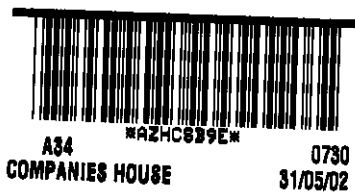


Millward Brown UK Limited
(formerly Millward Brown International Limited)

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 1915514



Millward Brown
International Plc



Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2001.

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 £67.9 million (2000 - £64.5 million) on which a profit before taxation of £13.7 million (2000 - £11.0 million) was recorded. The directors are confident of the prospects for the business in the forthcoming year.

On 20 March 2001, the company changed its name to Millward Brown International Limited. On 1 October 2001 the company changed its name to Millward Brown UK Limited.

Results and dividends

The profit and loss account is set out on page 8. Dividends of £7.0 million were proposed and paid in the year (2000 - £nil).

Directors and their interests

The directors who served during the year were as follows:

N S Hollis (resigned 29 June 2001)
R D Meyers (resigned 29 June 2001)
M S Sorrell
S M Gardiner
A Bielli (resigned 29 June 2001)
E Campbell (resigned 29 June 2001)
M L Gettle (resigned 29 June 2001)
S L Potter (appointed 29 June 2001)
R S Leadley (appointed 1 August 2001)
S M Thompson (appointed 1 August 2001)

Directors' report (continued)

Directors and their interests (continued)

The beneficial interests of directors, who held office at 31 December 2001, in the 10p ordinary shares and other securities of the ultimate parent company, WPP Group Plc, are set out below:

	Ordinary shares	
	2001	2000
S M Gardiner	19,011	20,813
S L Potter	19,455	19,300
S M Thompson	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	
	2001	2000
S L Potter	2,520	528
S M Gardiner	1,690	-
R S Leadley	1,331	1,331

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

	1 January 2001	Exercised	31 December 2001	Exercise price	Gain on exercise
S M Gardiner	300	300	0	£3	£1,503
S M Thompson	300	300	0	£3	£1,503

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:

Directors' report (continued)

Directors and their interests (continued)

S M Gardiner	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	4,444	September 2003 and September 2010	901p
	21 September 2001	14,026	September 2004 and September 2011	486.5p
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 S Leadley	31 May 2000	125	May 2003 and May 2010	779p
	21 March 2000	296	March 2003 and March 2010	1077p
	1 June 2001	125	June 2004 and June 2011	796p
S M Thompson	1 April 1999	200	April 2002 and April 2009	531.5
	21 September 2001	3,506	September 2004 and September 2011	486.5p
	21 March 2000	296	May 2003 and May 2010	1077p

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

In accordance with the company's Articles of Association, S M Gardiner retires by rotation and, being eligible, offers herself for re-election. S L Potter, R S Leadley and S M Thompson having been appointed as directors in the year retire, and being eligible offer themselves 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 25 days (2000 – 53 days) of purchases outstanding as at 31 December 2001 based on the average daily amount invoiced by suppliers during the year ended 31 December 2001.

Directors' report (continued)

Disabled employees and employee consultation

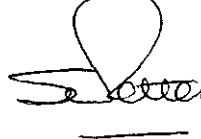
It is company policy to maintain safe and healthy working conditions and to give fair consideration to the employment needs of disabled people and to comply with any current legislation relating to disabled persons. The directors recognise the importance of good communications and relations with employees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

Charitable contributions

During the year charitable contributions amounted to £10,516 (2000 - £12,147).

Olympus Avenue
Tachbrook Park
Warwick
CV34 6RJ

By order of the Board,

A handwritten signature in black ink, appearing to read 'S L Potter', written over a horizontal line.

S L Potter

Director

24 May 2002

Directors' responsibilities

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

Independent auditors' report

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

We have audited the financial statements of Millward Brown UK Limited for the year ended 31 December 2001 which comprise of Profit and loss account, Balance sheet and related notes numbered 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the United Kingdom 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 to you 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 transaction with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

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 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 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Arthur Andersen". The signature is written in a cursive, flowing style.

