

Millward Brown UK Limited

Report and Financial Statements

31 December 2002



REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of a market research agency.

The results for 2002 represented a good achievement in difficult market conditions. Trading conditions are expected to continue to be difficult but the directors do not foresee that the trading performance will deteriorate in 2003.

RESULTS AND DIVIDENDS

Turnover for the year was £71.2 million (2001 - £67.9 million) on which a profit before taxation of £12.3 million (2001 - £13.7 million) was recorded. The directors are confident of the prospects for the business in the forthcoming year.

Dividends of £20 million were proposed and paid in the year (2001 - £7 million). The loss transferred to reserves in the year was £4.2m (2001 (restated - note 13) - profit of £7.7m)

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

R D Finnigan (appointed 30 September 2002)
 S M Gardiner
 R S Leadley (resigned 30 September 2002)
 S L Potter
 M S Sorrell
 S M Thompson

The beneficial interests of directors, who held office at 31 December 2002, in the 10p ordinary shares and other securities of the ultimate parent company, WPP Group Plc, are set out below:

	Ordinary shares	
	2002	2001
	Number	Number
S M Gardiner	17,817	19,011
S L Potter	20,575	19,455
S M Thompson	300	300

In addition, certain directors hold interests in restricted shares of WPP Group Plc under the terms of a Long Term Incentive Plan and deferred bonus plan. The directors' interests in shares held under the terms of these plans are set out below:

	Ordinary shares	
	2002	2001
	Number	Number
S M Gardiner	2,909	1,690
S L Potter	4,059	2,520

Certain of the directors exercised the following options in respect of the 10p ordinary shares of WPP Group plc during the year:

	1 January 2002	Exercised	31 December 2002	Exercise price	Gain on exercise
S M Gardiner	5,688	5,688	0	£8.04	£28,852

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

The remaining options in respect of 10p ordinary shares in WPP Group plc under the terms of the approved WPP Executive Share Option Scheme are as follows:

S M Gardiner	24 September 1999	6,140	September 2002 and September 2009	570p
	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	4,444	September 2003 and September 2010	901p
	21 September 2001	14,026	September 2004 and September 2011	486.5p
	19 September 2002	16,862	September 2005 and September 2012	421p
S L Potter	28 September 1998	5,688	September 2001 and September 2008	293p
	24 September 1999	6,140	September 2002 and September 2009	570p
	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	621	September 2003 and September 2010	901p
	21 September 2001	20,555	September 2004 and September 2011	486.5p
R D Finnigan	19 September 2002	25,293	September 2005 and September 2012	421p
	31 March 1998	300	March 2001 and March 2008	340p
	1 April 1999	200	April 2002 and April 2009	531.5p
	31 May 2000	125	May 2003 and May 2010	779p
	1 June 2001	125	June 2004 and June 2011	796p
	31 May 2002	125	May 2005 and May 2012	718p
S M Thompson	19 September 2002	3,832	September 2005 and September 2012	421p
	1 April 1999	200	April 2002 and April 2009	531.5p
	21 March 2000	296	March 2003 and March 2010	1,077p
	21 September 2001	3,506	September 2004 and September 2011	486.5p
	19 September 2002	3,832	September 2005 and September 2012	421p

M S Sorrell is a director of WPP Group Plc and his share interests are disclosed in the financial statements of WPP Group plc.

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 L Potter retires by rotation and, being eligible, offers herself for re-election. R D Finnigan, having been appointed as director in the year retires, and being eligible offers himself 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 34 days (2001 – 25 days) of purchases outstanding as at 31 December 2002 based on the average daily amount invoiced by suppliers during the year.

DIRECTORS' REPORT (continued)

DISABLED EMPLOYEES AND EMPLOYEE CONSULTATION

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 £18,682 (2001 - £10,516).

AUDITORS

On 30 July 2002, Arthur Andersen resigned as auditors of the company. On 1 August 2002, Deloitte & Touche were appointed to fill the casual vacancy arising.

