



ARTHURANDERSEN

**Millward Brown International Limited
(formerly Millward Brown International Plc)**

Accounts for the year ended 31 December 2000
together with directors' and auditors' reports

Registered number: 1915514



**Millward Brown
International Plc**



BIR
COMPANIES HOUSE

*B4DJF8UUK

0283
21/05/01

Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2000.

Principal activities and business review

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

Turnover for the year was £64.5 million (1999: £58.4 million) on which a profit before taxation of £11.0 million (1999 - £8.6 million) was recorded. The directors are confident of the prospects for the business in the forthcoming year.

On 1 September 2000 the company acquired the trade and certain of the assets of Intelliquest Limited.

On 20 March 2001, the company changed its name to Millward Brown International Limited.

Results and dividends

The profit and loss account is set out on page 7. No dividends were proposed or paid in the year (1999 - £4.2 million).

Directors and their interests

The directors who served during the year were as follows:

N S Hollis

R D Meyers

M S Sorrell

S M Gardiner

A Bielli

M Millward (resigned 29 February 2000)

R J Ware (resigned 31 March 2000)

E Campbell (appointed 16 February 2000)

M L Gettle

Directors' report (continued)

Directors and their interests (continued)

The beneficial interests of directors, who held office at 31 December 2000, in the 10p ordinary shares and other securities of the ultimate parent company, WPP Group Plc, are set out below:

	Ordinary shares	
	2000	1999
S M Gardiner	20,813	22,426

The beneficial interest of the directors who held office at 31 December 2000 in the American Depository shares of WPP Group Plc are set out below:

	American Depository Shares	
	2000	1999
M L Gettle	-	184

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

	Ordinary shares	
	2000	1999
N S Hollis	3,210	4,353
R D Meyers	3,887	4,908
M L Gettle	1,819	2,062
A Bielli	1,457	1,146

Directors' report (continued)

Directors and their interests (continued)

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

	1 January 2000	Exercised	31 December 2000	Exercise price	Gain on exercise
N S Hollis	5,170	(5,170)	-	897p	£38,413
R D Meyers	27,573	(27,573)	-	1,286p	£312,126
	27,444	(27,444)	-	1,286p	£288,848
M L Gettle	5,170	(5,170)	-	1,025p	£45,031
	6,861	(6,861)	-	1,025p	£54,305

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:

	Date Granted	Number	Exercisable Between	Price
N S Hollis	26 September 1997	10,844	September 2000 and September 2007	284p
	28 September 1998	10,023	September 2001 and September 2008	293p
R D Meyers	26 September 1997	21,688	September 2000 and September 2007	284p
	28 September 1998	50,117	September 2001 and September 2008	293p
A Bielli	25 September 1995	5,170	September 1998 and September 2005	154p
	25 September 1995	5,170	September 2000 and September 2005	154p
	19 September 1996	13,722	September 1999 and September 2006	234p
	26 September 1997	10,844	September 2000 and September 2007	284p
	28 September 1998	10,023	September 2001 and September 2008	293p
S M Gardiner	21 September 2000	6,314	September 2003 and September 2010	901p
	31 March 1998	300	March 2001 and March 2008	340p
	28 September 1998	5,688	September 2001 and September 2008	293p
	24 September 1999	6,140	September 2002 and September 2009	570p
M L Gettle	21 September 2000	3,325	September 2003 and September 2010	901p
	21 September 2000	4,444	September 2003 and September 2010	901p
	25 September 1995	5,170	September 2000 and September 2005	154p
	26 September 1997	5,422	September 2000 and September 2007	284p
	28 September 1998	5,012	September 2001 and September 2008	293p

Directors' report (continued)

Directors and their interests (continued)

Certain directors hold options in respect of American Depository shares in WPP Group Plc under the terms of the approved WPP Executive Share Option Scheme as follows:

	Date Granted	Number	Exercisable Between	Price
N S Hollis	24 September 1999	1,074	September 2002 and September 2009	285p
	21 September 2000	1,265	September 2003 and September 2010	445p
R D Meyers	24 September 1999	5,594	September 2002 and September 2009	285p
	21 September 2000	2,656	September 2003 and September 2010	445p
A Bielli	24 September 1999	1,074	September 2002 and September 2009	285p
M L Gettle	24 September 1999	1,074	September 2002 and September 2009	285p
	21 September 2000	632	September 2003 and September 2010	445p
E Campbell	21 March 2000	1,302	March 2003 and March 2010	536p
	21 September 2000	1,581	September 2003 and September 2010	445p

M S Sorrell is a director of WPP Group Plc and accordingly his interests in its shares and securities are disclosed in its accounts.

In accordance with the company's Articles of Association, N S Hollis and S M Gardiner retire by rotation and, being eligible, offer themselves for re-election. E Campbell having been appointed as a director in the year retires, and being eligible offers herself for re-election.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

Directors' report (continued)

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 53 days (1999 – 57 days) of purchases outstanding as at 31 December 2000 based on the average daily amount invoiced by suppliers during the year ended 31 December 2000.