Arthur Andersen
Chartered Accountants and Registered Auditors

Four Brindleyplace
Birmingham
B1 2HZ

24 May 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover	1	67,939	64,511
Cost of sales		(32,402)	(31,701)
Gross profit		<u>35,537</u>	<u>32,810</u>
Administrative expenses		(23,917)	(23,540)
Operating profit		<u>11,620</u>	<u>9,270</u>
Interest receivable	2	1,485	1,384
Investment income	3	580	310
Profit on ordinary activities before taxation	4	<u>13,685</u>	<u>10,964</u>
Tax on profit on ordinary activities	7	1,000	(3,260)
Profit for the financial year		<u>14,685</u>	<u>7,704</u>
Dividend paid	8	(7,000)	-
Retained profit for the year	15	<u>7,685</u>	<u>7,704</u>

The results in both years arose from continuing operations.

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.

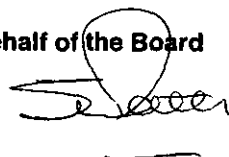
Balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	9	2,853	2,497
Investments	10	823	823
		<u>3,676</u>	<u>3,320</u>
Current assets			
Work-in-progress	11	1,683	1,222
Debtors	12	16,818	17,424
Cash at bank and in hand		28,123	27,019
		<u>46,624</u>	<u>45,665</u>
Creditors: Amounts falling due within one year	13	<u>(22,018)</u>	<u>(28,388)</u>
Net current assets		<u>24,606</u>	<u>17,277</u>
Net assets		<u>28,282</u>	<u>20,597</u>
Capital and reserves			
Called-up share capital	14	716	716
Share premium account	15	1,545	1,545
Merger reserve	15	1,275	1,275
Profit and loss account	15	24,746	17,061
Shareholders' funds, all equity	16	<u>28,282</u>	<u>20,597</u>

Signed on behalf of the Board

S L Potter



Director

24 May 2002

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

Statement of accounting policies (continued)

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

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.

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.

Under the provisions of the Companies Act 1985 the company is not required to prepare group financial statements, 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.

Work-in-progress

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

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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.

Statement of accounting policies (continued)

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.

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 financial statements which include the financial statements of the company for the year ended 31 December 2001 and which contain a cash flow statement.

Notes to financial statements

31 December 2001

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:

	2001 £'000	2000 £'000
United Kingdom	51,330	50,184
Other EU countries	10,602	9,529
United States of America	4,634	3,815
Other	1,373	983
	<u>67,939</u>	<u>64,511</u>

2 Interest receivable

	2001 £'000	2000 £'000
Interest on bank deposits	1,073	886
Interest on loan to parent undertaking	412	498
	<u>1,485</u>	<u>1,384</u>

3 Investment income

	2001 £'000	2000 £'000
Income from associated undertakings	<u>580</u>	<u>310</u>

4 Profit on ordinary activities before taxation

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

	2001 £'000	2000 £'000
Depreciation of tangible fixed assets	835	943
Operating lease rentals		
- plant and machinery	119	192
- other	1,534	1,519
Auditors' remuneration		
- audit fees	36	39
- other	<u>61</u>	<u>51</u>

Notes to financial statements (continued)

5 Staff costs

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

	2001 Number	2000 Number
Management and administration	108	98
Client service	258	246
Operations	1,989	2,195
	<u>2,355</u>	<u>2,539</u>

Their aggregate remuneration comprised:

	2001 £'000	2000 £'000
Wages and salaries	24,683	24,031
Social security costs	1,981	1,820
Other pension costs	600	836
	<u>27,264</u>	<u>26,687</u>

6 Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	2001 £'000	2000 £'000
Emoluments	346	138
Amounts receivable under long-term incentive schemes	33	14
Company contributions to money purchase pension schemes	26	12
	<u>405</u>	<u>164</u>

Four of the directors were remunerated by the company (2000 – 1). 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 financial statements (continued)

6 Directors' remuneration (continued)

Pensions

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

	2001 Number	2000 Number
Money purchase schemes	<u>4</u>	<u>1</u>

Highest-paid director

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

	2001 £'000	2000 £'000
Emoluments	147	138
Amounts receivable under long-term incentive schemes	16	14
Company contributions to money purchase schemes	<u>13</u>	<u>12</u>
	<u>176</u>	<u>164</u>

Details of shares received and share options exercised in the parent company by all directors is disclosed in the directors report.