Deloitte & Touche 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
2 June 2003

Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 2002 which comprise the profit and loss account, the statement of total recognised gains and losses, 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Birmingham

5 June 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	2002 £'000	2001 *Restated £'000
TURNOVER	2	71,249	67,939
Cost of sales		(34,113)	(32,402)
GROSS PROFIT		37,136	35,537
Administrative expenses		(25,767)	(23,917)
OPERATING PROFIT	3	11,369	11,620
Interest receivable	6	889	2,065
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,258	13,685
Tax on profit on ordinary activities	7	3,535	995
PROFIT FOR THE FINANCIAL YEAR		15,793	14,680
Dividends paid and proposed on equity shares	8	(20,000)	(7,000)
(LOSS) PROFIT FOR THE YEAR	17	(4,207)	7,680

* The profit and loss account for the year ended 31 December 2001 has been restated for the adoption of FRS 19 (see note 13).

All operations of the company continued throughout both years and no operations were acquired or discontinued.

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2002

		2002	2001
	Note	£'000	* Restated £'000
Profit for the financial year		15,793	14,680
TOTAL RECOGNISED GAINS AND LOSSES IN THE YEAR		<u>15,793</u>	<u>14,680</u>
Prior year adjustment	13	689	
TOTAL RECOGNISED GAINS AND LOSSES SINCE LAST FINANCIAL STATEMENTS		<u>16,482</u>	

* The statement of total recognised gains and losses for the year ended 31 December 2001 has been restated for the adoption of FRS 19 (see note 13).

BALANCE SHEET
31 December 2002

	Note	2002 £'000	2001 *Restated £'000
FIXED ASSETS			
Tangible assets	9	2,591	2,853
Investments	10	167	823
		<u>2,758</u>	<u>3,676</u>
CURRENT ASSETS			
Work-in-progress	11	334	454
Debtors	12	23,652	18,501
Deferred tax	13	587	689
Cash at bank and in hand		17,678	28,123
		<u>42,251</u>	<u>47,767</u>
CREDITORS: amounts falling due within one year	14	<u>(20,050)</u>	<u>(22,277)</u>
NET CURRENT ASSETS		<u>22,201</u>	<u>25,490</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,959	29,166
PROVISIONS FOR LIABILITIES AND CHARGES	15	(195)	(195)
NET ASSETS		<u>24,764</u>	<u>28,971</u>
CAPITAL AND RESERVES			
Called up share capital	16	716	716
Share premium account	17	1,545	1,545
Merger reserve	17	1,275	1,275
Profit and loss account	17	21,228	25,435
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	<u>24,764</u>	<u>28,971</u>

* The balance sheet as at 31 December 2001 has been restated for the adoption of FRS 19 (see note 13) and the reclassification of balances relating to ongoing projects (see notes 11, 12 and 14)

These financial statements were approved by the Board of Directors on 2 June 2003.

Signed on behalf of the Board of Directors



R D Finnigan
Director

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable 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 accounting standards.

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 FRS 1 to present a cash flow statement.

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
Freehold and long leasehold buildings	-	2% per annum
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.

Work-in-progress

Work in progress is stated at the lower of cost and net realisable value.

Debtors

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

Taxation

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 company's accounting policy in respect of deferred taxation was revised during the year following the implementation of FRS 19 (Deferred tax) and is discussed in note 7 below.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

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.

Turnover and revenue recognition

Turnover comprises the gross amounts billed to clients (excluding trade discounts, VAT and similar taxes) 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.

Pension costs

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.

Changes in accounting policy

The company has adopted FRS 19 Deferred tax.

2. TURNOVER

The turnover of the company by origin in 2002 and 2001 arose from continuing activities within the UK and comprises;

	2002	2001
	£'000	£'000
United Kingdom	52,506	51,330
Rest of Europe	13,456	10,602
United States of America	4,251	4,634
Rest of world	1,036	1,373
	<u>71,249</u>	<u>67,939</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£'000	£'000
Depreciation of tangible fixed assets	891	835
Operating lease rentals		
- property	1,217	1,142
- other	607	510
Auditors' remuneration		
- audit	33	36
- other services	-	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

4. DIRECTORS' REMUNERATION

Remuneration

The remuneration of the directors was as follows:

	2002	2001
	£'000	£'000
Emoluments	534	346
Amounts receivable under long-term incentive schemes	33	33
Company contributions to money purchase pension schemes	55	26
	<u>622</u>	<u>405</u>

Emoluments includes £30,000 compensation for loss of office (2001 - £Nil).

Five of the directors were remunerated by the company (2001 - 4). 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. Details of share options are given in the Directors' report.