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 £12,147 (1999 - £18,971).

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

By order of the Board,



S L Potter

Company Secretary

30 April 2001



To the Shareholders of Millward Brown International Limited (formerly Millward Brown International Plc):

We have audited the accounts on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen
Chartered Accountants and Registered Auditors

Four Brindleyplace
Birmingham
B1 2HZ

30 April 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	1	64,511	58,397
Cost of sales		(31,701)	(29,749)
Gross profit		<u>32,810</u>	<u>28,648</u>
Administrative expenses		(23,540)	(21,257)
Operating profit		<u>9,270</u>	<u>7,391</u>
Interest receivable	2	1,384	862
Investment income	3	310	310
Profit on ordinary activities before taxation	4	<u>10,964</u>	<u>8,563</u>
Tax on profit on ordinary activities	7	(3,260)	(2,649)
Profit for the financial year		<u>7,704</u>	<u>5,914</u>
Dividend paid	8	-	(4,150)
Retained profit for the year transferred to reserves		<u>7,704</u>	<u>1,764</u>
Retained profit, beginning of year		<u>9,357</u>	<u>7,593</u>
Retained profit, end of year		<u>17,061</u>	<u>9,357</u>

The results in both periods arose from continuing operations. The results of the Intelliquest Limited operation acquired on 1 September 2000 have not been disclosed separately on the grounds that the results are not material in the context of these accounts (see note 1).

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

There are no recognised gains or losses for either year other than the retained profit for the year.

Balance sheet

31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	2,497	2,309
Investments	10	823	823
		<u>3,320</u>	<u>3,132</u>
Current assets			
Work-in-progress	11	1,222	1,342
Debtors	12	17,424	14,664
Cash at bank and in hand		27,019	13,560
		<u>45,665</u>	<u>29,566</u>
Creditors: Amounts falling due within one year	13	<u>(28,388)</u>	<u>(19,805)</u>
Net current assets		<u>17,277</u>	<u>9,761</u>
Net assets		<u>20,597</u>	<u>12,893</u>
Capital and reserves			
Called-up share capital	14	716	716
Share premium account		1,545	1,545
Merger reserve		1,275	1,275
Profit and loss account		17,061	9,357
		<u>20,597</u>	<u>12,893</u>
Shareholders' funds, all equity	15	<u>20,597</u>	<u>12,893</u>

Signed on behalf of the Board

S M Gardiner

Director



30 April 2001

The accompanying notes form an integral part of this balance sheet.

Notes to accounts

31 December 2000

Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) *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.

c) *Investments*

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

Under the provisions of the Companies Act 1985 the company is not required to prepare group accounts, being a wholly owned subsidiary undertaking of WPP Group Plc.

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

d) *Work-in-progress*

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

e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rates prevailing. The company is part of a UK group and accordingly may take advantage of the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in the group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

Notes to accounts (continued)

Accounting policies (continued)

e) *Taxation (continued)*

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, at the rates of tax expected to be in force at the time of the reversal.

f) *Leases*

The company enters into operating leases under which rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

g) *Foreign currency*

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or, if appropriate, at the forward contract rate.

h) *Cash flow statement*

Under the provisions of Financial Reporting Standard 1 (revised) the company has not prepared a cash flow statement because its immediate parent company, WPP Group Plc, which is registered in England and Wales has prepared consolidated accounts which include the accounts of the company for the year ended 31 December 2000 and which contain a cash flow statement.

1 Turnover

Turnover, which arose wholly as a result of the company's principal activity, is the amount chargeable for services, excluding VAT. The analysis of turnover by geographical areas is as follows:

	2000 £'000	1999 £'000
United Kingdom	50,184	42,919
Other EU countries	9,529	9,401
United States of America	3,815	5,352
Other	983	725
	<hr/>	<hr/>
	64,511	58,397
	<hr/>	<hr/>

On 1 September 2000, the company acquired the trade and certain of the trading assets of Intelliquest Limited. The turnover and operating profit of the Intelliquest business for the period from 1 September 2000 to 31 December 2000 are estimated as £485,000 and £75,000 respectively.

Notes to accounts (continued)

1 Turnover (continued)

An analysis of the assets acquired from Intelliquest Limited is as follows:

	Book value and fair value £'000
Fixed assets	32
Debtors	534
Creditors	(837)
Net liabilities	(271)
Intercompany loan	271
Goodwill	-

2 Interest receivable

	2000 £'000	1999 £'000
Interest on bank deposits	886	427
Interest on loan to parent undertaking	498	435
	<u>1,384</u>	<u>862</u>

3 Investment income

	2000 £'000	1999 £'000
Income from associated undertakings	310	310

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Depreciation of tangible fixed assets	943	1,071
Operating lease rentals		
- plant and machinery	192	128
- other	1,519	1,205
Auditors' remuneration		
- audit fees	39	38
- other	51	67

