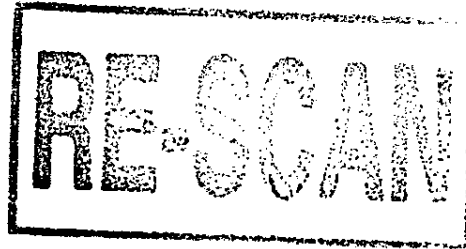


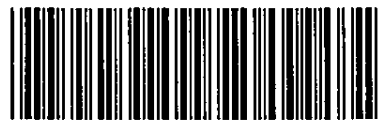
MILLWARD BROWN UK LIMITED

Report and Financial Statements

31 December 2007



TUESDAY



A33 *A0X9A3YR* 152
14/10/2008
COMPANIES HOUSE

041
15/10/08

MILLWARD BROWN UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS	Page
Directors' report	4
Statement of directors' responsibilities	7
Independent auditors' report	8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT

Directors:

R D Finnigan
S L Potter
S M Thompson
W H Nash
M Leigh

Secretary:

R D Finnigan

Auditors:

Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Birmingham, UK

Bankers:

HSBC

Solicitors:

Hammonds LLP
7 Devonshire Square
London

Registered Office:

Olympus Avenue
Tachbrook Park
Warwick, UK

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of a market research agency. The company also undertakes fieldwork, project management and data processing activities for all of the Kantar research businesses in the UK. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Sales Growth +0.5% (v -2% in 2006).

Turnover for the year was £113.6m, up from £113.1m in 2006. This was an excellent achievement in difficult market conditions.

Gross Margin Percentage 56 % (v 56% in 2006).

The Gross Margin Percentage has remained constant over the last two years as expected.

Staff costs / Revenue Percentage 44.3% (v 47.1% in 2006)

Staff costs have fallen in 2007 through continuing operational efficiencies.

Operating profit for the year was £10.8m v £8.9m in 2006. Included in the 2006 results were costs of £1.4m relating to the set up of an off-shore DP & coding facility.

Dividends of £15.5 m were proposed and paid in the year (2006 - £12.0 m). The profit transferred from reserves in the year was £3.1 m (2006 : £1.9 m).

The Balance Sheet on page 10 of the financial statements shows that the company's financial position at the year end is, in net asset terms, consistent with the prior year.

PRINCIPAL RISKS & UNCERTAINTIES

UK market conditions were difficult in 2007 leading to pressure on pricing and the need for enhanced service delivery. The company manages the risk by providing added value services to its customers. Market conditions are not expected to improve in 2008.

The continuing switch to the web for data collection is both a risk and an opportunity. Traditional methodologies have infra-structural costs that are difficult to reduce in the short term. Longer term capacity reductions often involve "one off" costs. However, the reduction in fieldwork cost can give the opportunity to sell a more consultancy based service.

The company continues to generate a strong positive cash flow from its operations and does not have a significant foreign exchange exposure. Foreign currency receivables and payables are largely denominated in US\$ and €'s & the WPP Group treasury function takes out contracts to manage the exchange risk at a Group level.

WPP Group risks are discussed in the Group's Annual Report, which does not form part of this Report.

An explanation of the company's exposure to various financial risks and management thereof appear in note 1 to the financial statements on page 13.

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the year were as follows

R D Finnigan
S L Potter
M S Sorrell (resigned 17/7/07)
S M Thompson
W H Nash
M Leigh

No director had a beneficial interest in any contract or arrangement to which the company was party during the year.

In accordance with the company's Articles of Association, S M Thompson retires by rotation and, being eligible, offers herself for re-election.

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of those terms and abide by the agreed terms of payment.

The company had 20 days (2006 – 38 days) of purchases outstanding as at 31 December 2007 based on the average daily amount invoiced by suppliers during the year.

EMPLOYEES

Details of the number of employees & related costs can be found in note 5 to the financial statements on page 15.

It is company policy to maintain safe and healthy working conditions and to give fair consideration to the employment needs of disabled people and to comply with any current legislation relating to disabled persons. The directors recognise the importance of good communications and relations with employees and have developed employee participation practices appropriate to the company's requirements.

CHARITABLE CONTRIBUTIONS

During the year charitable contributions amounted to £4,925 (2006: £11,115).

