

**MILLWARD BROWN UK LIMITED**

**Annual Report and Financial Statements**

**31 December 2015**



# **MILLWARD BROWN UK LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2015**

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# **MILLWARD BROWN UK LIMITED**

## **DIRECTORS & PROFESSIONAL ADVISORS**

### **Directors:**

T Wragg

C Sweetland

D Cole

S Bowron (resigned 30<sup>th</sup> November 2015)

### **Secretary:**

A Jameson Allen (appointed 26<sup>th</sup> October 2015)

### **Auditor:**

Deloitte LLP

Chartered Accountants & Registered Auditors

Birmingham, UK

### **Bankers:**

HSBC

62 – 76 Park Street

London

### **Solicitors:**

Squire, Sanders & Dempsey (UK) LLP

7 Devonshire Square

London

### **Registered Office:**

Olympus Avenue

Tachbrook Park

Warwick, UK

# MILLWARD BROWN UK LIMITED

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2015.

### Business review

The company, as part of the WPP Group, does not report separate Key Performance Indicators. Key performance indicators for the WPP Group as a whole, which includes Millward Brown (UK) limited, are discussed in the WPP plc Annual Report and Accounts 2015.

During 2015, revenue increased by 0.03%, whilst gross profit dropped by 4.5%. This reflects stable but subdued core markets. The company's financial position at the end of the year showed net assets of £17.2m (2014: 20.4m).

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

### Principal risks and uncertainties

UK market conditions continued to be difficult in 2015 leading to pressure on pricing and the need for enhanced service delivery, however there were signs of improvement in the market towards the end of the year and in 2015 to the date of this report. The company manages the risk by providing added value services to its customers and demonstrating the return on investment for clients.

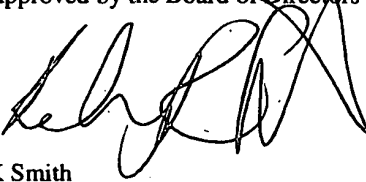
The company continues to generate a strong positive cash flow from its operations and does not have a significant foreign exchange exposure. Foreign currency receivables and payables are largely denominated in US Dollars and Euros and the WPP Group treasury function takes out contracts to manage the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

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

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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

  
K Smith  
Director  
28 September 2016

Olympus Avenue  
Tachbrook Park  
Warwick  
CV34 6RJ

# **MILLWARD BROWN UK LIMITED**

## **DIRECTORS REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### **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 2015 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 £15m were proposed and paid in the year (2014: £11.0m proposed and paid). The profit transferred to reserves in the year was £11.8m (2014: £16.4m). The Balance Sheet on page 10 of the financial statements shows that the company's net assets at the end of 2015 decreased to £17.2m from £20.4m at the end of 2014. This is due to the profit for the financial year being offset by the payment of a £15m dividend.

### **DIRECTORS AND THEIR INTERESTS**

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

T Wragg

D Cole

C Sweetland (resigned 1<sup>st</sup> July 2016)

S Bowron (resigned 30<sup>th</sup> November 2015)

K Smith (appointed 29<sup>th</sup> April 2016)

S Winters (appointed 8<sup>th</sup> 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 £2,893 (2014: £3,942).

# MILLWARD BROWN UK LIMITED

## DIRECTORS REPORT

### POST BALANCE SHEET EVENT

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

### AUDITOR

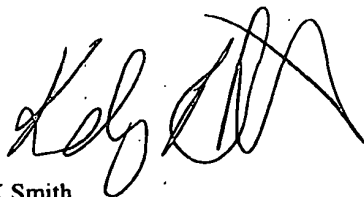
Each of the persons who is a director at the date of approval of this report confirms that:

- (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  
28 September 2016

Olympus Avenue  
Tachbrook Park  
Warwick  
CV34 6RJ

## **MILLWARD BROWN UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual report and 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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.

## **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 2015 which comprise the Statement of Income and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and 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 (APB'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 2015 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.

In the 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 the Directors Report.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLWARD BROWN UK LIMITED**

### **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  
Chartered Accountants and Statutory Auditors  
Birmingham, United Kingdom  
18 October 2016

## MILLWARD BROWN UK LIMITED

### STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2015

	Note	Total 2015 £'000	Total 2014 £'000
Revenue	4	100,136	100,101
Cost of sales		(49,108)	(46,661)
<b>Gross profit</b>		<b>51,028</b>	<b>53,440</b>
Administrative expenses		(39,478)	(37,439)
<b>Operating profit</b>		<b>11,550</b>	<b>16,001</b>
Investment revenue	7	18	16
<b>Profit before taxation</b>		<b>11,568</b>	<b>16,017</b>
Tax	8	(183)	(153)
<b>Profit for the financial year attributable to the owners of the company</b>	9	<b>11,385</b>	<b>15,864</b>
Other comprehensive income		-	-
<b>Total comprehensive income attributable to the owners of the company</b>		<b>11,385</b>	<b>15,864</b>

Revenue and operating profit are all derived from continuing operations.

The notes on pages 13 to 23 form an integral part of these financial statements.

