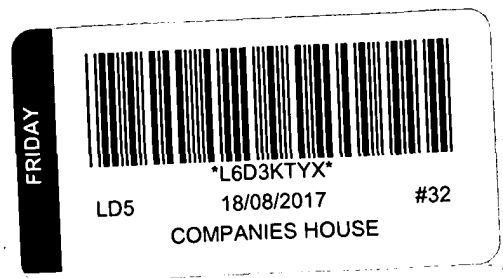


Company Registration No. 01915514

MILLWARD BROWN UK LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2016



MILLWARD BROWN UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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MILLWARD BROWN UK LIMITED

DIRECTORS & PROFESSIONAL ADVISERS

Directors:

T Wragg
K Smith
S Winters

Secretary:

WPP Group (Nominees) Limited (appointed 1 February 2017)
A Jameson Allen (resigned 1 February 2017)

Auditor:

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Bankers:

HSBC
62 – 76 Park Street
London

Solicitors:

Squire, Sanders & Dempsey (UK) LLP
7 Devonshire Square
London

Registered Office:

27 Farm Street
London, England
W1J 5RJ

MILLWARD BROWN UK LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2016. It has been compiled with reference to s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company's principal activity is the provision of market information services. A detailed description of Millward Brown UK Limited's market and of the main trends and factors likely to affect the future development, performance and position of the company's business, which fulfils the requirements of the business review, can be found in the 2016 Annual Report of WPP plc in the Strategic Report and the Chief Executive's report.

KEY PERFORMANCE INDICATORS (KPIs)

The directors of the WPP Group manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Millward Brown UK Limited. The development, performance and position of the WPP Group, which includes the company, is discussed in the Strategic Report to shareholders in the Group's Annual Report which does not form part of this report.

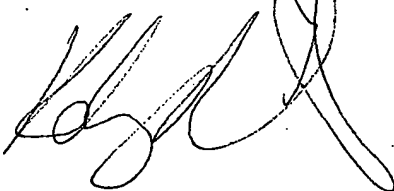
PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing Millward Brown UK Limited are integrated with the principal risks and uncertainties of WPP plc and are not managed separately. Accordingly the principal risks and uncertainties of the WPP Group, which include those of the company, are discussed as part of the 'Managing our risks' section of the Directors' report in the Group's Annual Report, which does not form part of this report.

FUTURE OUTLOOK

The current UK economic environment is tough and competitive and 2017 is expected to present difficult trading conditions. However, the directors continue to target a steady, medium-term growth in both revenue and operating margins.

Approved by the Board and signed on its behalf by:



K Smith
Director

10th August 2017

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

GOING CONCERN

In light of the current economic environment the directors have considered the "going concern" assumption upon which these accounts have been prepared. The business remains profitable and is generating positive cash flow. It has no dependence on any external banking facilities. Profitable trading has continued to date in 2017 and is forecast to do so for the rest of the year. On the basis of all these factors it is felt that the going concern assumption continues to be appropriate in the preparation of these financial statements.

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

DIVIDENDS

Dividends of £12.5m were proposed and paid in the year (2015: £15m proposed and paid). The profit transferred to reserves in the year was £8.6m (2015: £9.7m). The Balance Sheet on page 10 of the financial statements shows that the company's net assets at the end of 2016 decreased to £11.2m from £15m at the end of 2015. This is due to the profit for the financial year being offset by the payment of a £12.5m dividend.

DIRECTORS AND THEIR INTERESTS

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

T Wragg

D Cole (resigned 29th April 2016)

C Sweetland (resigned 1st July 2016)

K Smith (appointed 29th April 2016)

S Winters (appointed 8th July 2016)

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

EMPLOYEES

Details of the number of employees and related costs can be found in note 6 to the financial statements.

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 £2,621 (2015: £2,893).

MILLWARD BROWN UK LIMITED

DIRECTORS' REPORT (CONTINUED)

POST BALANCE SHEET EVENT

There have been no material post balance sheet events up to the date of this report.

AUDITOR

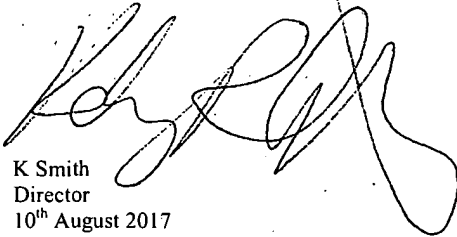
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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:



K Smith
Director
10th August 2017

MILLWARD BROWN UK LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MILLWARD BROWN UK LIMITED

INDEPENDENT AUDITOR'S 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 2016 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLWARD BROWN
UK LIMITED (CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Peter Gallimore FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

10 August 2017

MILLWARD BROWN UK LIMITED

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2016

		Total	Total
		2016	2015
	Note	£'000	£'000
Turnover	4	92,192	100,136
Cost of sales		(42,253)	(49,108)
Gross profit		<u>49,939</u>	<u>51,028</u>
Administrative expenses		(41,640)	(41,574)
Operating profit		8,299	9,454
Investment Revenue	7	14	18
Profit before taxation		<u>8,313</u>	<u>9,472</u>
Taxation on profit on ordinary activities	8	(45)	(183)
Profit for the financial year attributable to the owners of the company	9	8,268	9,289
Other comprehensive income		-	-
Total comprehensive income attributable to the owners of the company		<u>8,268</u>	<u>9,289</u>

Revenue and operating profit are all derived from continuing operations.