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R D Finnigan
Director
10th October 2008

Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILLWARD BROWN UK LIMITED

We have audited the financial statements of Millward Brown UK Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham, UK

13 October 2008

MILLWARD BROWN UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
TURNOVER	2	113,583	113,057
Cost of sales		(49,464)	(49,726)
GROSS PROFIT		64,119	63,331
ADMINISTRATIVE EXPENSES		(53,366)	(54,421)
OPERATING PROFIT	3	10,753	8,910
Interest receivable and similar income	6	1,623	1,432
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,376	10,342
Tax on profit on ordinary activities	7	-	(281)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12,376	10,061

All activities derive from continuing operations.

There are no recognised gains and losses for the year other than the profit for each year.

The accompanying notes are an integral part of this profit and loss account.

MILLWARD BROWN UK LIMITED

BALANCE SHEET
31 December 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible assets	9	4,401	4,195
Investments	10	2	2
		<u>4,403</u>	<u>4,197</u>
CURRENT ASSETS			
Debtors	11	27,967	26,201
Cash at bank and in hand		22,796	27,328
		<u>50,763</u>	<u>53,529</u>
CREDITORS: amounts falling due within one year	13	<u>(25,013)</u>	<u>(25,075)</u>
NET CURRENT ASSETS		<u>25,750</u>	<u>28,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,153	32,651
PROVISIONS FOR LIABILITIES	14	<u>(227)</u>	<u>(331)</u>
NET ASSETS		<u>29,926</u>	<u>32,320</u>
CAPITAL AND RESERVES			
Called up share capital	15	716	716
Share premium account	16	1,545	1,545
Merger reserve	16	1,275	1,275
Profit and loss account	16	26,390	28,784
TOTAL SHAREHOLDERS' FUNDS	17	<u>29,926</u>	<u>32,320</u>

The accompanying notes are an integral part of this Balance Sheet.

These financial statements were approved by the Board of Directors on 10th October 2008.

Signed on behalf of the Board of Directors



R D Firmigan
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards and have been applied consistently in the current and preceding year.

Consolidation

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of WPP Group plc which prepares consolidated accounts which are publicly available.

The company is also, on this basis, exempt from requirement of Financial Reporting Standard 1(revised) to present a cash flow statement.

Share-based payments

The Company adopted FRS20 (Share-based payments) in the period ended 31 December 2006. The Company has applied the requirements of FRS20 to all unvested share-based payments.

Certain employees of the Company benefit from equity-settled share-based payments through participation in stock option and restricted stock incentive schemes. Such awards are satisfied by the delivery of shares in WPP Group plc, the ultimate parent undertaking.

Equity-settled share-based payments are measured at fair value (excluding the impact of non market-based vesting conditions) at the date of grant. Fair value is determined by the market price on that date or the application of a Black Scholes model, depending on the characteristic of the scheme concerned. For the years presented, the majority of the charge to the profit and loss account related to schemes where fair value equalled market price since the equity instrument had no restrictions that impact valuation. Market price on any given day is obtained from external, publicly available sources.

The fair value determined at the grant date is recognised in the profit and loss account as an expense on a straight-line basis over the relevant vesting period, based on the Company's estimate of the number of shares that will ultimately vest and adjusted for the effect of any other non-market based vesting conditions.

Tangible fixed assets

Tangible fixed assets are shown at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short leasehold improvements	-	over the term of the lease
Fixtures, fittings, equipment and vehicles	-	10% to 50% per annum

Residual value is calculated on prices prevailing at the time of acquisition.

Investments

Fixed asset investments are shown at cost less provision for impairment. Dividends receivable are recorded in the financial statements of the year in which they are declared.

Associated undertakings are entities in which the company has a participating interest and over whose operating and financial policy it exercises a significant influence.

Debtors

Debtors are stated net of provisions for bad and doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

The company enters into operating leases and rentals are charged on a straight-line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date, or, if appropriate, at the forward contract rate. Differences arising from movements in rates of exchange are dealt with in the profit and loss account.

Pension Costs

Defined benefit scheme

Following the creation of the Kantar Operations division in Millward Brown UK Limited on 1 April 2004, six employees of the company were members of the Research International Superannuation Fund (RISF), a funded benefit scheme, and 1 employee was a member of the Mass Observations scheme, also a funded benefit scheme.

