cash dividend, be applied in paying up in full new Ordinary shares of 5 pence each in the capital of the Company by way of capitalisation of monies standing to the credit of the reserves of the Company on the terms referred to in a letter from the Chairman to shareholders dated 5 September 1988;
- (c) such new shares be issued and allotted, credited as fully paid up, to those holders of Ordinary shares entitled who have so elected on the terms set out in the said letter from the Chairman and so that such new shares shall rank *pari passu* in all respects with the existing issued Ordinary shares of the Company except that they shall not rank for payment of the said final dividend on 31 October 1988;
- (d) the provisions of sub-paragraphs (b) and (c) of this Resolution shall apply, *mutatis mutandis*, to any interim dividend declared in respect of the period ending 30 June 1989.

Special resolution.

14. That the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 ("Act") to allot equity securities (as defined in section 94 of the Act) pursuant to the authority conferred by resolution 12 as if section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:-

- (i) the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities attributable to their interests are proportionate (as near as they may be) to the respective number of Ordinary shares held by them or (as the case may require) into which the shares held by them are convertible, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under any law or requirement of any regulatory authority; and/or
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £113,478.

By Order of the Board

RMJ Andrews, Secretary
41/44 Great Queen Street
London WC2B 5AR



Dated the 5th day of September 1988

Notes

A Member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed for your use and, if used, should be deposited with the Company's Registrars (PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4TW) not less than 48 hours before the time appointed for the holding of the Meeting. Completion of the proxy will not affect the right of a member to attend and vote at the Meeting.

During the period from the date of this Notice until the date of the Meeting, there will be available for inspection at the Company's Registered Office during normal business hours on any weekday (Saturdays excepted) and on the date of the Meeting until the completion of the meeting:

- a. Copies of all Directors' service contracts with the Company;*
- b. Particulars of transactions of Directors and their family interests in the shares of the Company up to and including the date of this Notice.*

QUOTATIONS

Language isn't always adequate for expressing our visions, ideas and emotions. But sometimes, as with the quotations in this book, a few words say it all.

Cover	WHAT IS NOW PROVED	—William Blake
Page 1	UNION GIVES	—Aesop
Page 2	FOR THE WISE MAN	—Lao-tse
Page 3	MAN IS SO	—Jean de la Fontaine
Page 4	YOU MIGHT AS WELL	—James Thurber
Page 5	IT IS A WRETCHED WASTE	—Isaac D'Israeli
Page 6	A MAN IN A BOW TIE	—M R Montgomery
Page 7	OUR COMMON	—Henrik Ibsen
Page 8	THERE IS NOTHING	—Ambrose Pierce
Page 9	TO KNOW IS NOTHING	—Anatole France
Page 10	I AM ONLY	—Pablo Picasso
Page 11	BECAUSE OF WHAT	—Richard Nixon
Page 12	MYTHS ARE PUBLIC	—Joseph Campbell
Page 13	THE SIMPLE JOY	—George Nelson
Page 14	MAY YOU LIVE	—Chinese curse
Page 15	THERE IS NO	—Aldous Huxley
Page 16	IT WERE NOT	—Mark Twain
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Page 18	A BOOK THAT FURNISHES	—Thomas Love Peacock
Page 19	FOR NIMBLE THOUGHT	—William Shakespeare
Page 20	VARIETY IS THE	—Benjamin Disraeli
Page 21	MINDS ARE LIKE	—Sir James Dewar
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Page 25	ENCOURAGE EXUBERANCE.	—David Ogilvy
Page 26	WHEN PEOPLE ARE NOT	—David Ogilvy
Page 27	NEVER MAKE THE MISTAKE	—John P Mascotte
Page 28	I WILL NOT JUMP	—William Shakespeare
Page 29	WORDS OUGHT TO BE	—John Maynard Keynes
Page 30	ALL GREAT TRUTHS	—George Bernard Shaw
Page 31	A PICTURES SHOWS ME	—Ivan Sergeyevich Turgenev
Page 32	THE CREATIVE PHOTOGRAPHER	—Margery Mann
Page 33	YOU CANNOT FLY	—William Henry Hudson
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Page 36	ART IS ABOUT	—David Hockney
Page 37	MY METHOD IS	—George Bernard Shaw
Page 38	NEVER TREAT YOUR	—Jimmy Stewart
Page 39	THERE IS ONLY ONE	—Oscar Wilde
Page 40	EVEN IF YOU'RE ON	—Will Rogers
Page 41	THERE IS NO TOP	—Jascha Heifetz
Page 42	MAN, IF YOU GOTTA	—Louis Armstrong
Page 43	WONDER RATHER THAN	—Abraham Joshua Heschel
Page 44	DREAMS ARE NECESSARY	—Anais Nin
Page 45	SOME MEN SEE	—Robert F Kennedy
Page 46	THERE IS NOTHING MORE	—Niccolò Machiavelli
Page 47	PATIENCE IN THE PRESENT	—George Perera, MD
Page 48	ENRICH YOURSELVES!	—François Guizot
Page 49	WE HAVE PRETTY	—Jimmy Doolittle
Page 50	WE MAY AFFIRM	—Georg Wilhelm Friedrich Hegel
Page 51	MORE CAN BE LEARNED	—René Duhois
Page 52	NOTHING IS MORE	—Thomas Carlyle
Page 53	IF A MAN CAN	—Ralph Waldo Emerson
Page 54	HEIGHTS BY GREAT MEN	—Henry Wadsworth Longfellow

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