7 Tax on profit on ordinary activities

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

	2001 £'000	2000 £'000
Corporation tax on profit for the year at 30% (2000 – 30%)	-	3,260
Adjustment in respect of prior years	<u>(1,000)</u>	<u>-</u>
	<u>(1,000)</u>	<u>3,260</u>

The current year profits are offset in full by way of group relief available from other UK companies for which no payment will be made.

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

Notes to financial statements (continued)

8 Dividends

	2001 £'000	2000 £'000
Interim dividend paid of £0.98 (2000 - £nil) per ordinary share	<u>7,000</u>	<u>-</u>

9 Tangible fixed assets

	Short leasehold improvements £'000	Fixtures, fittings, equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2001	1,018	9,196	10,214
Gross transfer from group companies in 2000	35	185	220
Additions	73	1,122	1,195
Disposals	-	(2,520)	(2,520)
At 31 December 2001	<u>1,126</u>	<u>7,983</u>	<u>9,109</u>
Depreciation			
At 1 January 2001	452	7,265	7,717
Gross transfer from group companies in 2000	35	185	220
Charge for the year	34	801	835
Disposals	-	(2,516)	(2,516)
At 31 December 2001	<u>521</u>	<u>5,735</u>	<u>6,256</u>
Net book value			
At 31 December 2001	<u>605</u>	<u>2,248</u>	<u>2,853</u>
At 31 December 2000	<u>566</u>	<u>1,931</u>	<u>2,497</u>

Notes to financial statements (continued)

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 Market research Limited (formerly Millward Brown UK Limited)	Dormant company	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

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

	2001 £'000	2000 £'000
Cost and net book value		
Subsidiary undertakings	821	821
Associated undertakings	2	2
	<u>823</u>	<u>823</u>

11 Work-in-progress

	2001 £'000	2000 £'000
Work-in-progress	<u>1,683</u>	<u>1,222</u>

12 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Trade debtors	5,856	5,636
Amounts owed by group undertakings	10,109	10,980
Prepayments and accrued income	853	808
	<u>16,818</u>	<u>17,424</u>

Notes to financial statements (continued)

13 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Payments received on account	4,450	4,163
Trade creditors	1,596	2,427
Amounts owed to group undertakings	4,833	5,524
UK corporation tax	3,610	7,685
Other taxation and social security	1,782	1,747
Other creditors	5,747	6,842
	<u>22,018</u>	<u>28,388</u>

14 Called-up share capital

	2001 £'000	2000 £'000
<i>Authorised:</i>		
9,000,000 ordinary shares of 10p each	<u>900</u>	<u>900</u>
<i>Allotted, called-up and fully paid:</i>		
7,160,000 ordinary shares of 10p each	<u>716</u>	<u>716</u>

15 Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	1,545	1,275	17,061	19,881
Retained profit for the year	-	-	7,685	7,685
At 31 December 2001	<u>1,545</u>	<u>1,275</u>	<u>24,746</u>	<u>27,566</u>

16 Reconciliation of movement in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year	14,685	7,704
Dividends paid	(7,000)	-
Net increase in shareholders' funds	<u>7,685</u>	<u>7,704</u>
Opening shareholders' funds	20,597	12,893
Closing shareholders' funds	<u>28,282</u>	<u>20,597</u>

Notes to financial statements (continued)

17 Lease commitments

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

	2001 £'000	2000 £'000
Lease of land and buildings terminating:		
- Within one year	2	-
- Between two and five years	123	39
- After five years	1,052	1,214
	<u>1,177</u>	<u>1,253</u>
Other leases terminating:		
- Within one year	120	81
- Between two and five years	437	309
- After five years	-	145
	<u>1,734</u>	<u>1,788</u>

18 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 £131,000 (2000 - £126,000) were outstanding at the year end, were charged against profits as and when incurred and amounted to £600,000 (2000 - £836,000).

19 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.

	2001 £'000	2000 £'000
Market research sales	624	965
Management charges	-	250

20 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.

Notes to financial statements (continued)

21 Guarantees and other financial commitments

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 called to satisfy.