Both defined benefit schemes are multi-employer schemes with the assets of the schemes being held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

In accordance with Financial Reporting Standard 17 – Retirement Benefits, the company accounts for the contributions to the defined benefit scheme, as if it were a defined contribution scheme, because it is not possible to identify the company's share of the underlying assets and liabilities on a consistent and reasonable basis. Any surplus or deficit in the RISF Scheme is dealt with in the accounts of Research International Limited, a fellow group company. Any surplus or deficit in the Mass Observation Scheme is dealt with in the accounts of BMRB Limited, a fellow group company.

Defined contribution scheme

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

1. ACCOUNTING POLICIES (CONTINUED)

Turnover and revenue recognition

Turnover comprises the gross amounts billed to clients (exclusive of VAT, sales taxes and trade discounts) in respect of commission based income together with the total of other fees earned.

Revenue is recognised when the service is performed, in accordance with the terms of the contractual arrangement.

Financial instruments

Short term debtors and creditors are not treated as financial assets or financial liabilities. The company does not trade in derivative financial instruments.

Financial risk management

The company's primary financial risks include fluctuations in interest rates, the credit risk of its customers, and the fluctuation in the exchange rates of foreign currencies.

The company's liquidity requirements for day to day operating expenses are, and are expected to continue to be, funded by cash provided by operations.

The company monitors its exposure for customer credit risk and maintains allowances for anticipated losses after giving consideration to historical loss experience, and economic conditions impacting its customers. Management continuously reviews information concerning the financial condition of the company's customers and believes that the company's allowance for doubtful accounts is sufficient to cover such risks.

The company's activities exposes it to the financial risks of changes in foreign currency exchange rates. The company does not use foreign currency exchange forward contracts to hedge these exposures and considers that it has a natural hedge in its main trading currencies due to buying and selling in both currencies.

2. TURNOVER

The turnover of the company by origin in 2007 and 2006 arose from continuing activities within the UK and comprises the following destinations:

	2007 £'000	2006 £'000
United Kingdom	87,856	93,123
Rest of Europe	21,502	14,345
United States of America	3,063	4,482
Rest of world	1,162	1,107
	<u>113,583</u>	<u>113,057</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

3. OPERATING PROFIT

Operating profit is stated after charging:

	2007 £'000	2006 £'000
Depreciation of tangible fixed assets	1,687	1,462
Loss on disposal of tangible fixed assets of continuing operations	(8)	(19)
Net foreign exchange losses	33	123
Operating lease rentals		
- land and buildings	1,792	1,585
- other	633	724
	<u>1,792</u>	<u>1,585</u>

AUDITORS REMUNERATION

	2007 £'000	2006 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	111	104
Total Audit Fees	<u>111</u>	<u>104</u>
Employment Tax Fees / VAT consultancy	19	6
Total non-audit fees	<u>19</u>	<u>6</u>

4. DIRECTORS' REMUNERATION

Remuneration

The remuneration of the directors was as follows:

	2007 £'000	2006 £'000
Emoluments	804	877
Amounts receivable under long-term incentive schemes	248	300
Company contributions to money purchase pension schemes	81	83
	<u>1,133</u>	<u>1,260</u>

Five of the directors were remunerated by the company (2006 – 6). Other directors were employed and remunerated by other companies within the WPP Group.

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes.

Pensions

The number of directors who were members of pension schemes was as follows:

	2007 Number	2006 Number
Money purchase schemes	<u>5</u>	<u>6</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

4. DIRECTORS' REMUNERATION (CONTINUED)

Highest-paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2007	2006
	£'000	£'000
Emoluments	235	256
Amounts receivable under long-term incentive schemes	126	109
Company contributions to money purchase schemes	25	25
	<u>386</u>	<u>390</u>

5. STAFF COSTS

Particulars of employees (including executive directors) are as shown below:

	2007	2006
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	45,021	47,976
Social security costs	3,984	3,984
Other pension costs (see note 20)	1,261	1,261
	<u>50,266</u>	<u>53,221</u>

The average monthly number of persons employed by the company during the year was:

	2007	2006
	Number	Number
Management and administration	156	160
Client service	337	323
Operations	3,181	4,465
	<u>3,674</u>	<u>4,948</u>

6. FINANCE CHARGES

	2007	2006
	£'000	£'000
Interest receivable and similar income		
Interest on bank deposits	1,373	1,182
Income from fixed asset investments	250	250
	<u>1,623</u>	<u>1,432</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	2007 £'000	2006 £'000
<i>Current taxation</i>		
UK Corporation tax on profits in period	-	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	(281)
	<u>-</u>	<u>(281)</u>
Tax charge on profit on ordinary activities	<u>-</u>	<u>(281)</u>

Corporation tax payable is provided on taxable profits at the current rate, except to the extent that the losses are transferred from another group company under the group relief provisions, without corresponding payment by the claimant company.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 – 30%). The actual tax charge for the current and the previous year is lower than the standard rate for the reasons set out in the following reconciliation.