# MILLWARD BROWN UK LIMITED

## BALANCE SHEET

31 December 2015

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Property, plant and equipment	11	4,286	4,729
		<u>4,286</u>	<u>4,729</u>
<b>Current assets</b>			
Trade and other receivables	14	39,574	36,007
Cash and bank balances		16,604	9,046
		<u>56,178</u>	<u>45,053</u>
<b>Total assets</b>		<u>60,464</u>	<u>49,782</u>
<b>Current liabilities</b>			
Trade and other payables	15	(42,697)	(28,924)
		<u>42,697</u>	<u>28,924</u>
<b>Net current assets</b>		<u>13,481</u>	<u>16,129</u>
<b>Total assets less current liabilities</b>		<u>17,767</u>	<u>20,858</u>
<b>Non-current liabilities</b>			
Long term provisions	16	(572)	(499)
		<u>(572)</u>	<u>(499)</u>
<b>Total liabilities</b>		<u>(43,269)</u>	<u>(29,423)</u>
<b>Net assets</b>		<u>17,195</u>	<u>20,359</u>
<b>Equity</b>			
Share capital	19	716	716
Share premium account		1,545	1,545
Merger reserve		1,275	1,275
Profit and loss account	20	13,659	16,823
<b>Equity attributable to the owners of the company</b>		<u>17,195</u>	<u>20,359</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

**MILLWARD BROWN UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2015**

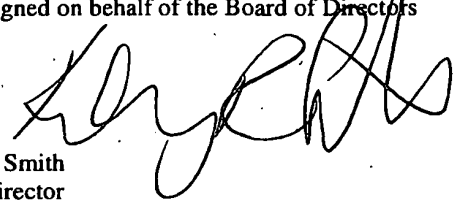
	Share capital £	Share premium account £	Merger reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2015</b>	716	1,545	1,275	16,823	20,359
Profit for the period	-	-	-	11,385	11,385
<b>Total comprehensive income for the period</b>	-	-	-	11,385	11,385
Dividends	-	-	-	(15,000)	(15,000)
Capital contribution for equity-settled share-based payments	-	-	-	451	451
<b>Balance at 31 December 2015</b>	716	1,545	1,275	13,659	17,195

	Share capital £	Share premium account £	Merger reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2014</b>	716	1,545	1,275	11,362	14,898
Profit for the period	-	-	-	15,864	15,864
<b>Total comprehensive income for the period</b>	-	-	-	15,864	15,864
Dividends	-	-	-	(11,000)	(11,000)
Capital contribution for equity-settled share-based payments	-	-	-	597	597
<b>Balance at 31 December 2014</b>	716	1,545	1,275	16,823	20,359

The notes on pages 13 to 23 form an integral part of these financial statements.

These financial statements of Millward Brown UK Limited, company registration no. 1915514 were approved by the Board of Directors and authorised for issue on 28 September 2016.

Signed on behalf of the Board of Directors



K Smith  
 Director  
 Olympus Avenue  
 Tachbrook Park  
 Warwick, CV34 6RJ

# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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 22. 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. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The adoption of FRS 101 has had no material impact on the amounts reported in these financial statements for either the current or previous financial year.

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 2016 and is forecast to do so through 2017. 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.

## **MILLWARD BROWN UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015**

#### **Leases**

##### **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.

#### **Retirement benefit costs**

The company makes contributions to both defined benefit and defined contribution schemes.

Payments to the defined contribution scheme are charged as an expense as they fall due.

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

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

#### **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.

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

#### *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.

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-

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

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.

#### 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

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 the revision and future periods if the revision affects both current and future periods.



# MILLWARD BROWN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

### 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:

	2015 £'000	2014 £'000
United Kingdom	64,311	67,280
Rest of Europe	19,583	19,107
United States of America	12,635	9,802
Rest of world	3,607	3,912
	<u>100,136</u>	<u>100,101</u>

### 5. AUDITORS REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £140,000 (2014: £80,000).

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:

	2015 Number	2014 Number
Management and Administration	79	86
Client Service	327	337
Operations	100	143
	<u>506</u>	<u>566</u>

Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	21,844	24,586
Social security costs	2,921	3,206
Other Pension Costs	1,025	1,122
	<u>25,790</u>	<u>28,914</u>

Disclosure of directors' remuneration is included in note 21.