Notes to accounts (continued)

5 Staff costs

The average monthly number of employees, including directors and part-time freelance market research interviewers, was:

	2000 Number	1999 Number
Management and administration	98	98
Client service	246	249
Operations	2,195	2,296
	<u>2,539</u>	<u>2,643</u>

Their aggregate remuneration comprised:

	2000 £'000	1999 £'000
Wages and salaries	24,031	22,952
Social security costs	1,820	1,694
Other pension costs	836	460
	<u>26,687</u>	<u>25,106</u>

6 Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	2000 £'000	1999 £'000
Emoluments	138	211
Amounts receivable under long-term incentive schemes	14	-
Company contributions to money purchase pension schemes	12	15
	<u>164</u>	<u>226</u>

Only one of the directors was remunerated by the company (1999 – two). 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.

Notes to accounts (continued)

6. Directors' remuneration (continued)

Pensions

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

	2000 Number	1999 Number
Money purchase schemes	<u>1</u>	<u>2</u>

7 Tax on profit on ordinary activities

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

	2000 £'000	1999 £'000
Corporation tax on profit for the year at 30% (1999 – 30.25%)	<u>3,260</u>	<u>2,649</u>

The company had no liability to deferred taxation at either year end.

8 Dividends

	2000 £'000	1999 £'000
No dividends paid or proposed (1999 - £0.58 per share)	<u>-</u>	<u>4,150</u>

Notes to accounts (continued)

9 Tangible fixed assets

	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2000	821	8,404	9,225
Additions	192	923	1,115
Transfer from group company	5	27	32
Disposals	-	(158)	(158)
At 31 December 2000	<u>1,018</u>	<u>9,196</u>	<u>10,214</u>
Depreciation			
At 1 January 2000	388	6,528	6,916
Charged in year	64	879	943
Disposals	-	(142)	(142)
At 31 December 2000	<u>452</u>	<u>7,265</u>	<u>7,717</u>
Net book value			
At 31 December 2000	<u>566</u>	<u>1,931</u>	<u>2,497</u>
At 31 December 1999	<u>433</u>	<u>1,876</u>	<u>2,309</u>

10 Investments

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

	Principal activity and country of incorporation	% held	Issued capital
Subsidiary undertakings			
Millward Brown UK Limited	Acts as agent for the company with no trade in its own right, registered in England and Wales	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
ALEF Millward Brown SA	Market research agency incorporated and operating in Spain	50	13,426 shares of Pts. 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

Notes to accounts (continued)

10. Investments (continued)

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

	2000 £'000	1999 £'000
Cost and net book value		
Subsidiary undertakings	821	821
Associated undertakings	2	2
	<u>823</u>	<u>823</u>

11 Work-in-progress

	2000 £'000	1999 £'000
Work-in-progress	<u>1,222</u>	<u>1,342</u>

12 Debtors

	2000 £'000	1999 £'000
Trade debtors	5,636	5,671
Amounts owed by group undertakings	10,980	8,539
Amounts owed by associated undertakings	-	5
Prepayments and accrued income	808	449
	<u>17,424</u>	<u>14,664</u>

13 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Payments received on account	4,163	3,665
Trade creditors	2,427	2,739
Amounts owed to group undertakings	5,524	1,089
Amounts owed to associated undertakings	-	35
UK corporation tax	7,685	4,425
Other taxation and social security	1,747	1,780
Other creditors	6,842	6,072
	<u>28,388</u>	<u>19,805</u>

Notes to accounts (continued)

14 Called-up share capital

	2000 £'000	1999 £'000
<i>Authorised:</i>		
9,000,000 ordinary shares of 10p each	900	900
<i>Allotted, called-up and fully paid:</i>		
7,160,000 ordinary shares of 10p each	716	716

15 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	7,704	5,914
Dividends paid	-	(4,150)
Net increase in shareholders' funds	7,704	1,764
Opening shareholders' funds	12,893	11,129
Closing shareholders' funds	20,597	12,893

16 Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000 £'000	1999 £'000
Lease of land and buildings terminating:		
- Between two and five years	39	48
- After five years	1,214	677
	1,253	725
Other leases terminating:		
- Within one year	81	137
- Between two and five years	309	175
- After five years	145	-
	1,788	1,037

17 Pensions

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 £126,000 (1999 - £105,000) were outstanding at the year end, were charged against profits as and when incurred and amounted to £636,000 (1999 - £460,000).

Notes to accounts (continued)

18 Related party transactions

As a subsidiary undertaking of WPP Group Plc, the company has taken advantage of the exemption in FRS 8 "Related parties disclosures" from disclosing transactions with other members of the group headed by WPP Group Plc.

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

	2000 £'000	1999 £'000
Market research sales	965	828
Management charges	250	250

19 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 International Limited are consolidated only into the accounts of its ultimate parent company, whose principal place of business is at 27 Farm Street, London W1X 6RD. The consolidated accounts are available from that address.