The notes on pages 13 to 24 form an integral part of these financial statements.

MILLWARD BROWN UK LIMITED

BALANCE SHEET As at 31 December 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	12	2,908	4,286
		<u>2,908</u>	<u>4,286</u>
Current assets			
Trade and other receivables	15	47,579	39,574
Cash and bank balances		12,282	16,604
		<u>59,861</u>	<u>56,178</u>
Total assets		<u>62,769</u>	<u>60,464</u>
Current liabilities			
Short-term borrowings		(1,966)	-
Trade and other payables	16	(49,273)	(44,793)
		<u>(51,239)</u>	<u>(44,793)</u>
Net current assets		<u>8,622</u>	<u>11,385</u>
Total assets less current liabilities		<u>11,530</u>	<u>15,671</u>
Non current liabilities			
Long term provisions	17	(284)	(572)
		<u>(284)</u>	<u>(572)</u>
Total liabilities		<u>(51,523)</u>	<u>(45,365)</u>
Net assets		<u>11,246</u>	<u>15,099</u>
Equity			
Share capital	19	716	716
Share premium account		1,545	1,545
Merger reserve		1,275	1,275
Retained earnings	20	7,710	11,563
Total equity attributable to the owners of the company		<u>11,246</u>	<u>15,099</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

MILLWARD BROWN UK LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

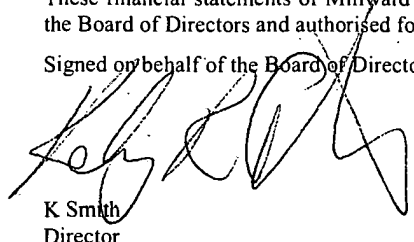
	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2016 (Restated)	716	1,545	1,275	11,563	15,099
Profit for the period	-	-	-	8,268	8,268
Total comprehensive income for the period	-	-	-	8,268	8,268
Dividends	-	-	-	(12,500)	(12,500)
Capital contribution for equity-settled share-based payments	-	-	-	379	379
Balance at 31 December 2016	716	1,545	1,275	7,710	11,246

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015	716	1,545	1,275	16,823	20,359
Profit for the period (Restated)	-	-	-	9,289	9,289
Total comprehensive income for the period	-	-	-	9,289	9,289
Dividends	-	-	-	(15,000)	(15,000)
Capital contribution for equity-settled share-based payments	-	-	-	451	451
Balance at 31 December 2015 (Restated)	716	1,545	1,275	11,563	15,099

The notes on pages 13 to 24 form an integral part of these financial statements.

These financial statements of Millward Brown UK Limited, company registration no. 01915514 were approved by the Board of Directors and authorised for issue on 10th August 2017.

Signed on behalf of the Board of Directors



K Smith
 Director

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2016**

1. GENERAL INFORMATION

Millward Brown UK Limited is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England. The address of the Company's registered office is shown on page 3.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of WPP plc. The group accounts of WPP plc are available to the public and can be obtained as set out in note 23. The registered office address of the parent Company preparing consolidated accounts is WPP plc, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of WPP plc.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern

These financial statements have also been prepared on a going concern basis. In light of the current economic environment the directors have considered the "going concern" assumption upon which these accounts have been prepared. The business remains profitable and is generating positive cash flow. It has no dependence on any external banking facilities. Profitable trading has continued to date in 2017 and is forecast to do so through 2018. On the basis of all these factors it is felt that the going concern assumption continues to be appropriate in the preparation of these financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income from investments is recognised on an accruals basis.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company as a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Pension arrangements

The company operates a defined contribution pension plan. Contributions are also made to personal pension plans at equivalent rates. Payments in respect of such current service contributions are charged to the profit and loss account as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Short Leasehold Improvements	Over the term of the lease
Plant and machinery	10% - 50%
Fixtures and equipment	10% - 50%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **Year ended 31 December 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

4. REVENUE

The revenue of the company by origin arose from its continuing principal activities.

An analysis of revenue by geographical market is set out below:

	2016	2015
	£'000	£'000
United Kingdom	79,017	64,311
Rest of Europe	5,817	19,583
United States of America	5,081	12,635
Rest of World	2,277	3,607
	<u>92,192</u>	<u>100,136</u>

5. AUDITORS REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £124,000 (2015: £140,000).

There were no fees payable to Deloitte LLP and their associates for non-audit services to the Company in either the current or previous financial year.

6. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2016	2015
	Number	Number
Management and Administration	52	79
Client Service	313	327
Operations	49	100
	<u>414</u>	<u>506</u>

Their aggregate remuneration comprised:

	2016	2015
	£'000	£'000
Wages and salaries	19,915	21,844
Social security costs	2,793	2,921
Other pension costs	1,016	1,025
	<u>23,724</u>	<u>25,790</u>

Disclosure of directors' remuneration is included in note 22.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2016

7. INVESTMENT REVENUE

	2016 £'000	2015 £'000
Interest receivable on bank deposits	14	18
	<u>14</u>	<u>18</u>

8. TAXATION

	2016 £'000	2015 £'000
UK Corporation Tax	45	183
Deferred Tax (Note 14)	-	-
	<u>45</u>	<u>183</u>

Corporation tax is calculated at 20% (2015: 20.25%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

	2016 £'000	2015 £'000
Profit before tax	8,313	9,472
Tax at the UK corporation tax rate of 20% (2015:20.25%)	1,663	2,343
Tax effect of expenses that are not deductible in determining taxable profit	74	121
Depreciation in excess of capital allowances	217	262
Movement in short term timing differences	(207)	(197)
Group relief claimed for nil consideration	(1,702)	(2,346)
Tax expense for the year	<u>45</u>	<u>183</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2016 £'000	2015 £'000
Net foreign exchange (gains)/losses	(4,096)	244
Depreciation of property, plant and equipment	1,289	1,590
Staff costs (see note 6)	<u>23,724</u>	<u>25,790</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

10. DIVIDENDS

Amounts recognised as distributions to equity holders in the period

	2016	2015
	£'000	£'000
Interim dividend for the year ended 31 December 2016 equivalent to £1.75 per share (2015: £2.10 per share)	12,500	15,000
	<u>12,500</u>	<u>15,000</u>

11. SHARE-BASED PAYMENTS

The Company charged £378,773 to the profit and loss account in the year ended 31 December 2016 (2015: £451,334) in relation to equity-settled share-based payments.

Stock option plans

There are three stock option plans in which certain employees participate. The Worldwide Share Ownership

Programme was open to employees with at least two years' employment in a company owned by WPP plc. The vesting period for each grant is three years and there are no performance conditions other than continued employment with a WPP company.

The Executive Stock Option Plan has historically been open for participation to WPP 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 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.

The WPP Share Option Plan 2015 is a single plan to replace both the "all-employee" Worldwide Share Ownership Plan and the discretionary Executive Stock Option Plan. Two kinds of options over ordinary shares can be granted, both with a market-value exercise price. Firstly, options can be granted to employees who have worked at a company owned by WPP plc for at least two years which are not subject to performance conditions. Secondly, options may be granted on a discretionary basis subject to the satisfaction of performance conditions.

Stock options have a life of ten years, including the vesting period. The terms of 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. Stock options are satisfied out of newly issued shares in WPP plc.

Restricted stock schemes

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

Performance Share Awards (PSA)

Grants of restricted stock under PSA are dependent upon annual performance targets, typically based on 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.

Leaders, Partners and High Potential Group

This scheme provides annual grants of restricted stock to key executives. Vesting is conditional on continued employment over a three-year vesting period.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2016

11. SHARE-BASED PAYMENTS (CONTINUED)

Grant details

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:

	2016 £'000	2015 £'000
<i>Performance Share Awards</i>		
Number of shares granted	-	-
Weighted average fair value at grant date (£ per share)	£0.00	£0.00
<i>Leaders, Partners and High Potential Group</i>		
Number of shares granted	10,859	17,798
Weighted average fair value at grant date (£ per share)	£17.06	£15.48

12. PROPERTY PLANT AND EQUIPMENT

	Short Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Total £'000
Cost			
At 1 January 2016	3,361	8,163	11,524
Additions	-	63	63
Disposals	-	(152)	(152)
At 31 December 2016	3,361	8,074	11,435
Accumulated depreciation			
At 1 January 2016	2,137	5,101	7,238
Charge for the year	204	1,085	1,289
Eliminated on disposals	-	-	-
At 31 December 2016	2,341	6,186	8,527
Carrying amount			
At 31 December 2016	1,020	1,888	2,908
At 31 December 2015	1,224	3,062	4,286

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

13. SUBSIDIARIES

Millward Brown UK Limited has a 100% interest in Millward Brown Market Research Limited, a Dormant Company, comprising 2 Ordinary shares of £1 each, whose registered office is 27 Farm Street, London, W1J 5RJ.