A change in the corporation tax rate for future accounting periods from 30% to 28% was announced during the year. This change in tax legislation has now been substantively enacted. Provision for tax has been made at 30% in these accounts.

	2007 £'000	2006 £000
Profit on ordinary activities before tax	12,376	10,342
Tax on profit on ordinary activities at standard rate	3,713	3,103
Factors affecting charge for the period:		
Depreciation in excess of capital allowances	508	453
Other timing differences	3	(101)
Expenses not deductible for tax purposes	257	20
UK dividend income	(75)	(75)
Group relief claimed for nil consideration	(4,406)	(3,400)
	<u>-</u>	<u>-</u>
Total actual amount of current tax	<u>-</u>	<u>-</u>

8. DIVIDENDS

	2007 £'000	2006 £'000
Interim dividend paid of £2.16 (2006 - £1.68) per ordinary share	15,500	12,000
	<u>15,500</u>	<u>12,000</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2007

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2007	2,499	8,262	10,761
Additions	296	1,605	1,901
Disposals	-	(2,605)	(2,605)
At 31 December 2007	<u>2,795</u>	<u>7,262</u>	<u>10,057</u>
Depreciation			
At 1 January 2007	979	5,587	6,566
Charge for the year	299	1,388	1,687
Disposals		(2,597)	(2,597)
At 31 December 2007	<u>1,278</u>	<u>4,378</u>	<u>5,656</u>
Net book value			
At 31 December 2007	<u>1,517</u>	<u>2,884</u>	<u>4,401</u>
At 31 December 2006	<u>1,520</u>	<u>2,675</u>	<u>4,195</u>

10. INVESTMENTS HELD AS FIXED ASSETS

The following are included in the net book value of fixed asset investments:

	2007 £'000	2006 £'000
Cost and net book value		
Associated undertakings	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Millward Brown UK Limited has investments in the following associated undertakings:

Associated undertakings			
RSMB Television Research Limited	Market research agency registered and operating in England and Wales	50%	4,668 ordinary shares of £1 each

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Trade debtors	13,933	12,994
Amounts owed by other group undertakings	6,699	8,589
Prepayments and accrued income	7,335	4,618
	<u>27,967</u>	<u>26,201</u>

12. DEFERRED TAX

A deferred tax asset of £2,583,000 (2006: £1,783,000) has not been recognised in respect of depreciation in excess of capital allowances, share based payments and other timing differences as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Trade creditors	5,540	2,762
Amounts owed to other group undertakings	4,241	5,642
Other taxation and social security	3,316	3,858
Other creditors	7,296	7,276
Accruals and deferred income	4,620	5,537
	<u>25,013</u>	<u>25,075</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

14. PROVISION FOR LIABILITIES

	Onerous Lease £'000	Delapidation Provision £'000	Total £'000
As at 1 January 2007	331	-	331
Utilised in Year	(192)	-	(192)
Provided in Year	-	88	88
	<hr/>	<hr/>	<hr/>
As at 31 December 2007	139	88	227
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Onerous Lease Commitment

As at 31 December 2006 £331k was provided as the remaining provision for the onerous lease commitments on two properties that were closed as part of the strategic review of operations capacity in 2004 & 2005. As at December 2007 £139k continues to be provided for these two properties. It is expected that the remaining provision will be utilised in the next year.

Delapidation Provision

In the year a provision of £88k has been provided for delapidations on two other properties. These provisions are to be created over the life of the leases to provide appropriate provisions for any work needed at the end of the lease terms.