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 7. INVESTMENT REVENUE

	2015 £'000	2014 £'000
Interest receivable on bank deposits	18	16
	<u>18</u>	<u>16</u>
	<u><u>18</u></u>	<u><u>16</u></u>

#### 8. TAXATION

	2015 £'000	2014 £'000
UK Corporation Tax	183	153
Deferred Tax (Note 13)	-	-
	<u>183</u>	<u>153</u>
	<u><u>183</u></u>	<u><u>153</u></u>

Corporation tax is calculated at 20.25% (2014: 21.5%) 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:

	2015 £'000	2014 £'000
Profit before tax	11,568	16,017
Tax at the UK corporation tax rate of 20.25% (2014:21.5%)	2,343	3,444
Tax effect of expenses that are not deductible in determining taxable profit	121	71
Depreciation in excess of capital allowances	262	359
Movement in short term timing differences	(197)	108
Group relief claimed for nil consideration	(2,346)	(3,829)
Tax expense for the year	<u>183</u>	<u>153</u>
	<u><u>183</u></u>	<u><u>153</u></u>

#### 9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015 £'000	2014 £'000
Net foreign exchange losses/(gains)	244	(29)
Depreciation of property, plant and equipment	1,590	1,983
Staff costs (see note 6)	<u>25,790</u>	<u>28,914</u>
	<u><u>25,790</u></u>	<u><u>28,914</u></u>

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 10. DIVIDENDS

Amounts recognised as distributions to equity holders in the period

	2015 £'000	2014 £'000
Interim dividend for the year ended 31 December 2015 (equivalent to 210p per share (2014; 153p per share))	15,000	11,000

#### 11. PROPERTY PLANT AND EQUIPMENT

	Short leasehold improvements £'000	Fixtures, Fittings and Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	3,341	7,107	10,448
Additions	20	1,127	1,147
Disposals	-	(71)	(71)
At 31 December 2015	3,361	8,163	11,524
<b>Accumulated depreciation</b>			
At 1 January 2015	1,839	3,880	5,719
Charge for the year	298	1,292	1,590
Eliminated on disposals	-	(71)	(71)
At 31 December 2015	2,137	5,101	7,238
<b>Carrying amount</b>			
At 31 December 2015	1,224	3,062	4,286
At 31 December 2014	1,502	3,227	4,729

#### 12. 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 Olympus Avenue, Tachbrook Park, Warwick, CV34 6RJ.

#### 13. DEFERRED TAX

A deferred tax asset of £2,468k (2014 - £2,484k) has not been recognised in respect of £1,043k (2014 - £1,459k) of depreciation in excess of capital allowances, and a FRS20 deferred tax asset of £1,425k (2014 - £1,025k) as it is unlikely that there will be sufficient taxable profits against which the asset will reverse in the foreseeable future.

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 14. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2015 £'000	2014 £'000
Amount receivable for the sale of goods	18,765	15,738
Amounts owed by group undertakings	12,906	11,449
Prepayments and accrued income	7,903	8,820
	<u>39,574</u>	<u>36,007</u>

#### 15. TRADE AND OTHER PAYABLES

Amounts falling due within one year:

	2015 £'000	2014 £'000
Trade payables	11,184	4,163
Amounts owed to group undertakings	20,593	8,596
Other taxation and social security	977	2,460
Deferred income	7,717	6,311
Other payables	2,226	7,394
	<u>42,697</u>	<u>28,924</u>

#### 16. 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:

	2015 £'000	2014 £'000
At 1 January 2015	499	464
Settlements	-	(67)
Net profit and loss charge	73	102
At 31 December 2015	<u>572</u>	<u>499</u>

#### 17. RETIREMENT BENEFIT SCHEMES

##### Defined contribution scheme

The Company makes payments to both defined benefit and defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of external insurance companies. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

The total cost charged to income of £1,025k (2014: £1,122k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2015, contributions of £214k (2014: £234k) due in respect of the current reporting period had not been paid over to the schemes and are included in other payables.

#### 18. SHARE CAPITAL

	2015 £'000	2014 £'000
Issued and fully paid, 7,160,000 ordinary shares of £0.10 each	716	716

#### 19. RETAINED EARNINGS

	2015 £'000	2014 £'000
Balance as at 1 January 2015	16,823	11,362
Dividends paid	(15,000)	(11,000)
Net profit for the year	11,385	15,864
Capital contribution for equity-settled share-based	451	597
Balance as at 31 December 2015	13,659	16,823

#### 20. OPERATING LEASE ARRANGEMENTS

##### The Company as lessee

	2015 £'000	2014 £'000
Lease payments under operating leases recognised as an expense in the year	2,025	1,962

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:

	2015 £'000	2014 (restated)* £'000
Within one year	1,642	1,517
In the second to fifth years inclusive	5,128	3,888
After five years	1,894	2,841
	8,664	8,246

\*These amounts have been restated as a result of adopting FRS101

## MILLWARD BROWN UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2015

#### 21. 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:

	2015 £'000	2014 £'000
Emoluments	543	442
Amounts receivable (other than shares and share options) under long term incentive schemes	464	259
Company contributions to the Group personal pension plan	56	48
	<u>1,063</u>	<u>749</u>

##### The number of directors who:

	2015 Number	2014 Number
Are members of the Group personal pension plan	3	3
Had awards receivable in the form of shares in the parent Company under a long-term incentive scheme	<u>3</u>	<u>3</u>

##### Remuneration of the highest paid director:

	2015 £'000	2014 £'000
Emoluments	273	255
Amounts receivable (other than shares and share options) under long term incentive schemes	413	194
Company contributions to the Group personal pension plan	31	31
	<u>717</u>	<u>480</u>

#### 22. 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](http://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.

## **MILLWARD BROWN UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2015**

#### **23. 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.