14. DEFERRED TAX

A deferred tax asset of £2,591k (2015: £2,468k) has not been recognised in respect of depreciation in excess of capital allowances, and a FRS20 deferred tax asset of £1,035k (2015: £1,425k) as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

15. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2016	2015
	£'000	£'000
Amount receivable for the sale of goods	26,078	18,765
Amounts owed by group undertakings	4,424	12,906
Prepayments and accrued income	17,077	7,903
	<u>47,579</u>	<u>39,574</u>

16. TRADE AND OTHER PAYABLES

Amounts falling due within one year:

	2016	2015
	£'000	£'000
Trade payables	7,990	11,184
Amounts owed to group undertakings	27,549	20,593
Other taxation and social security	319	977
Deferred income	7,510	7,717
Other payables	5,905	4,322
	<u>49,273</u>	<u>44,793</u>

An error has been identified in the 2015 financial statements whereby overall administration expenses were understated by £2,096k. We have corrected the 2015 comparative numbers for administration expenses, other payables (above) and retained earnings to accurately reflect this.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

17. PROVISIONS

In the year, provisions have been made for dilapidations on three properties. These provisions are created over the life of the leases to provide funds for any restoration work required at the end of the lease terms. Lease terms expire between 1 and 7 years:

	2016	2015
	£'000	£'000
At 1 January 2016	572	499
Settlements	-	-
Net profit and loss charge	(287)	73
	<u>285</u>	<u>572</u>
At 31 December 2016	<u>285</u>	<u>572</u>

18. RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees.

The total cost charged to income of £1,016k (2015: £1,025k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2016, contributions of £155k (2015: £214k) due in respect of the current reporting year had not been paid over to the scheme and are included in trade and other payables.

19. CALLED UP SHARE CAPITAL

	2016	2015
	£'000	£'000
Issued and fully paid,		
7,160,000 ordinary shares of £0.10 each	<u>716</u>	<u>716</u>

20. RETAINED EARNINGS

	2016	2015
	£'000	£'000
Balance as at 1 January 2016 (Restated)	11,563	16,823
Dividends paid	(12,500)	(15,000)
Net profit for the year	8,268	9,289
Capital contribution for equity-settled share-based	379	451
Balance as at 31 December 2016	<u>7,710</u>	<u>11,563</u>

An error has been identified in the 2015 financial statements whereby overall administration expenses were understated by £2,096k. We have corrected the 2015 comparative numbers for administration expenses, other payables and opening retained earnings (as above) to accurately reflect this.

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

21. OPERATING LEASE ARRANGEMENTS

The Company as lessee

	2016	2015
	£'000	£'000
Lease payments under operating leases recognised as an expense in the year	2,104	2,025

Operating Lease rentals represent rentals payable by the Company for certain of its operating properties and equipment. Leases are negotiated for an average term of 10 years and rentals are fixed for an average of 10 years with an option to extend for a further period at the then prevailing market rate.

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£'000	£'000
Within one year	1,649	1,642
In the second to fifth years inclusive	4,455	5,128
After five years	947	1,894
	<u>7,051</u>	<u>8,664</u>

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS101.8 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 directors' remuneration analysed under the headings required by Company law is set out below.

Directors' remuneration:

	2016	2015
	£'000	£'000
Emoluments	649	543
Amounts receivable (other than shares and share options) under long term incentive schemes	436	464
Company contributions to the Group personal pension plan	20	56
	<u>1,105</u>	<u>1,063</u>

MILLWARD BROWN UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2016

22. RELATED PARTY TRANSACTIONS (CONTINUED)

The number of directors who:

	2016 Number	2015 Number
Are members of the Group personal pension plan	2	3
Had awards receivable in the form of shares in the parent Company under a long-term incentive scheme	2	3

Remuneration of the highest paid director:

	2016 £'000	2015 £'000
Emoluments	384	273
Amounts receivable (other than shares and share options) under long term incentive schemes	388	413
Company contributions to the Group personal pension plan	15	31

23. CONTROLLING PARTY

In the opinion of the directors, the ultimate controlling party is WPP plc, a Company incorporated in Jersey. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is WPP plc, a Company incorporated in Jersey whose registered address is WPP plc, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The parent undertaking of the smallest such group is Lexington International B.V., a Company incorporated in the Netherlands whose registered address is Lexington International B.V., Laan op Zuid167, 3072 DB Rotterdam, Netherlands. Copies of the group financial statements of WPP plc are available at www.wppinvestor.com. Copies of the financial statements of Lexington International B.V. can be obtained from Laan op Zuid167, 3072 DB Rotterdam, Netherlands or 27 Farm Street, London, W1J 5RJ, UK. The Company's immediate controlling party is WPP Toronto Ltd.

24. 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 jointly and severally agrees any borrowings under these arrangements. Details of these arrangements are included in the accounts of WPP Group plc.