15. CALLED-UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised, equity share capital		
9,000,000 ordinary shares of 10p each	900	900
	<hr/>	<hr/>
Allotted, called-up and fully paid, equity share capital		
7,160,000 ordinary shares of 10p each	716	716
	<hr/> <hr/>	<hr/> <hr/>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

16. RESERVES

	Share premium account	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2007	1,545	1,275	28,784	31,604
Dividends paid and proposed (note 8)	-	-	(15,500)	(15,500)
Profit for the financial year	-	-	12,376	12,376
Capital Contribution from Parent company	-	-	730	730
	<u>1,545</u>	<u>1,275</u>	<u>26,390</u>	<u>29,210</u>
At 31 December 2007	<u>1,545</u>	<u>1,275</u>	<u>26,390</u>	<u>29,210</u>

The Ultimate parent company, WPP Group plc, has granted rights to its equity instruments to certain employees of the company. This share based compensation is accounted for as equity-settled in the consolidated financial statements of the parent. UITF 44 requires the company to record an expense for such compensation (see Note 23) in accordance with FRS 20 (Share Based payments) with a corresponding increase in equity as a contribution from the parent.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Profit for the financial year	12,376	10,061
Dividends paid and proposed	(15,500)	(12,000)
Net transfer (from) shareholders' funds	(3,124)	(1,939)
Capital Contribution from parent company	730	685
Opening shareholders' funds	32,320	33,574
Closing shareholders' funds	<u>29,926</u>	<u>32,320</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

18. OPERATING LEASE COMMITMENTS

Commitments existing at the balance sheet date to pay annual operating lease rentals during the following year were:

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Commitment expiring:				
- within one year	188	35	11	10
- during the second to fifth years	746	403	429	65
- after five years	537	1,140	-	371
	<u>1,471</u>	<u>1,578</u>	<u>440</u>	<u>446</u>

19. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2007 £'000	2006 £'000
Contracted but not provided for:		
- other	224	280
	<u>224</u>	<u>280</u>

20. PENSION SCHEMES

Defined contribution pension scheme

The company operates a defined contribution pension scheme whereby payments are made to insurance companies independent from the finances of the company. Contributions, of which £239k (2006: £238k) were outstanding at the year end, were charged against profits as and when incurred and amounted to £1,431k (2006: £1,367k).

Defined benefit scheme

The company has paid contributions to two defined benefit schemes, the Research International Superannuation Fund (for 6 employees) and the Mass Observations scheme (for 1 employee). These are both multi employer schemes, with the assets and liabilities being held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

The total charge for the year for the RISF scheme was £79k (year ended 31 December 2006 - £35k). Contributions of £6k (year ended 31 December 2006 - £3k) were outstanding at the year end. Details of the RISF funded benefit scheme are disclosed in the financial statements of Research International Limited, a fellow group company. This scheme had a net deficit of £1,713k at 31 August 2006 on an FRS17 basis.

The total charge for the year for the Mass Observations scheme was £13k (year ended 31 December 2006 - £13k). Contributions of £1k (year ended 31 December 2006 - £1k) were outstanding at the year end. Details of the Mass Observations scheme funded benefit scheme are disclosed in the financial statements of BMRB Limited, a fellow group company. This scheme had a net deficit of £290k at 1st April 2004 on an FRS17 basis.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2007

21. FINANCIAL GUARANTEES

The company participates in group banking arrangements with its parent, WPP Group plc, and has access to a group cash management facility. The company guarantees the facility to the extent of its cash deposited in the UK with its clearing bank. The company together with its parent, WPP Group Plc, and certain other subsidiary undertakings, is party to the group's syndicated banking arrangements. The company has jointly and severally guaranteed the borrowings under these arrangements. Details of these arrangements are included in the accounts of WPP Group plc.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS8 not to disclose the details of transactions with other WPP Group companies as it is ultimately 100% owned by WPP Group plc, the consolidated accounts of which are publicly available.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

23. SHARE BASED PAYMENTS

The company charged the following amounts to the profit and loss account in 2007 and 2006 in relation to equity-settled share based payments.

	2007 £'000	2006 £'000
Share Options		
WPP Worldwide Share Ownership Plan	124	146
WPP Executive Share Option Plan	47	98
Restricted Stock		
WPP Performance Share Awards	368	242
WPP Long Term Incentive Plans	67	123
WPP Leaders, Partners and High Potential Group	124	76
	<u>730</u>	<u>685</u>

These amounts have been credited to Equity as a Parent Company Capital contribution in accordance with UITF 44 "Group and Treasury Share Transactions" (see note 17 Reconciliation of Movements in Shareholders' Funds).