Pensions

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

	2002	2001
	Number	Number
Money purchase schemes	<u>5</u>	<u>4</u>

Highest-paid director

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

	2002	2001
	£'000	£'000
Emoluments	173	147
Amounts receivable under long-term incentive schemes	17	16
Company contributions to money purchase schemes	15	13
	<u>205</u>	<u>176</u>

5. STAFF COSTS

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

	2002	2001
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	25,532	24,683
Social security costs	1,934	1,981
Other pension costs (see note 21)	714	600
	<u>28,180</u>	<u>27,264</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

5. STAFF COSTS (CONTINUED)

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

	2002 Number	2001 Number
Management and administration	111	108
Client service	265	258
Operations	1,891	1,989
	<u>2,267</u>	<u>2,355</u>

6. INTEREST RECEIVABLE

	2002 £'000	2001 £'000
Interest on bank deposits	759	1,073
Income from fixed asset investments	130	580
Interest receivable from fellow group companies	-	412
	<u>889</u>	<u>2,065</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2002 £'000	2001 £'000
<i>Current taxation</i>		
Corporation tax at 30% (2001 – 30%)	3,610	3,965
Group relief	(3,610)	(3,965)
Adjustment in respect of prior periods	(3,637)	(1,000)
Total current tax	<u>(3,637)</u>	<u>(1,000)</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	102	5
Tax on profit on ordinary activities	<u>(3,535)</u>	<u>(995)</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 2002 adjustment in respect of prior periods relates to group relief that was previously expected to be paid for and that the group has now decided will not be charged to subsidiary undertakings.

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the tax on profit on ordinary activities for 2001 has been restated from the previous reported amount of £1,000,000 to £995,000. The impact of adopting FRS 19 on the 2002 results is an increase to the tax credit of £102,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002
7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 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.

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	12,258	13,685
Tax on profit on ordinary activities at standard rate	3,677	4,106
Factors affecting charge for the period:		
Capital allowances for period in excess of depreciation	(95)	251
Other timing differences	(7)	(256)
Expenses not deductible for tax purposes	35	38
UK dividend income	-	(174)
Adjustments to tax charge in respect of group relief	(3,610)	(3,965)
Adjustments to tax charge in respect of prior periods	(3,637)	(1,000)
Total actual amount of current tax	<u>(3,637)</u>	<u>(1,000)</u>

8. DIVIDENDS

	2002 £'000	2001 £'000
Interim dividend paid of £2.79 (2001 - £0.98) per ordinary share	<u>20,000</u>	<u>7,000</u>

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements £'000	Fixtures, fittings equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2002	1,126	7,983	9,109
Additions	-	629	629
Disposals	-	(231)	(231)
At 31 December 2002	<u>1,126</u>	<u>8,381</u>	<u>9,507</u>
Depreciation			
At 1 January 2002	521	5,735	6,256
Charge for the year	46	845	891
Disposals	-	(231)	(231)
At 31 December 2002	<u>567</u>	<u>6,349</u>	<u>6,916</u>
Net book value			
At 31 December 2002	<u>559</u>	<u>2,032</u>	<u>2,591</u>
At 31 December 2001	<u>605</u>	<u>2,248</u>	<u>2,853</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

10. INVESTMENTS HELD AS FIXED ASSETS

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

	2002 £'000	2001 £'000
Cost and net book value		
Subsidiary undertakings	165	821
Associated undertakings	2	2
	<u>167</u>	<u>823</u>

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

Subsidiary undertakings	Principal activity and country of incorporation	% held	Issued capital
Millward Brown Market research Limited (formerly Millward Brown UK Limited)	Dormant company incorporated in UK	100	2 ordinary shares of £1 each
Millward Brown SRL	Market research agency incorporated and operating in Italy	100	20,000 shares of Lira 1,000 each
Associated undertakings			
RSMB Television Research Limited	Market research agency registered and operating in England and Wales	50	4,668 ordinary shares of £1 each

During the year, the 50% investment in ALEF Millward Brown SA was sold at net book value to Line Exchange Limited, a fellow group undertaking.

11. WORK-IN-PROGRESS

	2002 £'000	2001 £'000
Work-in-progress	334	454
	<u>334</u>	<u>454</u>

The directors have reviewed the classification of balances relating to ongoing projects during the current year. To ensure consistent presentation the prior year comparatives have been amended. This amendment has resulted in a transfer of £1,229,000 out of work-in-progress for 2001.

12. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	9,733	5,856
Amounts owed by other group undertakings	11,314	10,109
Prepayments and accrued income	2,605	2,536
	<u>23,652</u>	<u>18,501</u>

The directors have reviewed the classification of balances relating to ongoing projects during the current year. To ensure consistent presentation the prior year comparatives have been amended. This amendment has resulted in a transfer of £1,683,000 into accrued income for 2001.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

13. DEFERRED TAX

	£'000
Balance at 1 January 2002	689
Profit and loss account charge	(102)
	<hr/>
Balance at 31 December 2002	587
	<hr/> <hr/>

Deferred tax asset consists of the following amounts:

	2002	2001
	£'000	£'000
Capital allowances in excess of depreciation	337	431
Other timing differences	41	39
Provisions	209	219
	<hr/>	<hr/>
	587	689
	<hr/> <hr/>	<hr/> <hr/>

The adoption of FRS 19 Deferred taxation has required changes in the method of accounting for deferred tax assets and liabilities. As a result of these changes in accounting policy the comparatives have been restated as follows:

	Deferred tax asset	Profit and loss account reserve	Shareholders' funds
	£'000	£'000	£'000
2001 as previously reported	-	24,746	28,282
Adoption of FRS 19 at 1 January 2001	694	694	694
During year ended 31 December 2001	(5)	(5)	(5)
	<hr/>	<hr/>	<hr/>
Adoption of FRS 19 at 31 December 2001	689	689	689
	<hr/>	<hr/>	<hr/>
2001 restated	689	25,435	28,971
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Trade creditors	1,874	2,050
Amounts owed to other group undertakings	7,659	4,833
UK corporation tax	-	3,610
Other taxation and social security	1,973	1,782
Other creditors	3,702	5,552
Accruals and deferred income	4,842	4,450
	<hr/>	<hr/>
	20,050	22,277
	<hr/> <hr/>	<hr/> <hr/>

The directors have reviewed the classification of balances relating to ongoing projects during the current year. To ensure consistent presentation the prior year comparatives have been amended. This amendment has resulted in a transfer of £454,000 out of trade creditors for 2001.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

15. PROVISION FOR LIABILITIES AND CHARGES

	Total £'000
Balance at 1 January 2002	195
Profit and loss account charge	-
	<hr/>
Balance at 31 December 2002	195
	<hr/> <hr/>

Provision relates to a lease on a building which has become onerous in nature, this provision is expected to be utilised over the next four years.

16. CALLED-UP SHARE CAPITAL

	2002 £'000	2001 £'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/>

17. RESERVES

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2002 (as restated – note 13)	1,545	1,275	25,435	28,255
Loss for the year	-	-	(4,207)	(4,207)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,545	1,275	21,228	24,048
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 *Restated £'000
Profit for the financial year	15,793	14,680
Dividends paid	(20,000)	(7,000)
	<hr/>	<hr/>
Net (reduction) addition to shareholders' funds	(4,207)	7,680
Opening shareholders' funds (as restated – note 13)	28,971	21,291
	<hr/>	<hr/>
Closing shareholders' funds	24,764	28,971
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2002

19. 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	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Commitment expiring:				
- within one year	-	2	39	120
- during the second to fifth years	123	123	443	437
- after five years	1,052	1,052	-	-
	<u>1,175</u>	<u>1,177</u>	<u>482</u>	<u>557</u>

20. FINANCIAL COMMITMENTS

Capital commitments are as follows:

	2002 £'000	2001 £'000
Contracted but not provided for:		
- other	71	-
	<u>71</u>	<u>-</u>

21. PENSION SCHEMES

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 £136,000 (2001 - £131,000) were outstanding at the year end, were charged against profits as and when incurred and amounted to £714,000 (2001 - £600,000).

22. FINANCIAL GUARANTEES

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

In addition, for its general corporate benefit, the company has unconditionally guaranteed to WPP Group plc the payment of any liability which WPP Group plc may be call

23. 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.

The company also entered into transactions with its associated undertakings, RSMB Television Research Limited.

	2002 £'000	2001 £'000
Market research sales	-	624
	<u>-</u>	<u>624</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2002

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, whose principal place of business is at 27 Farm Street, London W1X 6RD. The consolidated financial statements are available from that address.