Terms of share option plans*WPP Worldwide Share Ownership Plan*

The WPP Worldwide Share Ownership Plan is open to employees with at least two years' employment in a company owned by WPP Group plc. It is not available to those participating in other share-based incentive programmes or to executive directors. The vesting period for each grant is three years and there are no performance conditions other than continued employment with a WPP company.

WPP Executive Share Option Plan

The WPP Executive Share Option Plan has historically been open for participation to members of the WPP Group Leaders, Partners and High Potential Group. The vesting period is three years and performance conditions include achievement of various TSR (Total Shareowner Return) and EPS (Earnings per share) objectives by WPP group plc, as well as continued employment with a WPP company. Since 2005, the Company has moved away from the issuance of stock options under this scheme, making grants of restricted stock instead.

Stock options for both plans have a life of ten years, including the vesting period. The terms of those stock options with performance conditions are such that, if after nine years and eight months, the performance conditions have not been met, then the stock option will vest automatically. All stock options are satisfied out of newly issued shares in WPP Group plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

23. SHARE BASED PAYMENTS (CONTINUED)

Movement on stock options granted and weighted average exercise price during the year are as follows:

	At 1 Jan 2007 number	Granted number	Exercised number	Lapsed/ Transferred number	Outstanding At 31 December 2007 number	Exercisable At 31 December 2007 number
WPP Worldwide Share ownership	279,945	96,125	54,225	33,651	288,194	74,950
Weighted-average exercise price	£6.144	£7.718	£5.053	£6.852	£6.761	£6.095
WPP Executive Share Option Plan	208,032	-	46,607	-	161,425	161,425
Weighted-average exercise price	£5.321	-	£4.836	-	£5.490	£5.490

Options outstanding at 31 December 2007 had a range of exercise prices from £3.90 to £7.55. The weighted average contractual life of those options was 83 months.

The weighted average share price of WPP Group plc for the year ended 31 December 2007 was £7.09 (2006: £6.58).

The inputs into the Black – Scholes Option Pricing Model are as follows:

	2007	2006
Weighted average share price	188.3p	203.5p
Expected volatility	25%	35%
Expected Life	48 months	48 months
Risk –free rate	5.26%	4.72%
Expected dividend yield	1.5%	1.7%

Options are issued at an exercise price equal to market value on date of grant.

Terms of Restricted stock plans

Certain employees participate in restricted stock plans, which are satisfied by the delivery of stock from one of the WPP Group plc ESOP trusts. The most significant schemes are:

Performance Share Awards (PSA)

The PSA incentive plan was introduced in 2005 and replaced the Long Term Incentive Plan detailed below. Grants of restricted stock under this scheme are dependent upon annual performance targets, typically one or more of operating profit, profit before taxation and operating margin. Grants are made in the year following the year of performance measurement, and will vest two years after grant provided the individual concerned is continually employed by a WPP company throughout this time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2007

23. SHARE BASED PAYMENTS (CONTINUED)

Long Term Incentive Plans (LTIP)

Prior to the introduction of PSA, certain employees of the company participated in long term incentive plans based on the achievement of three-year financial performance targets. These plans operated on a rolling three-year basis. The value of payments earned by executives over each performance period was typically based on the achievement of targeted improvements in the following performance measures over the relevant three-year period:

- (i) average operating profit or profit before taxation;
- (ii) average operating margin

Leaders, Partners and High Potential

Since 2005, restricted stock grants under this scheme have effectively replaced executive stock options. Performance conditions include continued employment over a three-year vesting period.

For restricted stock awards, the number of shares granted for the most significant schemes and the weighted average fair value of these grants was as follows:

	2007	2006
Performance Share Awards		
Number of shares granted	54,721	54,721
Weighted average fair value at grant date (pence per share)	780p	780p
Leaders, Partners and High Potential Group		
Number of shares granted	30,691	24,275
Weighted average fair value at grant date (pence per share)	648p	675p

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary undertaking of WPP Group plc, a company registered in England and Wales. WPP Group Plc is also the company's ultimate controlling party.

The results of Millward Brown UK Limited are consolidated only into the financial statements of its ultimate parent company, this is the smallest and largest group into which the company is consolidated. WPP Group plc's principal place of business is at 27 Farm Street, London W1X 6RD. The consolidated financial statements are available from that address.